



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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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 2nd 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

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Publications

Competitive Conference Publications

- Shahid, Z. A., Freeman. S., Rao-Hill. S., Dimitratos, P. (2013). Role of Networks in SMEs from Emerging Market Economies. Academy of International Business UKI (AIB UKI) Aston Business School, UK&I 21st – 23rd March. Conference theme: International Business, Institutions and Performance after the Financial Crisis. (*Full Competitive Paper Submitted*).
- 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, 6th 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, 6th July, Adelaide, Australia (*Full Competitive Paper Submitted*).
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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 18th – 19th 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 22nd 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, 10th – 13th 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, 2nd Nov 2012, University of Melbourne, Melbourne, Australia. *Faculty Panel: Dr Sachiko Yamao (University of Melbourne).*
- Shahid, Z. A. (2012). Non-linear Internationalisation of Born-global Firms from Emerging Economies. Doctoral Colloquium, Australian New Zealand International Business Association Conference, 12th April, The University of Adelaide, South Australia. *Faculty Panel: Professor Sylvie Chetty (University of Otago).*
- 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).*
- Shahid, Z. A. (2011). Re-internationalisation of Born-Global Entrepreneurs in Emerging Economies. Management/ Marketing/ International Business Higher Degree Research Student Workshop, The University of Adelaide Research Week, 10th October, **Awarded as the Best Literature Review Presentation of The Year 2011.** *Faculty Panel: Professor John Fahy (University of Limerick).*

Chapter 1: Introduction

1.1 Introduction

This chapter provides an overview of the present thesis about entrepreneur behaviour in small to medium-sized enterprises (SMEs) from emerging marketing economies (EMEs). Section 1.2 outlines the background and justification for the thesis. Section 1.3 provides the contextual and conceptual background of this thesis. Section 1.4 presents research problem statement followed by Section 1.5 which lists two research questions and outlines objectives of the present thesis. Section 1.6 presents research methodology followed by Section 1.7 which provides contribution to the IB discipline. Section 1.8 provides an outline of the thesis. Finally, Section 1.9 provides summary for the Chapter 1.

1.2 Background and Justification for the Thesis

This is an exploratory thesis of behaviour of SME entrepreneurs from EMEs in exit and re-entry experiences. Emerging market economies (EMEs) are classically known for their rapid growth (Meyer and Peng 2016; Hoskisson et al. 2013; Senik et al. 2011). Globalisation, decline in trade barriers and reopening of several markets have made it more profitable for firms to consider re-entry (re-internationalisation) into EMEs (Javalgi, Deligonul, Dixit and Cavusgil 2011). This may provide some firms with a competitive edge due to their network knowledge, market familiarity, and business experience. EMEs present several reasons for the firm to consider re-entry including an expanded consumer base, access to well-educated human capital and natural resources (Persinger, Civi, and Vostina 2007). However lack of infrastructure, political instability and corruption are common obstacles in EMEs (Kiss, Danis and Cavusgil 2012). Hence, market failures are the norm rather the exception in EMEs (Kiss et al. 2012). Once the firm starts its international operation there is no guarantee that their internationalisation is linear (Vissak and Masso 2015). Vissak and Francioni (2013) proposed a ‘nonlinear process’ to firm internationalisation, defining it as “*a process characterised by substantial increases and decreases in international activity*”. Moreover, the study refers to decreases in international activity, to which Vissak refers as de-internationalisation (Vissak and Francioni 2013). The current internationalisation literature has ignored the influences of internal and external factors on a firm’s international nonlinearities – i.e. foreign market exits

and subsequent re-entries (Vissak and Masso 2015; Welch and Paavilainen-Mäntymäki 2014).

Environmental conditions in EMEs can restrict the growth of small-medium enterprises' (SMEs) internationalisation. A study by Dib, Rocha and Silva (2010) on EME (Brazilian) SMEs further emphasises the influences of environmental conditions on international growth and expansion in entrepreneurial firms. SMEs from EMEs play a vital role in the world economy, thus factors, motives and characteristics that condition their emergence are important to explore (Cavusgil and Knight 2015). Furthermore, firms from EMEs may not have similar opportunities to go global as compared to their counterparts from developed economies since environmental conditions are not homogenous around the world (Bangara, Freeman and Schroder 2012; Dib et al. 2010; Persinger et al. 2007). Despite increasing research on internationalisation of SMEs "*internationalisation of entrepreneurial firms in EMEs to date has received little attention*" (Lu, Zhou, Bruton and Li 2010, p.433; Meyer and Peng 2016). Siqueira and Bruton (2010) argue that EMEs other than Brazil should be examined as,

"[...] different countries may present unique characteristics including distinct sources of resources. What applies to Brazil may not necessarily apply to other emerging [market] economies" (p.48).

In addition, recent studies emphasise the growth in the number of SMEs (born-global firms) internationalising from EMEs (Cavusgil and Knight 2015; Dib et al. 2010). Zander, McDougall-Covin and Rose (2015) suggest that current SME theory does not take into account de- and re-internationalisation (intermittent/nonlinear internationalisation) of the firm from entrepreneurial perspective. Therefore, more attention should be paid to nonlinearities (partial and/or complete de- or re-internationalisation) (Vissak and Francioni 2013). The purpose of this thesis is to explore these phenomena.

There has been a rising research interest in the practical, theoretical and empirical aspects of research on strategy in context of international firms from EMEs (Meyer and Peng 2016; Zahra et al. 2014; Hoskisson et al. 2013; Wright et al. 2005; Yamakawa, Peng and Deeds 2008; Meyer and Peng 2005). Additionally, Hoskisson et al. (2013, p.1305) suggest that,

“There is relatively little research on the internationalisation of emerging economy firms either into other emerging economies or into developed economies [...] As emerging economies develop and firms within them develop their expertise, we suggest that firms from these economies will increasingly take an active interest in developing their strategies outside the home market”.

Furthermore, there has been research on directing academic thinking towards exploring the entrepreneurial behaviour outcomes such as learning and strategy development in context of internationalisation (Zahra, Wright and Abdelgawad 2014). Kiss et al. (2012) argue that,

“[...] our understanding of international entrepreneurship in emerging [market] economies is quite limited” (p.266).

IB theory on various outcomes of internationalisation *“abounds with stand-alone studies on firm entry and exit”* (Javalgi et al. 2011, p.378). The concept of foreign market re-entry itself certainly poses a great challenge for internationalisation process models (Freeman et al. 2013) and IB theory in general (Vissak and Masso 2015; Welch and Welch 2009).

1.3 Conceptual and Contextual Background

The internationalisation of SMEs has been researched for almost three decades in IB literature (Kamakura, Ramon-Jeronimo and Gravel 2011). However, internationalisation theories within the field of IB, namely internationalisation process model, the Uppsala model and its revised versions (for example see Johanson and Vahlne 1977; 1990; 2006; 2009; 2011; Vahlne and Johanson 2013; Vahlne, Ivarsson and Johanson 2011; Vahlne and Johanson 2015a; 2015b) have continued to explain internationalisation as forward moving activity thereby referring to linear type internationalising activities (Vissak and Francioni 2015). However, alternative views on internationalisation phenomenon, for example inability to develop holistic frameworks on international market exits and re-entries, have been ignored (Javalgi et al. 2011). Current IB literature argues the importance of exploring foreign market exits (Etemad 2015; Tulder 2015; Lafuente, Stoian and Rialp 2015; Cavusgil and Knight 2015) and re-entries (Vissak and Masso 2015; Sui and Baum 2014; Welch and Paavilainen-Mäntymäki 2014; Welch and Welch 2009). Additionally, exploring the phenomenon of exit and re-entry from the entrepreneurial perspective (Etemad 2015; Zander, McDougall-Covin and Rose 2015). Researchers have also drawn attention to exploring exits and re-entries on

firms internationalising from EMEs (Vissak and Zhang 2015; Freeman et al. 2013; Javalgi et al. 2011). The aim of the present thesis is to explore experiences of EME entrepreneurs within the domain of intermittent internationalisation and offer contribution to IB theory, particularly to extend and refine the internationalisation process IP model.

One premise of the internationalisation process model is that internationalisation is a forward moving activity and an incremental process in firms. The model explains the characteristics of the internationalisation process (Vahlne and Johanson 2013). A process, which gradually increases firms' international involvement in overseas markets (Johanson and Vahlne 1977). The model is based on two aspects - 'state' (market knowledge and commitment) and 'change' (commitment decision and current activities) (Johanson and Vahlne 1977). Additionally it is based on the assumption that knowledge can be acquired experientially and incrementally through involvement in ongoing foreign activities. The assumption is based upon the 'state' aspect of the model, which indicates that there is a direct relationship between market knowledge and commitment (Johanson and Vahlne 1977). Consequently, the better the knowledge, the more valuable the resources and the stronger the commitment to the market. They further argue that knowledge can also be considered as a resource (Johanson and Vahlne 1977). The 'change' aspect of the model is based on "current business activities" and "commitment decision" (Hadjikhani 1997, p.46), and decision of market commitment depends on what the firm [SMEs] knows about the market and what it has committed to the market (Hadjikhani 1997).

Re-internationalisation or re-entry is defined as "companies that have withdrawn from international operations but maintain domestic business activity before re-engaging in international market activity" (Welch and Welch 2009, p.568). De-internationalisation or exit is defined as "[...] any voluntary or forced actions that reduce[s] a company's engagement in or exposure to current cross-border activities" (Benito and Welch 1997, p.9).

The comprehensive review by Wright et al. (2005) on strategy research in EMEs suggests that limited attention is given to firms from EMEs from similar or different contexts. Kiss et al. (2012) argue that internationalisation requires contributions on the applicability of models developed in advanced economies on the distinctive nature of EMEs. Similarly, Bruton,

Ahlstrom and Obloj (2008) suggest that the difference between emerging and mature economies provides researchers with a unique way to understand the issues that impact entrepreneurs. They further argue that it is important for researchers to include EMEs in the mainstream research of entrepreneurship as it broadens our theoretical understanding of the field in general (Bruton et al. 2008).

Globalisation, decline in trade barriers and reopening of several markets have made EMEs more profitable for firms to consider re-entry (Javalgi et al. 2011). This may provide some firms with a competitive edge due to their previous network knowledge, market familiarity, and business experience (Javalgi et al. 2011). EMEs offer a number of benefits for firms to consider re-entry such as an expanding consumer base, access to a pool of well-educated human capital, and ready availability of natural resources (Javalgi et al. 2011). However, they also present obstacles such as a lack of infrastructure, political instability and corruption, all of which are common factors in EMEs (Cavusgil and Knight 2015; Cavusgil, Knight, Reisenberger, Rammal, and Rose 2015). Despite these obstacles, these economies are attractive for firms because of their lucrative business opportunities (Javalgi et al. 2011; Tracey and Phillips 2011). Dib et al. (2010) in their study on SMEs internationalising from Brazil, emphasise the growth in this type of firm originating from EMEs. Gabrielsson et al. (2008) elaborate on the conceptual definition of born-global firms and suggest a certain criteria for SMEs as one that conceives it as,

“a SME firm with global vision at inception, carry[ing] products with global market potential, possess entrepreneurial capability to seek rapid internationalisation (both with speed and precocity) and cannot be a spin-off of a larger firm” (p.388).

The context for this thesis is entrepreneurial SMEs in EMEs (for example from Pakistan and China). Recently some EMEs, including developing economies such as Pakistan, have experienced stagnant and slow economic growth due to political instability, changes in economic cycles and institutional voids. On the other hand, some EMEs are rethinking their priorities of doing international business with advanced market economies (AMEs) and moving towards working with other EMEs. Studies on international survivability of SMEs, particularly from EMEs, are limited (Yamakawa et al. 2013). Due to the significant micro- and macro-economic benefits, EMEs are favouring the internationalisation and international business activities of SMEs (Kiss et al. 2012). EMEs have continued to grow at exponential rate and recently these economies, after financial crises, have seen slow growth. Yet, despite

these challenges these economies have continued to offer opportunities for international trade and investments for entrepreneurial firms both from advanced and other EMEs (Hoskisson et al. 2013; Javalgi et al. 2011). The next section discusses contextual background of EMEs and provides information on conceptual background of this thesis.

1.3.1 Understanding Emerging Market Economy

EMEs are growing at a rapid pace - far greater than in AMEs, providing enormous potential for exploration and exploitation of new opportunities (Javalgi et al. 2011). However, operating in these environments requires a careful approach, given the constant institutional, political, cultural and social changes which can pose both opportunities and threats for firms, especially smaller and newer firms. The World Bank report (2011, p. xvii) defines EMEs as,

“[...] economies with relatively high levels of economic potential and international engagement”.

According to the OECD (2009), EMEs are rapidly becoming a part of the world economy, providing entrepreneurs access to potential markets such as the big emerging markets (BEMs) of Brazil, Russia, India, Indonesia and China, together known as Brazil, Russia, India, China and South Africa (BRICS) economies (Cavusgil, Knight, Reisenberger, Rammal, and Rose 2015). The combined gross domestic product (GDP) of EMEs is expected to outperform the total GDP of advanced economies by 2050 (World Bank 2011). A number of international agencies (e.g. OECD 2009; World Bank 2011) and scholars (Cavusgil et al. 2015; Tracey and Phillips 2011) agree that many smaller transitioning market economies of East Asia, Central and Eastern Europe, Middle East, Latin America, Southeast Asia and Africa are also becoming part of EMEs (Tracey and Phillips 2011). Altogether, these economies play a vital role in the world economy as 75 per cent of the world's population lives in these economies (Tracey and Phillips 2011).

Recent events and economic shifts in the world have led to variations in economic momentum (Khanna et al. 2015). Due to these shifts two of the original BRIC nations namely, Brazil and Russia, have experienced steep falloff in growth (Khanna et al. 2015). Meanwhile, EMEs such as China, which is facing deterioration of financial conditions and experiencing various

business cycles, consequently led international trade investors to withdraw financial capital and ventures from these markets (Shaghil, Coulibaly and Zlate 2015). However, China's economy gets back on improved business cycles now the economy is in the midst of rebalancing itself. Such intermittent cycles have implications for globally internationalised companies (Khanna et al. 2015). These economic and financial patterns demonstrate variations in growth and decline of international trade and investment, making a case for entrepreneurial firm entry, exit and re-entry from and into these markets.

In the last few years EMEs, including BRICS, together have transformed the global economy. It is expected that the combined global GDP (gross domestic product) of BRICs will increase by 18% over the next 10 years (Economic Times 2012). Entrepreneurs from several EMEs are becoming global leaders in a number of industries and building up significant capabilities in products, processes and management skills for cross-border venturing (Rasiah, Gammeltoft and Jiang 2010). The OECD (2009) and the World Bank Report (2011) indicate that the big emerging markets (BEMs) of China, India, Indonesia, Brazil and Russia are showing high levels of international exchange with AMEs and EMEs. Big EMEs combined with other transitional market economies, for example those of the Middle East, Latin America and South East Asia, are rapidly becoming part of the global economy (Cavusgil, Knight, Reisenberger, Rammal, and Rose 2015). These economies are expected to perform well, even under poor infrastructure and harsh financial and unstable political conditions, and outperform the GDP of AMEs (World Bank 2011; Kearney 2012).

EMEs along with TMEs offer many challenges to SMEs, such as political instability, lack of infrastructure, and socio-economic instability (Meyer and Peng 2016). Furthermore, these economies are regarded as having lack of property rights and weakly developed markets (Meyer and Peng 2016). Therefore, it is likely that entrepreneurs engaged in IB in EMEs or internationalising from EMEs into similar contexts, are likely to experience barriers to performance prospects. Not all economies are homogenous in their characteristics, challenges and opportunities (Meyer and Peng 2016). For example Siqueira and Bruton (2010) suggest that different EMEs may present unique characteristics including distinct resources; what applies to one EME may not necessarily apply to others. Jormanainen and Kovesnikov (2012) add that researchers must be encouraged to study SMEs from different EMEs other than China, for example, in order to reduce the bias towards evidences obtained from just a

few EMEs. Similarly, Bangara, Freeman and Schroder (2012) suggest that smaller Indian firms are different from their Chinese counterparts and should be examined separately. IB scholars recognise that EMEs are further known for their various characteristics such as institutional voids (Khanna and Palepu 2002) and underdeveloped markets (Yamakawa, Khavul, Peng and Deeds 2013), particularly institutions that lack formal practices to support these markets. Bruton et al. (2014) argue that EMEs are further characterised by weak laws and poor enforcement capacity of the formal legal institutions (Yamakawa et al. 2013).

EMEs (such as China) divested international investment projects from other EMEs (such as Africa) due to slower growth in the domestic market during early 2015 (The Economist 2015). However, at the end of the first quarter of 2015, Chinese State government announced its intent to re-enter Africa with state level organisations. The re-entry into the African market was conceived by investing USD \$40 million through debt cancellation (The Economist 2015). The progressive re-engagement of international trade policies is helping entrepreneurs to re-internationalise and allowing countries to reopen their trade borders on much wider scales. The reengagement of international trade opportunities not only develops infrastructure but also extends to political, ideological, economic and trade ties (The Economist 2015). Javalgi et al. (2011) suggest that EME (such as Russia) governments play a vital role in firm exits after unstable economy, financial crises and other factors such as consumer demands. However, the study is limited to causes that influence exits and re-entries of resourceful larger firms internationalising from AMEs into EMEs (Javalgi et al. 2011).

In the last few decades EMEs have significantly moved forward in developing international exchanges in terms of creating international trade opportunities for entrepreneurs (Bruton et al. 2014). SMEs (particularly born-globals and international new ventures) have played a significant role in developing these exchanges (Yamakawa et al. 2013). Yet some economies have continued to reduce international trade and are in the process of reverse globalisation (Time Magazine 2014; Gnizy and Shoham 2014). This behaviour of economic shift from global expansion to global recession has sweeping implications for firms, countries and consumers (Time Magazine 2014). Therefore, all types of firms from MNEs to SMEs are continuously shifting their internationalisation behaviour and patterns. Economic shifts might mean firms have to deal with greater risk and uncertainty (Javalgi et al. 2011). Additionally, resource challenged firms (including global SMEs) would be continuously reorganising

internal resources to respond to external challenges. Hence during the process of reorganisation, some firms are likely to make decisions to exit and demonstrate intentions to re-enter (Freeman et al. 2013). These issues are yet to be explored in EME entrepreneurial firms.

Recently, Elliott and Inman (2015) suggested that during the year 2016, AMEs are likely to perform better than EMEs. For example during June 2015 China demonstrated 8.3% decline in exports (Elliott and Inman 2015). Additionally, manufacturing in Chinese factories is on decline. As the exports are declining the domestic sales of products is also being affected (Elliott and Inman 2015). As China's growth declines the slower, or stagnant, demand for economic growth is likely to influence other EMEs (Elliott and Inman 2015). China and Russia are the biggest trading partners with USD 30.6 billion invested in trading deals (Elliott and Inman 2015). The slower economic growth, changing political conditions, corruption and emerging institutional voids between these countries are likely to influence IB activities with other smaller dependent EMEs (Elliott and Inman 2015). These economic shifts in EMEs and their influences on IB activities of firms originating from these EMEs are yet to be explored. These intermittent economic growth patterns further entail that EME firms are not only likely to face challenges abroad (in other EMEs) but also at home (Sun et al. 2015) when they internationalise. As economies are shrinking, firms from these economies are cutting their international operations and trade activities, thereby focusing on home-markets (Gnizy and Shoham 2014). The present thesis argues that it is important for IB researchers to notice these subtle changes and how these changes are affecting internationalising activities of entrepreneurial firms. Hence, these challenges and opportunities make EMEs an interesting context to explore the phenomena of entrepreneurial firm exit and subsequent re-entry (Kiss et al. 2012). Given the need to further our understanding on issues and challenges faced by entrepreneurs internationalising from EMEs, this study will explore internationalisation entrepreneurial behaviour in content of exit and re-entries (Kiss et al. 2012).

1.3.2 Entrepreneurship in Emerging Market Economies

Kiss et al. (2012, p.280) suggest that,

“The limited International Entrepreneurship in Emerging Economies research in Africa, Latin America, Middle East and South Asia suggests that many of the

internationalization motivations, paths and outcomes observed in advanced economies may not hold in these contexts”.

Entrepreneurs from EMEs internationalise for various reasons. For example, Yamakawa et al. (2013) argue that EME entrepreneurs demonstrate behaviours that are unique to their AME counterparts. The study is based on Chinese and Indian entrepreneurial ventures and it found that desire for EME entrepreneurs to internationalise relies upon enhancing the domestic reputation, exploiting prior stock of knowledge and exploring benefits of incoming knowledge inflows (Yamakawa et al. 2013). The study makes a special case for smaller entrepreneurial firms seeking to internationalise. It acknowledges that these types of SMEs internationalising from EMEs to AMEs face a unique set of internationalisation challenges and competition as compared to established and large EME corporations (Yamakawa et al. 2013). Reputation and knowledge in foreign markets are considered as intangible resources that allow EME (Chinese and Indian) SMEs to access other resources to grow and survive (Yamakawa et al. 2013). AME international business experience is considered to be more beneficial than seeking reputation and knowledge by entering other EMEs.

However, Bangara, Freeman and Schroder (2012) suggest that the motivation behind EME (Indian) SMEs is to gain legitimacy in foreign markets. Indian SMEs establish various legitimacy tactics such as establishment of physical presence overseas, gaining endorsements and establishment of networks, and high profile foreign direct investment (FDI) partnerships through agreements (Bangara, Freeman and Schroder 2012). These strategies are then used to gain further resources. The study contributes to institutional theory by arguing that EME (Indian) SMEs demonstrate behaviours such as being persistent, resilient and proactive which in turn suggests their aggressiveness towards internationalisation (Bangara, Freeman and Schroder 2012). Hence, in order to achieve legitimacy and survive in foreign markets, Indian SMEs build commitment by being flexible, adaptive and strategic. However, the study is silent if these behaviours help SME entrepreneurs in managing different levels of foreign market commitment. According to Yamakawa et al. (2013) international business for EME SMEs in AMEs is increasingly becoming challenging.

AME market buyers are continuously demanding better work conditions with EME exporters (Pakistani exporters). Also, these buyers are facing continuous lack of support to maintain

international business activities. For example, Disneyland decision to stop working with Pakistani exporters resulted in the loss of USD \$200 million exports (Dawn Newspaper, April 2014) therefore, exporters experienced forced exit situations. The decision came about because of continuous vulnerable working conditions and labour standards in Pakistani textile factories (Dawn Newspaper, April 2014). Notwithstanding political, economic and social instability in Pakistan the business survival rate is much higher as compared to countries such as Saudi Arabia and Egypt, and these SMEs account for 80% of overall economic activity in the region (Mian and Qureshi 2010). The next section provides discussion on EMEs selected for the present thesis, namely Pakistan and China, to explore the phenomena of exit and re-entry.

1.3.3 Context of the Thesis

This section introduces the country level context of Pakistan and China. Both Pakistani and Chinese entrepreneurial SMEs are born into unique countries, institutional, political and social contexts. The entrepreneurial firms from Pakistan and China have not only internationalised into western markets but have also continued to explore international business opportunities in each other's markets. This is because Pakistan and China's friendly relationship since 1950's (www.pakchinafa.com 2016), and in order to exploit international trade and logistics opportunities both countries signed a series of agreements to breathe life into the Pakistan-China corridor (Barber 2014) culminating with an investment of \$46bn during the visit of Chinese President Xi Jinping (The Guardian 2016). The emerging status of China on the world stage is likely to help surrounding countries such as Pakistan to break into international trade and achieve growth. Additionally, the geographical location of Pakistan has continued to draw the attention of China. However, the ongoing economic and political transformation of Pakistan and China in different directions is often misunderstood.

Over the past few decades China has moved to the centre of international financial, economic, and business systems however, Pakistan has continued to lag behind in achieving growth in international trade because of various internal factors such as terrorism, energy crisis and politics. While China is defined as one of the BRICs (such as Brazil, Russia, India and China) based on the level of GDP (\$10.35 trillion US) and on the other hand, Pakistan is classified as one of the developing nation based on its GDP (\$243.6 billion US) (The World Bank Report

2016a). Additionally, both countries are geographically located in the same region. However, they both share a 'unique' bilateral relationship yet demonstrate sharp contrasts in terms of their political systems, economic models, social structures, (Dwivedi 2015) and patterns of international trade. Furthermore, the relationship between the two nations is between state-to-state and more people-to-people interaction is needed to sustain the durability of this relationship (Dwivedi 2015). Hence, the internationalisation behaviour of entrepreneurial firms from both Pakistan and China makes an interesting case to explore in the field of international business as these countries are at different stages of international economic development. The present thesis does not intend to compare internationalisation process (exit or subsequent re-entry behaviour) of SMEs internationalising from these economies. Instead intends to explore behaviours of entrepreneurial firms originating two nations located in similar geographic locations yet with differences in economic development.

Pakistan: Pakistan shares its geographical borders with a number of least developing and EMEs; for example, Afghanistan, Iran but also with two of the biggest emerging markets, China and India. The coastlines and marine borders of Pakistan stretch along Arabian Sea, the Gulf of Oman, India, and Iran. Therefore, Pakistan provides a link to important Big EMEs, and other developing economies. Pakistan's GDP is \$243.6 billion US and it is classified as a lower middle-income level country with population calculated in 2014 of 185 million (The World Bank 2016b). Pakistan has always had political tensions with India, which have continued to become barriers for international trade.

Pakistan's political tensions with India have become a barrier in international trade. However, in spite of the tensions mentioned earlier between India and Pakistan both governments have agreed to open their borders based on the fair trade conditions after a ban of 50 years on international trade between the two countries (Dawn Newspaper, Sunday January 19, 2014). Furthermore, it is expected that there will be exchange between Indian and Pakistan financial institutions and banks to promote access to imports and exports between the two nations. Additionally, both countries have signed non-discriminatory market access (NADMA) (Amir and Hyder 2015). Such arrangements encourage the normalisation of trade between the two countries (Dawn Newspaper, Sunday January 19, 2014). The future exchange between India and Pakistan means that Pakistani exporters will be able to find new geographically close international markets, instead of being pushed to only internationalise in the further away

markets of USA, UK and Canada. On the other hand, there are growing concerns regarding the security between Pakistan and Afghanistan due to Afghan war could affect Pakistan's position in the region and globally due to the ongoing challenges of terrorism and refugee migration policy (free movement of Afghan nationals) between the two nations.

Agriculture, including leather and chemicals, are the main sources of economic growth for Pakistan. Over the past few years the economy has faced number of challenges much like most other developing nations; however, Pakistan has faced some unique challenges (Mehtabsin et al. 2013). For example, the majority of the businesses deal with manufacturing and services of agricultural products. Therefore, a number of natural disasters experienced in Pakistan since 2005 have severely influenced the economic growth (Mehtabsin et al. 2013). In 2005 a 7.6 magnitude earthquake lead to the damage of critical infrastructure valued at 440 million US dollars, severe flooding in 2010 lead to further infrastructural damage totally 10 billion US dollars. Such events lead to economic setbacks resulting in negative growth of four percent during 2005 and 2006 and zero percent growth in manufacturing sector during the similar years (Mehtabsin et al. 2013). Additional floods in 2011 lead to the displacement of nearly 800,000 Pakistani citizens (Mehtabsin et al. 2013).

Pakistan's current economy is at a crossroad it is being managed by few influential political families; hence, the common person with restricted access to capital to start new businesses. In recent years, Pakistani's economy continued to face issues and challenges; for example, energy shortages (Pakistan Business Council 2013), flood, heavy rain falls and other political and institutional obstacles that have held back international investments and growth in the economy. Despite these challenges, the economy of Pakistan has grown during the last five years. The growth in the economy has unexpectedly accelerated from 3.7% in 2013 to 4.1% in 2014 (Asian Development Outlook 2014). Furthermore, in 2014, the account deficit was unchanged from 2013 (1.1% in GDP). However, the trade deficit in 2014 is widened moderately; this was largely balanced by continued sharp growth in remittances from overseas Pakistanis. The map presented below explains the major cities in Pakistan, its major borders, and major coastline, especially its boarders with countries such as China, Afghanistan and India.

According to the Global Entrepreneurship Monitor (GEM) Pakistan report 2011, entrepreneurial activities in the country have been limited because of negative historical and cultural factors associated with entrepreneurship (or instance fear of failure and perceived capability to take risk). However, overall attitudes towards starting new businesses have improved due to factors created through the external environment for example through industry support (GEM Pakistan Report 2011). As a result of perceptions towards taking risk and fear of failure few Pakistani SME enter both domestic and international markets as compared to the other economies around economies around the world. However, measurements are difficult because new Pakistani SMEs that do enter these markets are largely remained unregistered and enter through informal process (GEM Pakistan Report 2011). In Pakistan, SMEs with less than 100 employees constitute nearly 90% of all 3.5 million private firms that employ 80% of the non-agricultural labour force; and their share in the annual GDP is 40% with the majority entrepreneurial in nature (sole proprietorships) and family businesses. Pakistan Bureau of Statistics has defined Pakistani SME with less than 10 employees (Small Medium Enterprise Development Authority 2007). Figure 1-1 presents political map of Pakistan and shows major international borders, major cities of Pakistan such as Karachi, Islamabad, Quetta and Peshawar (One World Nations Online 2016a).



Figure 1-1: Political Map of Pakistan

China: China is world's third largest country and shares its geographical borders with a number of important countries such as Pakistan, Russia, Afghanistan, Korea, India, and Bhutan to name a few (www.travelchinaguide.com 2016). It is the world's most populous country with more than 1.364 billion people and the largest country after Russia and Canada with landmass covering 9.6 million kilometres (www.travelchinaguide.com 2016). China has GDP of \$10.35 trillion US in 2014. Moreover, China is classified as country with an upper middle-income level (The World Bank 2016a). The spoken languages are Chinese (Mandarin), Cantonese, other dialects and minority languages, with major religions listed to be Taoist, Buddhist, and Islam. China has perhaps the world's longest continuous civilization, for more than 40 centuries its people created a culture with strong philosophies, traditions, and values. The start of the Han dynasty 2,200 years ago marked the rise of China's military power that created an empire—one that provided a golden age in art, politics, and technology (National Geographic 2016). Rapid industrial development (when) has increased pollution, with China having four of the world's ten most polluted cities worldwide measure by air quality. Currently the largest producer and consumer of coal, the country is now turning away from coal toward cleaner hydroelectric resources, such as the Three Gorges Dam (National Geographic 2016).

In the context of entrepreneurship and innovation, China is aggressively promoting development and expansion of employment through entrepreneurial activities at home and abroad (The State Council, the People's Republic of China 2016). The Chinese economy is widely regarded as one of the most entrepreneurial countries in the world (Huang 2010). Growth and expansion of Chinese entrepreneurial firms cannot be regarded as being solely dependent upon technical or innovation-based entrepreneurship, but the majority of firms are dependent on the Chinese government's open policy towards international trade, foreign direct investment and improvements in infrastructural areas to support business (Huang 2010). One of the future challenges faced by China, is to transform itself into a 'knowledge' economy by investing in high growth innovation industries such as E-commerce, smartphones, online investments, and hydroelectricity to name a few. Hence, innovation-based strategy is becoming the highest priority, not only for the government but also for individual entrepreneurs. As a result, China is maximizing its industrial productivity by strategically aligning itself with other small and developing markets in order to source the best raw materials and is additionally investing into strategic geographical trade routes (such

as economic corridor from the city of Gwadar in Pakistan to Xinjiang in China through a network of highways and railways) to enhance overall international competitiveness. On the economic front, China has also experienced the slowest economic growth in the last 25 years (Magnier 2016). Chinese SMEs are defined based on the number of employees and the present thesis adopts the definition based on number of employees between 300 – 2000 in various industries (Nan and Jin 2010). Figure 1-2 presents administrative map of China (One World Nations Online 2016b). The map further shows China’s international borders with India, Nepal, Pakistan, Bangladesh, Kazakhstan, Mongolia, Thailand, Vietnam, Myanmar and Russia along with cities such as Xinjian, Anhui, Jiangsu and most importantly Beijing. Additionally, China’s coastline in South China Sea, East China Sea, Yellow Sea and East Sea. The economic development of Taiwan began in the late 1950s, ahead of mainland China.

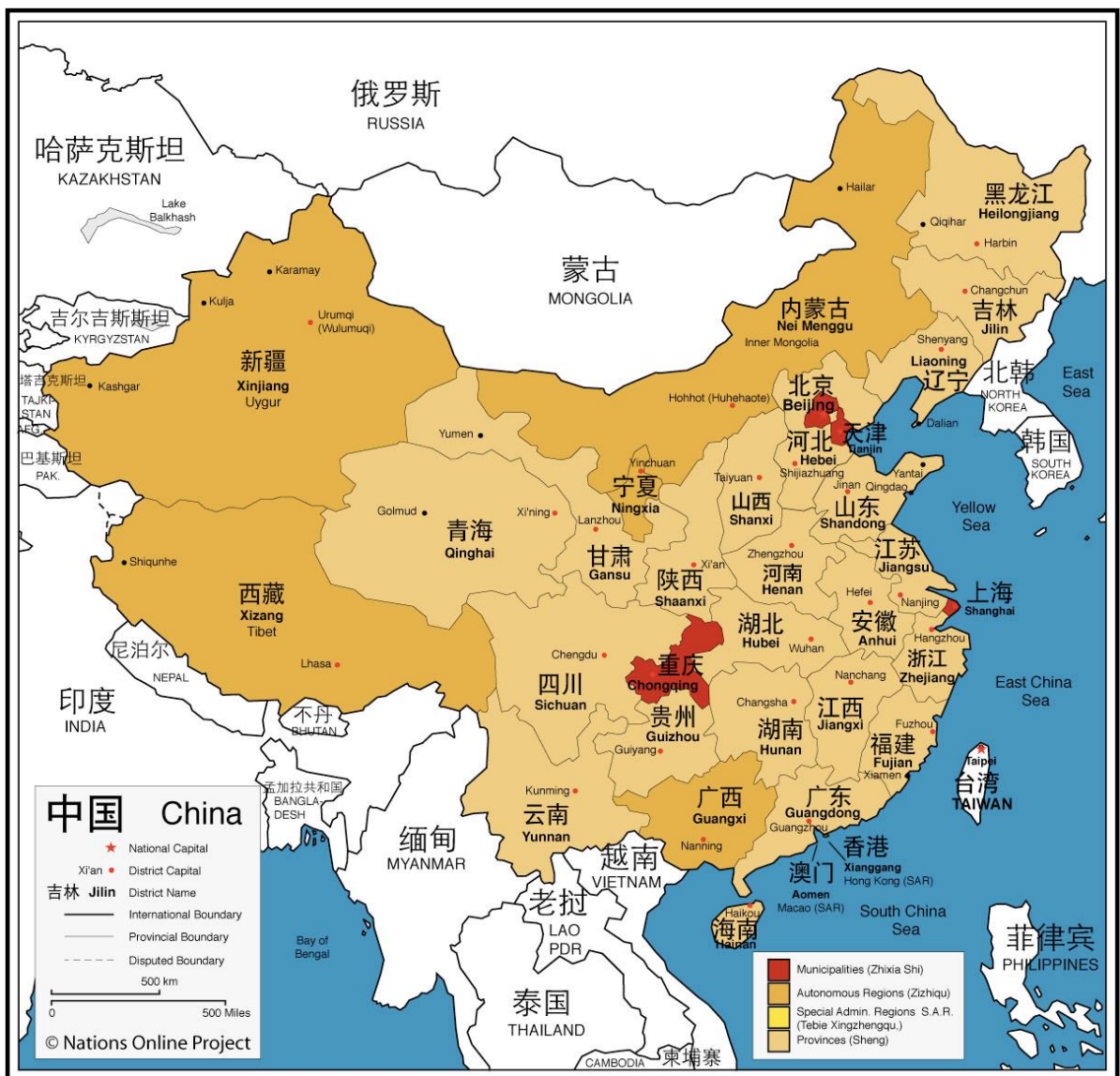


Figure 1-2: Administrative Map of China

1.4 Research Problem Statement

Managerial: Entrepreneurship from EMEs particularly in the SME sector is on the rise (Zahra, Wright and Abdelgawad 2014). Entrepreneurial SMEs internationalising from both big and smaller EMEs contribute substantially to the international trade activities as well as domestic economic growth (Hoskisson et al. 2012). Hence, it is important to understand how these entrepreneurs behave in formulating internationalising strategies, including adding their voices in international business research to provide in-depth insights on their international experiences. However, EMEs are subject to both growth and continuous turbulence contributing to the uncertainty and irregularity of internationalising activities of SMEs (Zander, McDougall-Covin and Rose 2015). Therefore, academic research within the field of internationalisation models should be directed at exploring the influences of internal and external factors on foreign market exits and re-entries (Vissak and Francioni 2013), particularly on entrepreneurial firms from EMEs. Entrepreneurial firms enter, exit or re-enter in foreign markets for various reasons. One of the reasons that drives this type of behaviour is lower performance in foreign markets (Santangelo and Meyer 2011). Additional reasons include entrepreneurs' intentions to revive international business activities in previous markets and reconnect with previous networks to capture emerging international opportunities. Moreover, changes in firm performance also pressure entrepreneurs to identify opportunities in previous markets. The international business literature concludes that limited numbers of studies have responded to these issues in entrepreneurial firms from EMEs (for example see Vissak and Francioni 2013). There is also the question of whether conventional notions of internationalisation outcomes are generalisable to firms originating from EMEs (Meyer and Peng 2016; Yaprak and Demirbag 2015; Todd and Javalgi 2007).

Entrepreneurs of smaller new firms from EMEs (Dib et al. 2010) lack sufficient resources and capabilities, posing a challenge for them to develop a long-term strategy to enter or operate in similar contexts or other AMEs. The underlying reason could be entrepreneurs' limited previous international experience. In order to survive in such an environment these entrepreneurs may develop a tendency to adopt a hit and trial method. Consequently this may force international managers to take small steps in sensing opportunities and threats in unstable environments, constantly scanning their external environment (e.g. for information such as changes in political, institutional, social and consumer related factors). International managers/entrepreneurs can adjust their strategy by either decreasing or increasing their

commitment in uncertain environments. Consequently, entrepreneurs operating in and out of these economies are expected to be flexible, responding quickly to external environmental changes (Dib et al. 2010).

Rapid changes in global business, such as the recent global financial crisis, have impacted the international activities of many entrepreneurial firms from both AMEs and EMEs. As a result, some SME entrepreneur firms choose to reduce their global exposure (Kamakura et al. 2012), showing a “change in their degree of internationalisation” (Lin and Liu 2012, p.91), such as their decision to “de-internationalise” (Turner 2012, p.93) or exit. In addition, a number of entrepreneurial firms are sensing the new opportunities in EMEs and plan to “re-internationalise” or are re-entering into previously exited markets by either re-engaging with their previous business partners (Javalgi et al. 2011), or reintroducing products in previous markets with similar or new strategies. Recent IB literature has described these types of internationalisation patterns as “*non-linear internationalisation*” (Vissak and Francioni 2013). Similarly, Lee and Makihja (2009) suggest that the recent economic crisis has shifted the level of demand and forced SMEs to reconfigure their value chains to achieve flexibility in their internationalisation activities. Moreover, declines in trade barriers and re-opening of several markets have made EMEs more profitable, leading international business managers to consider re-entry (Javalgi et al. 2011). One type of firm known to exhibit this behaviour is the smaller born-global firm (Welch and Welch 2009). However, if this type of behaviour (fast exits and subsequent re-entries) is similar or different in slow traditional global SMEs is yet to be explored. Exit and later re-entering previous markets may provide some global entrepreneurial SMEs with a competitive edge due to their previous network knowledge, market familiarity, and business experience (Chandra, Styles and Wilkinson 2012).

Finally, there is a paucity of research on global SMEs from EMEs (Dib et al. 2010) as the majority of the research is on Australian, European or US global entrepreneurial SMEs. However, there is sufficient evidence available in recent international business literature, that due to increasing globalisation, de-globalisation and international exchange between economies, EME global entrepreneurial SMEs are also internationalising from inception (Thai and Chong 2008). There are particular challenges to survival (Efrat and Shoham 2012), liabilities (outsidership and emergingness) to be overcome (Bangara et al. 2012), lack of resource-endowment (Freeman 2012), and complexities of entrepreneurial firm ownership

faced by internationalising SMEs from EMEs which are yet to be explored. Thus social, political and economic factors faced by entrepreneurs internationalising from EMEs provide a unique context to explore their behaviours in exit and re-entry experiences. In addition, we know:

“[...] market failures are [the] norm rather [than] the exception, reform and development are based on trial and error processes, and property rights are not always protected. Thus, we need to know more about how entrepreneurs deal with these issues in the emerging economy context” (Kiss et al. 2012, p.13).

Theoretical: The thesis explores the use of entrepreneurial exit and re-entry concepts in internationalisation context. The internationalisation process of the firm has been researched for almost three decades in IB literature (Kamakura, Ramon-Jeronimo and Gravel 2011). The initial focus of IP model has been about firms entering foreign markets through incremental steps (Johanson and Vahlne 1977). The model has continued to promote assumptions that firms move forward by building commitments in foreign markets through learning (Johanson and Vahlne 2015). The original model and its revised versions have continued to face criticism since the 1980s. Welch and Wiedersheim-Paul (1980) examine failure in exporting firms. The study provides the initial directions towards understanding the role of the individual decision maker (entrepreneur) in foreign market failure of exporting firms (Welch and Wiedersheim-Paul 1980). The likelihood of subsequent success after exit or failure in foreign markets further depends upon the decision maker's response to changes - internal or external to the firm (Welch and Wiedersheim-Paul 1980). However, these issues are yet to be explored in EME context.

Entrepreneurs who left foreign markets after failure and did not revive IB activities demonstrate their low commitment, intolerance for failure (Lafuente, Stoian and Rialp 2015), reluctant to review IB activities, and perceived risk of persistence on their course of actions (Drummond 2014; Javalgi et al. 2011; Welch and Welch 2009; Benito and Welch 1997). However, despite failure in foreign markets and negative feedback, some entrepreneurs persist on their courses of action (Drummond 2014; Benito and Welch 1997). These types of entrepreneurs re-enter international markets (Welch and Welch 2009) and continue to demonstrate persistence and perseverance, and use various resources to improve performance measures of internationalising activities. Welch and Wiedersheim-Paul (1980) consider entrepreneurs' mental resources far more valuable than financial resources. Therefore,

commitment to venture in internationalisation process models is considered as emotionally grounded (Johanson and Vahlne 2003).

Internationalisation is seen as entrepreneurship-in-action and is behavioural (Muzychenko and Liesch 2015). Therefore, foreign market exits and re-entries can be assumed as entrepreneurial activity in IB context. Furthermore, Andersson (2000) suggests that in order to understand the behaviour of international firms, researchers must understand the behaviour of its actors (namely entrepreneur or someone who is in charge of international decision making). Michailova and Wilson (2008) take a similar view when analysing the internationalisation process model in smaller firms. The study explores the interaction between the individual (entrepreneur) and the firm through knowledge and network building activities (Michailova and Wilson 2008). IB activity has engaged all forms of businesses, from small to larger, to seek international opportunities in neighbouring, as well as farther, country markets. As the intensity of these opportunities and activities has increased it has elevated the risks of doing business in EMEs (Hoskisson et al. 2013). International opportunities have limited windows thus require entrepreneurs to make fast decisions at early stages of venture activities (Cavusgil and Knight 2015). However, due to the higher failure rate in these types of ventures (born-global type SMEs), entrepreneurs are likely to make slow and cautious decisions to re-enter foreign markets because of their previous experiences (Cavusgil and Knight 2015; Welch and Welch 2009). Research on internationalising firms from EMEs in the field of IB has been limited to new venture activity (Vissak and Masso 2015; Bruton et al. 2015), for example, firms going abroad for the first time. There are only a limited number of studies considering either exit(s) from one or many international markets, or re-entry of firms in one of all of their previous international markets (Vissak and Masso 2015; Sui and Baum 2014; Vissak and Francioni 2013; Santangelo and Meyer 2011; Javalgi et al. 2011; Welch and Welch 2009).

To date, research on entrepreneurial exit and re-entry in internationalisation context has been at embryonic stage, thus leaving gaps in our understanding as to why decisions to go back into international markets are important to the firm (Vissak and Francioni 2013; Welch and Welch 2009). Additionally, what motivates international entrepreneurs to revive internationalisation activities? The present thesis goes beyond the discussion of firm level decision-making and argues that any organisational decision making is influenced by

behaviours of different actors (humans – in managerial roles or entrepreneurial decision making roles), either working in teams or individually. Thus, when studying the behaviour of internationalising firms it is important not to ignore the behaviour and actions of the people involved in developing, implementing and changing IB strategies. This is particularly the case when re-entering foreign markets (Vissak and Masso 2015; Welch and Welch 2009). Andersson (2000) views internationalisation activities of the firm from entrepreneurial perspective and argues that internationalisation is seen as entrepreneurial action. The focus of the present thesis is consistent with Andersson (2000) and Michailova and Wilson (2008), questioning what happens when entrepreneurs act.

SME (particularly born-global) firms play a vital role in the world economy, thus factors, motives and characteristics that condition their emergence are important to explore. Recently, scholars have started to address this important area of research. Thus, studies on EME firms such as from Russia, China, India, Brazil and Indonesia have started to appear in the SMEs and IB literatures. Additionally in order to move the field of internationalisation forward, Kiss et al. (2012) encourage researchers to extend their understanding by applying models developed in mature economies to EMEs. Persinger et al. (2007) suggest that,

“[...] it should be noted that further examination of the [SME] born-global entrepreneur is needed to better understand their driving forces in such environments [EMEs]” (p.80).

In addition, the decline in trade barriers and liberalisation of EMEs makes it more profitable for firms to consider re-entry (Javalgi et al. 2011). Hence, based on the discussion, the present thesis proposes the following research problem statement.

Research Problem Statement:

What factors influence SME entrepreneur behaviour in exit and re-entry experiences?

1.5 Research Questions and the Objectives of the Research

In order to address the broad research problem stated above, an extensive and critical review of the literature review in Chapter 2 resulted in the emergence of two research questions that are listed below.

Research Question 1:

How do firm-specific factors influence entrepreneur behaviour in exit and re-entry experiences, with specific reference to Pakistan and China?

Research Question 2:

How do external environmental factors influence entrepreneur behaviour in exit and re-entry experiences, with specific reference to Pakistan and China?

The following objectives have been established to address the broad research problem and fulfil the purpose of this thesis:

1. To gain insight into internationalising patterns of SME entrepreneur behaviour particularly in exit and re-entry experiences (*Research Problem Statement*).
2. To understand how various firm-specific factors drive the behaviour of SME entrepreneur in exit and subsequent re-entry experiences? (*Research Question1*).
3. To understand how various external environmental factors drive the behaviour of SME entrepreneur in exit and subsequent re-entry experiences? (*Research Question2*).
4. To gain contextualised understanding of exit and re-entry in context of emerging market economy (with specific reference to Pakistan and China).
5. To identify strategies that entrepreneurs utilise in order to move from exit to re-entry.
6. To gain an insight into the importance of networks in exit and re-entry experiences.
7. To identify the theoretical and managerial implications of the thesis.

1.6 Research Methodology

The present thesis uses a constructive paradigm; the purpose is to gain holistic understanding of the phenomenon being explored (Walters 2013; Foucault 1972). The choice of the research methodology is based on the paradigm and the broad aim of the research, as the purpose of the present thesis is to gain holistic understanding of context-specific processes that provide an explanation of human behaviour (King and Horrocks 2012). Therefore, it was deemed appropriate that the qualitative research methodology would be appropriate. Furthermore, it has been argued that the field of IB within the discipline of social sciences has mainly relied upon positive paradigm (Doz 2011). In order to move the field forward researchers must focus on building theory through qualitative research methodologies (Gligor, Esmark and Gölgeci 2016). Within the qualitative research methodology approach, IB researchers have continued to support the use of abductive research approach (Dubois and Gadde 2014). Since the aim of the present thesis is to explore exit and re-entry experiences through understanding the influences of internal and external factors of entrepreneurial SMEs from EMEs. Exit and re-entry is seen as strategy (Javalgi et al. 2011; Welch and Welch 2009). Strategy itself is an abstract construct and develops within the minds of entrepreneurs and managers (Chamberlain 2006). Hence, within the constructive paradigm this thesis adopted research logic based on abductive research approach (Ong 2012). The approach allowed researchers to

“[...] constantly [go] back and forth from one type of research activity to another and between empirical observations and theory” (Dubois and Gadde 2002, p.555).

To address two research questions this thesis employs interview method to collect data. Interviews were collected from entrepreneurs, CEOs and senior managers who are directly involved in decision-making related to internationalisation activities of their representative firms. Additionally, interviews were also conducted with industry experts and Government representatives. The interview cases were selected using purposive, criterion, snowball and opportunistic sampling techniques (Patton 1990) as detailed in Chapter 3. Data collection was conducted in EMEs so snowball-sampling technique was of particular importance. Qualitative data collection in countries with a centralised data system and telephone directories are out dated (Hoskisson et al. 2000) hence, interviews through referrals and rapport could be a way to enhance response rate. The present thesis employed in-depth semi structured interview technique for primary data collection (Myers 2009). The interview protocol was refined during the two-phase pilot study. Phase 1 involved industry expert, and Phase 2 involved

entrepreneurs representing respective firms. Data was collected through interviews from February 2013 to December 2013. Secondary data collection was conducted through various sources such as Chamber of Commerce and Industry websites, newspapers, magazine articles and television interviews. Collection of information through secondary sources allowed for data triangulation to enhance the rigor and quality of overall research (Yin 2009). To further enhance the quality and rigor of research, peer briefing and prolonged engagement in the field were employed (Yin 2009).

Interview data was analysed using open, axial and selective coding to create themes and sub-themes (King and Horrocks 2012). Additionally, the data was analysed through content analysis, editing approach and iterative explanation building (King and Horrocks 2012; Yin 2009). Applying these techniques allowed the researcher to systematically analyse the data. Furthermore, Chapter 4 discusses rigor and quality, credibility, transferability, construct validity, and dependability along with methodological limitations and ethical considerations.

1.7 Contributions of the Thesis to the International Business Discipline

Internationalisation process model (for example see Johanson and Vahlne 2015, 1977; Vahlne and Johanson 2013) can be used to explain forward moving activities in international firms through the mechanism of knowledge and commitment. Alternatively, international business studies by Vissak and Masso (2015), Vissak and Francioni (2013), Javalgi et al. (2011), Santangelo and Meyer (2011), and Welch and Welch (2009) explore an initial understanding of changes in foreign market commitments through exits and re-entries at the firm level. The present thesis views internationalisation (changes implemented in commitments) as an individual entrepreneurial action i.e. behavioural and experiential. Hence, the study examines entrepreneurial firm-specific and external environmental factors from the individual's perspective (entrepreneur/individual decision maker). It contributes to the above-mentioned studies in the field of international business and argues that foreign market exit and re-entry decisions in EMEs (with specific reference to Pakistan and China) in SMEs are a result of individual entrepreneurial actions. These entrepreneurs are considered as the heart and mind of their organisations.

The findings pertaining to exploring influences of firm-specific factors entail that entrepreneur's international experience is a key factor in understanding the complexities of the internationalisation process. The findings are based on four major factors, namely entrepreneurial firm characteristics, product characteristics, individual global orientation and influences of networks on exit and subsequent re-entry experiences. Moreover, the present thesis explores influences of external factors that are associated with exit and re-entry experiences. These factors include influences of host-market environment, global environmental factors, home-country environmental factors and industry characteristics. The findings are specific to Pakistani and Chinese entrepreneurs. Figure 5-2 presents the refined model of the behaviour of SME entrepreneurs in foreign market exit and re-entry experiences.

For entrepreneurial SMEs internationalising from Pakistan and China, internationalisation is an important decision. The international experiences of these entrepreneurs suggest that an entrepreneur/key decision maker carries out the internationalisation of the firm. The present findings extend a study by Welch and Welch (2009) and argue that (1) experiential learning is essential to the re-internationalisation process and (2) within experiential learning entrepreneurs' ability to reflectively observe and learn from past mistakes provides opportunities for the firm to rectify these mistakes in future re-entries. The findings further refine a study by Vissak and Francioni (2013) and suggest that entrepreneurs' personal objectives in sustaining their firms over time are through reconfiguring international market involvement. These reconfigurations occur through the process of allocating balanced resources to key/profitable markets.

Furthermore, in entrepreneurs internationalising from Pakistan and China, language and communication play a key role in sustaining foreign market relationships. A number of entrepreneurs in the present thesis acknowledge the importance of managing honesty and trust through communication, to further international business activities. The entrepreneurs reported that the use of ineffective communication strategy increases the likelihood of loss of reputation and trust, and may cause misunderstanding in product development procedures, thereby restricting future possibilities of network re-engagements. The findings also refute a study by Freeman et al. (2013) and strongly emphasise that foreign market exits are not always proactive and positive experiences. Exit can also be considered as foreign market

failure and is likely to influence entrepreneurs' future possibilities of reviving international business activities.

A study by Javalgi et al. (2011) is based on exit and subsequent re-entry in larger firms. The present thesis takes a view of entrepreneurial SMEs and demonstrates that these types of firms are presented with unique challenges in international markets. Entrepreneurs managing these SMEs are confronted with limited windows of opportunity, hence make decisions under pressures. It is important for these individuals to demonstrate orientations such as flexibility, global mindset, cognition, knowledge and behaviour to explore and exploit international business opportunities. The findings explore the influences of exit-specific factors such as entrepreneurial inertia, Seth mindset and self-serving bias, hence extend a study by Benito and Welch (1997) and highlight the importance of individual behaviours that decrease the likelihood of entrepreneurial re-entry in foreign markets.

Specific to internationalising SMEs (Andersson 2000), the role of individual entrepreneurs in the context of networks is particularly important. The findings present individual views on the nature and importance of building, dissolving and re-engaging with network partners. Entrepreneurs who were confronted by dishonesty of their network partners, dissolved those relationships and not likely to return to these partners for future business activities (due to product/design intellectual property rights infringements).

External environmental factors present views of entrepreneurs embedded in their country-specific or situation-specific contexts. The recent changing nature of global environmental drivers (e.g. economic, political and cultural factors), suggests that opportunities exist in diverse host-country environments (e.g. changing economic, political and cultural factors), many of which are problematic and heterogeneous. Additionally, the home-country market factors (particularly observed in Pakistani entrepreneurs) are likely to influence international activities of SMEs. For instance, lack of export stimuli from local institutions, political turmoil, influences of local terrorist organisations on everyday activities of smaller entrepreneurs suggest created barriers to regularly manage businesses.

The present thesis extends the internationalisation process model by exploring conditions of foreign market exit(s) and subsequent re-entry(ies) as major decisions experienced by entrepreneurs managing SMEs from EMEs. Foreign market exit and re-entry experiences leave individual entrepreneurs with lessons on what went wrong and how to rectify their mistakes. The present thesis classifies international experience as knowledge gained from the foreign market event (exit and subsequent re-entry) through involvement. Entrepreneurs' knowledge increases as a result of foreign market exit. Therefore, it is important to reflect upon events that led to the exit. This may allow entrepreneurs to implement new ways of thinking to revive IB activities. The findings of present thesis conclude with a view that the experiences of individual entrepreneurs/key decision makers should matter in the field of international business, particularly in experiences of exit and subsequent re-entry.

1.8 Outline of the Thesis

The present thesis follows Perry's (1998) thesis structured approach of presenting research in five-chapter form. Chapter 1 provides introduction to the thesis along with justification for the context and concepts. The chapter highlights the role of China and Pakistan in the world economy and research gaps from IB literature. Chapter 2 presents an extensive and critical review of the literature on the internationalisation process model and its revised versions of it (Johanson and Vahlne 1977; 1990; 2009; 2015). The chapter provides discussion on the current state of literature on exit and re-entry (Vissak and Masso 2015; Vissak and Francioni 2013). Furthermore, it identifies drivers that influence internationalisation of the firm (Chetty, Johanson and Martin 2014; Efrat and Shoham 2012; Freeman, Hutchings and Chetty 2012; Javalgi et al. 2011). It also discusses external environmental factors that drive internationalisation process in firms (Kahiya 2013; Santagelo and Meyer 2011; Crick 2009; Welch and Welch 2009). The chapter also looks at the role of networks and commitment in internationalisation activities of the firm. Finally, a conceptual framework will be developed and presented which will seek to explain the current state of literature on internationalisation in firm exit and re-entry experiences.

Chapter 3 presents methodological approach of the present thesis. The chapter outlines benefits of using constructive paradigm, qualitative research methodology. It then identifies abductive research process under constructive paradigm and identifies the importance of

interview as qualitative method, discussing the qualitative data analysis techniques. Chapter 4 presents qualitative findings and discussion for Research Questions One and Two. Research Question One, presents findings of firm-specific factors that influence behaviour of SME entrepreneurs from EMEs in exit and re-entry experiences. Research Question Two presents findings of external environmental factors that influence behaviour of SME entrepreneurs from EMEs in exit and re-entry experiences. Chapter 5 presents refined conceptual framework and concludes the thesis by including the contribution to theory, managerial implications, limitations and areas of future research direction. Figure 1-4 presents the structure of thesis.

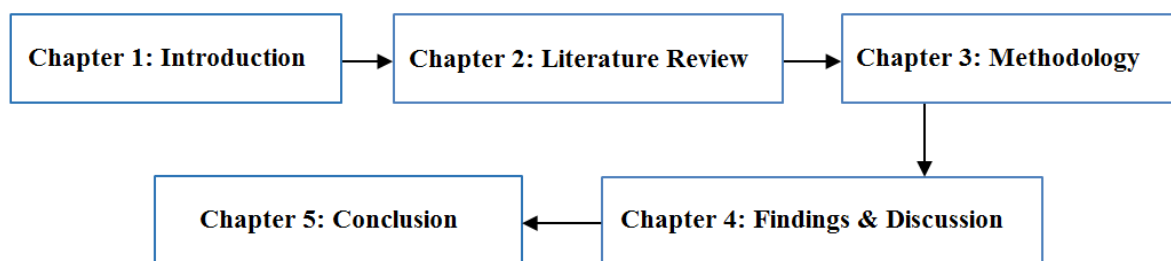


Figure 1-3: Structure of Thesis

1.9 Chapter Summary

This chapter laid the foundation for the thesis and provided a brief contextual background to the thesis. This was followed by the identification of the research problem statement and the two research questions. The objectives of the thesis were identified and a brief description of the research methodology was introduced. This was followed by theoretical contributions and an outline of the thesis.

Chapter 2: Literature Review

2.1 Introduction

This chapter provides a critical review of literature from the field of international business (IB) in relation to the conceptualisation of the exit and re-entry internationalisation process for small-to medium-sized enterprises (SMEs) from emerging market economies (EMEs). Additionally the research questions are established and the chapter concludes with the delineation of the proposed conceptual framework.

*“We believe it is worthwhile to analyse the internationalisation of firms with an open mind”
(Johanson and Vahlne 1990, p.22)*

Scholars in the discipline of IB invested considerable effort in exploring drivers and mechanisms of internationalisation process (Chetty and Campbell-Hunt 2003; Melin 1992; Welch and Welch 2009). Furthermore, studies on SME internationalisation have also explored the role of internal and external factors that drive the internationalisation process. In doing so, researchers have relied on internationalisation process (IP) model (Johanson and Vahlne 1977) and network perspective. Additionally, these studies have explored internationalisation as a linear or unidirectional process in SMEs. However, some studies suggest that the internationalisation process of SMEs is not always linear or unidirectional (Vissak and Masso 2015; Sui and Baum 2014; Vissak and Francioni 2013); it is intermittent/non-linear (Vissak and Francioni 2013).

The present thesis is attempting to explore the role of internal and external factors that drive behaviour of SMEs entrepreneurs from EMEs in exit and re-entry experiences. The aim of the present thesis is to explore this behaviour within the context of internationalisation theory. In addition to other factors firms' exit and re-entry behaviour is dependent on their performances in foreign markets. Therefore, Welch and Paavilainen-Mäntymäki (2014) call for exploring internal and external factors that drive exit and re-entry experiences. Studying firm-specific and external environmental factors in context of exit and re-entry behaviour will provide a holistic understanding to the phenomenon (Freeman et al. 2013). Given the prevalence in IB,

this thesis will draw upon the IP model (Johanson and Vahlne 1977), network perspective (Johanson and Vahlne 2011) to explore internal and external factors that influence exit and re-entry experiences. In doing, so, entrepreneurial activity of EME firms will be used to further our understanding of this phenomenon because internationalisation is seen as a result of entrepreneurial action (Michailova and Wilson 2008; Jones and Coviello 2005; Schweizer et al. 2010; Andersson 2000; 2011). “*Internationalisation of the firm must be wanted and triggered by someone*” (Andersson 2000, p.69). Therefore, based on the dominant theories (IP model including networks), this thesis will address the following thematic research question through an identification and review of the relevant literature.

What factors influence SME entrepreneur behaviour in exit and re-entry experiences?

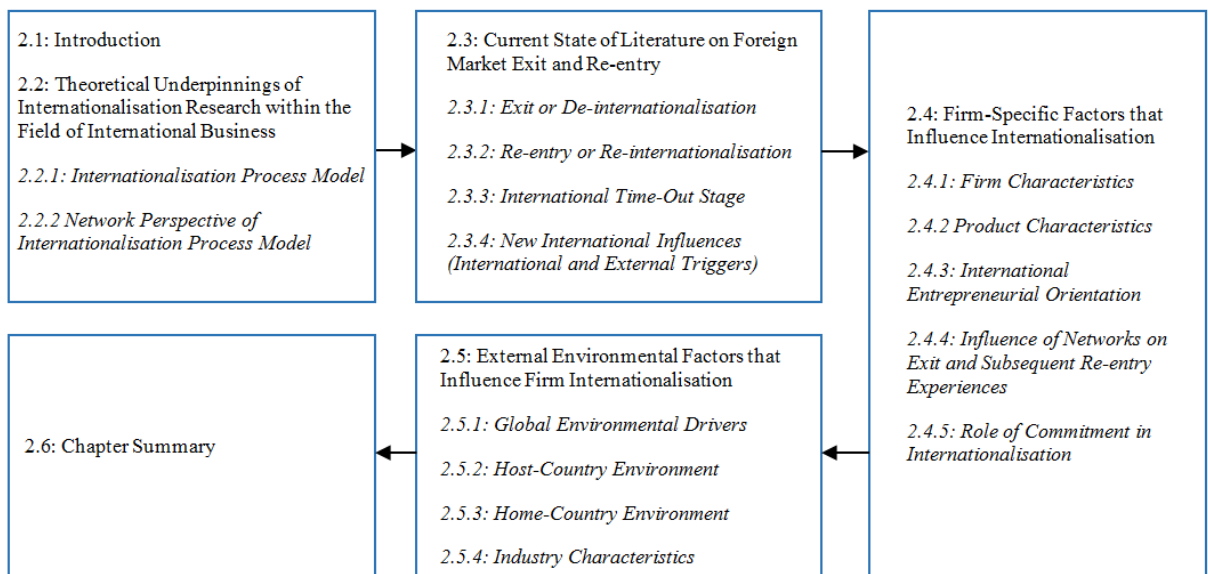


Figure 2-1: The Structure of Chapter 2

Table 2-1: List of Definitions Used in the Present Thesis

CONCEPTS	DEFINITIONS
Entrepreneur	The term “ <i>entrepreneur</i> ” is used as key decision maker because it focuses on individuals who act in accordance with the criteria for entrepreneurship (Andersson 2000, p.66).
Entrepreneurial Activities	The enterprising human action in pursuit of generation of value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets (Ahmed and Seymour 2008, p.9).
Re-entry/Re-internationalisation	In essence, the ‘act’ of re-internationalisation is more appropriately conceptualised as a process involving a period of international business activity, then exit from international operations, followed by a time-out period of some duration, then a process of international re-entry, concluding with successfully renewed international operations (Welch and Welch 2009, p.568).
Exit/De-internationalisation	De-internationalisation is seen as an outcome of a set of forces, which are linked to past international operations and commitments, but are also affected by current developments within and external to the company (Benito and Welch 1997, p.16).
Internationalisation	Internationalisation is an example of strategic change that can be defined as an entrepreneurial action (Andersson 2000, p.65).

2.2 Theoretical Underpinnings of Internationalisation Research within the Field of International Business

In broader terms, two competing views dominate how and why firms (firm-level explanations) intend to establish businesses outside their national borders (Cavusgil, Knight, Reisenberger, Rammal, and Rose 2015; Vahlne and Johanson 2014), explained by the traditional economics view and behavioural assumptions. The traditional economics view is doctrine in neoclassical economics (for example see Coase 1937 – *The Nature of The Firm*). Conversely, the behavioural assumptions that explain internationalisation are embedded in Behavioural Theory of the Firm (BTF) (for example see Cyert and March 1963). The Eclectic paradigm (Dunning 1977; 1988) and Uppsala model (both stages model – Johanson and Wiedersheim-Paul 1975, and process model – Johanson and Vahlne 1977) have continued to

deepen our understanding regarding internationalisation motives (Cuervo-Cazurra, Narula, and Un 2015) and behaviour (Johanson and Vahlne 2015).

To date, the dominant model based on traditional economic approach to internationalisation has been Dunning's Eclectic paradigm (for example see Dunning 1993; 1998; 1977). The paradigm specifies three conditions that determine the internationalisation of a multinational enterprise (MNE) via foreign-direct investment; the Ownership (O), Location (L) and Internalisation (I) - (OLI). Dunning draws OLI's theoretical assumptions from various international trade and investment theories such as internalisation advantage, comparative advantage, monopolistic advantage and factor proportion theories (Cavusgil, Knight, Reisenberger, Rammal, and Rose 2015). OLI is a framework that is used to determine the extent and patterns of the value chain operations that the company own abroad (Cavusgil, Knight, Reisenberger, Rammal, and Rose 2015). Dunning (2001) acknowledges that Eclectic paradigm is purely an economic approach to MNE internationalisation activities. One of the limitations of the neoclassical economic approach is that internationalisation in the firm is considered as passively adjusting to external environmental conditions, leaving no space for strategy making and entrepreneurship (Vahlne and Johanson 2014, p.165). However, within the behavioural approach the firm is considered as an active contributor through strategy making (Vahlne and Johanson 2014).

However, Vahlne and Johanson (2014) and Johanson and Vahlne (2015) have continued to dispute this argument and propose, refine, revise, defend Internationalisation Process (IP) model as an alternative approach to MNE models framed under the neoclassical economics approach. As an alternative approach to economic based internationalisation, the IP model based its assumption on behavioural theory of the firm (for example see Cyert and March 1963).

As opposed to economic approach to internationalisation, proponents of behavioural theory approaches such as Johanson and Vahlne (1977) seek explanations of internationalisation from underpinned (Cyert and March 1963). Vahlne and Johanson (2014) believe reliance on neoclassical assumptions has hampered progress in the understanding of markets and firms.

“We believe that our aim is compatible with the ‘next big IB question’ suggested by Peng (2004): ‘What determines the success or failure of firms around the globe’” (Vahlne and Johanson 2014, p.169).

The next section discusses internationalisation process model, extended international process model and network approaches to internationalisation models. Additionally, alternative approaches to internationalisation and regular/non-incremental internationalisation will be considered.

2.2.1 Internationalisation Process (IP) Model

Johanson and Vahlne’s study on the IP model which appeared in the *Journal of International Business* in 1977 is cited, criticised, evaluated and tested in a number of studies. The authors of the IP model have continuously engaged with the IB research community to revise their work including the concepts of uncertainty, networks, globalisation and risk in their model (for example see Johanson and Vahlne 1977, 1990, 2006, 2009; Vahlne and Johanson 2013; Vahlne, Ivarsson and Johanson 2011). IB studies that support the IP model have relied upon the assumption that internationalisation is incremental and a forward moving activity for SMEs both in AMEs and EMEs (for example Zou and Ghauri 2010). Conversely, there is also a number of studies on SMEs (including born-global and international new venture) that criticise some of the assumptions of the IP model (for example Vissak and Francioni 2013; Freeman et al. 2013; Chandra et al. 2012; Kamakura et al. 2011; Chetty and Campbell-Hunt 2004).

While scholars argue that the model should continue to dominate the IB field and continue to be used to explain internationalisation patterns in SMEs (Santangelo and Meyer 2011; Vahlne and Johanson 2011, 2013; Meyer and Thaijongrak 2012), some researchers take a more modest approach. They refer to the partiality of the IP model, which can be applied in some situations, and does not mean that it is not valid and applicable in other situations (Hadjikhani 1997). However, it has been criticised for being deterministic (meaning that internationalisation outcomes are pre-determined. For example for a firm to move forward only and increase its involvement in foreign markets). The model does not explain leap frogging and decreases in foreign market commitment (for example de- and re-

internationalisation) (Vissak, Francioni and Musso 2012). Additionally, the IP model considers experiential learning, knowledge development, product development, involvement and organisational structure from the firm level perspective while ignoring the role of the individual level entrepreneur (Andersson 2000).

Commitment decisions in foreign markets regarding current business activities are based under the changed aspect of the model. Therefore, recently, Santangelo and Meyer (2011) extended one assumption of the IP model. They suggest that that commitment towards a foreign market or relationship changes over time (either decrease or increase) (Santangelo and Meyer 2011). The change in commitment is a result of institutional voids and uncertainties as firms pursue IB activities (Santangelo and Meyer 2011). Institutional uncertainty is referred to as lack of formal, legal and regulatory frameworks to support business operations that raise transaction costs, particularly in EMEs (Santangelo and Meyer 2011). The extended version of the IP model incorporates the strategy process perspective propose by Mintzberg and Waters (1985) and Mintzberg (1978) to further explain the changes in business strategies. International firms prepare themselves to respond to uncertain local environment by designing IB strategies to allow for flexibility in their IB activities (Santangelo and Meyer 2011).

Internationalisation is an outcome of learning and commitment (Johanson and Vahlne 1977). Firms learn from their previous experiences (Santangelo and Meyer 2011). Therefore, a firm's internationalisation strategy may change after the initial entry as a result of characteristics of foreign markets (for example external environment) and the actions of current and potential partners (for example internal factors). The 'state' variables of the model are knowledge and network positions, which are influenced by a firm's realised strategy after entering a certain foreign market. Furthermore, 'change' variables are relationship commitment decisions and learning, which create opportunities and trust building activities. Relationship development activities reduce the uncertainty about future exchanges between business partners (Johanson and Vahlne 2011). These variables are influenced by institutional voids and environmental uncertainties. Institutional uncertainties reduce market efficiencies and may increase transaction costs for business partners. This may affect firms' long-term commitment towards the specific foreign market or partners (Santangelo and Meyer 2011). Therefore, firms may increase and decrease their commitment (Vahlne and Johanson 2013) over time based on environmental uncertainties and prefer flexibility in their IB activities. Additionally, the

environment with institutional imperfections and voids is considered the contextual moderator of business strategies (deliberate and imposed). The extended model only explains the internationalisation process in multi-national enterprises (MNEs) from AMEs. These IB research findings are yet to be applied on SMEs from EMEs.

Extended Internationalisation Process Model: The motivations behind the recent revision of the IP model are dynamic capabilities, theory of entrepreneurship and management under uncertainty (Vahlne and Johanson 2013). It views the internationalisation process as “consisting of two intertwined sub-processes: learning, mainly experiential learning and commitment building” (p.195). The model assumes that these sub-processes occur at both ends of the dyadic relationship. Additionally, firms learn from each other through developing long-term relationships and creating new knowledge. Foreign market knowledge in this sense is not a public good. It is only available to network partners through the process of establishing trust as a part of the inter-organisational process. Trusting relationships between network partners are essential for firms (Johanson and Vahlne 2009) when operating in a climate of uncertainty, complexity and ambiguity (Vahlne and Johanson 2013). The model also assumes that firms are continuously operating in a business environment that offers change resulting in uncertainty: “the future is unknowable” (p.196). The way to cope with high uncertainty is through managerial actions either transforming or adjusting to the environment. Actions allow managers to learn from their environment to further manage complexity and ambiguity. Therefore, managerial actions lead to the development of market knowledge as a result of interaction between the network partners (Johanson and Vahlne 2009; Vahlne and Johanson 2013).

Commitment is considered as an *emotionally grounded action* that allows the network partners to create a stock of knowledge thus strengthening network positions. This leads to, interactive trust-building and commitment activities between network partners to create stocks of knowledge. Over time, building network positions also involves learning from the IB partners about internationalisation strategies, capabilities and plans (Vahlne and Johanson 2013). It allows partners to adjust to each other’s plans and capabilities to improve efficiency and performance in a foreign market. However, unsatisfactory performance of a network partner is likely to lead to a decrease in commitment and the end of a relationship (Vahlne and Johanson 2013).

2.2.2 Network Perspective of Internationalisation Process Model

From a network perspective, as firms internationalise the strength, commitment and the number of their business network increases (Johanson and Mattsson 1988; Blankenburg 1995; Johanson and Vahlne 2009; 2011; 2015; Chetty and Stangl 2010). This is further supported by Coviello and Munro (1997) who advocate that firms over time, increase their visibility and commitment in overseas markets through their experiences and learning (Michailova and Wilson 2008) from formal (business) and informal (social) relationships (Coviello and Munro 1997). Network perspective considers the examination of the internationalisation process through business networks (Söderqvist and Chetty 2013). Business networks are defined as “*a set of relationships linking one firm with another firm*” (Ellis 2011, p.102). They are also defined as “*assets of connected business relationships*” (Johanson and Vahlne 2011, p.484). Informal networks are considered as a subset of formal business network theory (also known as social networks, for example see Ellis 2011). Studies in IB have considered social networks as a part of broader level networks including business-to-business networks (for example see Bjorkman and Kock 1995). These types of networks are likely to have influence of internationalisation activities innovation (Chetty and Stangl 2010) and foreign market survival (Welch and Welch 2009).

Alternative Approaches to Internationalisation: While the models and approaches,

“[...] may be applicable in specific cases, [they] do not explain the reality of internationalisation in today’s global environment for many firms” (Fletcher 2008, p.947).

Particularly, in the case of EMEs, Javalgi, Deligonul, Dixit, and Cavusgil (2011) emphasise that international firms are facing immense challenges of political, social and economic instability and have to rely on their network partners in case exit, entry or re-entry occurs. Since international involvement does not proceed on a continuously incremental basis, it may involve periods of de-internationalisation (Fletcher 2008). Seink, Scott-Ladd, Entrekina and Adham (2011) find that SMEs from EMEs such as Malaysia, rely heavily on their business and social networks to internationalise. Therefore, it is important for CEOs/managers/employees to understand the role of relationships when involved in exit and re-entry of their firm (Welch and Welch 2009). Problems with agents/partners can also cause intermittent internationalisation patterns and these factors need attention to provide more explanation in IB (Vissak and Francioni 2013; Freeman et al. 2013). Recently, Johanson and

Vahlne (2011) position firm strategy-making as central to business networks arguing that “*what happens in those dyadic, connected, relationships that may be of interest to strategic management*” (Johanson and Vahlne 2011, p.488). They further suggest that,

[...] to stress the novel attitude to strategy-making, we could use the concept of “relating” instead of “adjusting” to the environment. As strategy is about positing the firm for a distant and unknown future, the “relating”, implying joint learning, constructing and commitment building, helps decrease the level of uncertainty” (Johanson and Vahlne 2011, p.488).

The interplay between knowledge and commitment drive relationship and network development. In business network view markets are regarded networks, an exchange mechanism that facilitates strategy making in a business network setting (Johanson and Vahlne 2011). Firms develop these networks to reduce environmental uncertainty and to secure position within a network, particularly when operating in an uncertain global environment (Vahlne et al. 2011). Managers invest considerable time in developing these relationships. However, failure or success of relationship building activity is of strategic importance to firms (Johanson and Vahlne 2011).

Regular/Non-incremental Internationalisation: Additionally, Hadjikhani et al. (2014) recently revised the IP model and contributed towards the applicability of the model by addressing irregular/non-incremental internationalisation behaviour, loss of commitment and market exit in firms. The model has four elements: unknown uncertainty, expectations, experiential knowledge and commitment. Gains and losses drive firms to either increase or decrease their commitment in foreign markets (Hadjikhani et al. 2014). In other words, positive and negative events are likely to develop certain expectation either from the foreign markets or partners, which would result in commitment or de-commitment. Firms may take precautionary decisions based on the previous negative experiences or foreign market exits, therefore avoiding risky and opportunistic commitment decisions (Hadjikhani et al. 2014). Business relationships and network development play a central part in internationalisation of a firm (Johanson and Vahlne 2011). Therefore, the role and trust and belief are emphasised to generate positive future expectations that develop IB activities. However, if there are no positive expectations in foreign markets or specific expectations between partners, there will not be any further commitments (Hadjikhani et al. 2014). Assessment of available knowledge, expected behaviour, and information from the external environment, reduce uncertainty and

guard unexpected changes which otherwise can lead to de-internationalisation, de-commitment or market exit (Hadjikhani et al. 2014; Hadjikhani and Johanson 2002; Hadjikhani 1997). However, Hadjikhani et al. (2014) fail to explain irregular/regular behaviour in SMEs and the study is limited to the internationalisation process of a Swedish Bank.

The next section (2.3) discusses the current state of literature on foreign market exit and re-entry. Section 2.4 examines firm-specific factors and external environmental factors that influence exit and re-entry in SMEs. Research questions 1 and 2 are presented at the end of each section. Then Section 2-5 discusses external environmental factors that influence firm internationalisation. Figure 2-2 presents proposed conceptual framework of Foreign Market Exit and Re-entry Behaviour in entrepreneurial SMEs drive, from literature review discussion. Appendix A delineates the conceptual framework (refer to appendix A).

2.3 Current State of Literature on Foreign Market Exit and Re-entry

Definition and Concept: Prior research has seen internationalisation as the firm's forward moving activity through incremental decision-making (Johanson and Vahlne 1977) or as a process of increasing involvement in overseas markets (Welch and Luostarinen 1988). Internationalisation process researchers in the IB literature also consider regular and irregular (Bonaccorsi 1992) intermittent, incremental behaviour (Hadjikhani et al. 2014), serial non-linear internationalisation patterns (Vissak and Francioni 2013), international episodes and epochs in firms (Kutscher et al. 1997), de- and re-internationalisation as a part of strategic restructuring (Freeman et al. 2013) and internationalisation as a strategy process (Melin 1992). These processes, behaviours and patterns do acknowledge the elements of contraction or lower commitment in the internationalisation process of SMEs from AMEs and described this phenomenon as either "de-internationalisation" – either forced or voluntary (Benito and Welch 1997, p.9); firm market exit moves due to higher risk and uncertainty involved in overseas markets (Figueria-de-Lemos, Johanson and Vahlne 2011); or firms moving from lower to higher levels of involvement, contraction or re-expansion ('retreat from lower levels of involvement') in their overseas market activity (Lamb and Liesch 2002). However, these models have failed to fully capture the process of re-entry (Javalgi et al. 2011) or "re-

internationalisation” (Welch and Welch 2009, p.568) and exit or de-internationalisation in SMEs from EMEs. Freeman et al. (2013, p.17) suggest that,

“Future research should apply our co-evolutionary internationalization framework, which incorporates de-and-re-internationalization to other markets well known for the presence of [SMEs] born-globals, such as the emerging markets and to other SMEs involved in international expansion”.

Forms of Intermittent Internationalisation: Firms may choose to reduce their level of ‘commitment’ (Santangelo and Meyer 2011), or ‘global exposure’ (Kamakura et al. 2012). As SMEs from EMEs operate in a dynamic industry environment with limited windows of opportunity, their survival is determined by their efficiency and flexibility to recognise and then quickly respond to foreign market opportunities (Freeman, Hutchings and Chetty 2012). Moving in and out of markets could be a result of institutional uncertainty and voids which are prevalent in EMEs (Santangelo and Meyer 2011; Turner 2012), changes in SMEs strategy (Crick 2004), financial crisis, economic downturn (Bonaccorsi 1992) or failure to achieve market share (Javalgi et al. 2011). This type of behaviour is termed, ‘non-linear internationalisation’ (partial and complete de- and re-internationalisation) (Vissak and Francioni 2013). IB literature defines de-internationalisation as *“any voluntary or forced actions that reduce a company’s engagement in or exposure to current cross-broader activities”* (Benito and Welch 1997, p.9). Conversely, re-internationalisation is defined as *“companies that have withdrawn from international operations but maintain domestic business activity before re-engaging in international market activity”* (Welch and Welch 2009, p.568). Because of the ambiguity in research on different terms, re-internationalisation or re-entry and de-internationalisation or exit, the present thesis uses the terms re-entry, exit and entry. Consistent with Javalgi et al. (2011), *“de novo and/or one time entry in an international market is a different concept from re-entry as a strategy”* (p.380).

With few possible exceptions of studies (for example Vissak 2010, Vissak et al. 2012; Vissak and Francioni 2013; Freeman et al. 2013), there is lack of understanding on intermittent internationalisation patterns of SMEs. Vissak’s (2010) study addresses intermittent internationalisation patterns in SMEs. However, the study is limited to a single case study of an Estonian SME (born-global firm). While she suggests that,

“[...] future studies should include more firms from countries, sectors and industries and pay more attention to non-linear internationalisers” (p.576).

Few studies appear to have responded to this suggestion (for example Vissak and Francioni 2013; Chandra et al. 2012; Welch and Welch 2009). More specifically, studies conclude that,

“Non-linear [or intermittent] internationalisation is neither an irregular deviation nor an exceptional case of linear internationalisation but that linear internationalisation is an exceptional case of non-linear internationalisation” (Vissak 2010, p.559).

Furthermore, recent evidence in IB literature indicates that some SMEs (particularly born-globals and international new ventures) may have a higher failure rate as compared to other SMEs pursuing more conservative international development paths (Welch and Welch 2009). Once the firm starts its international operation there is no guarantee that their internationalisation is linear (Bell et al. 2003; Vissak and Francioni 2013). Additionally, for SMEs (particularly born-globals) internationalising to overseas markets, it is common to face unexpected failures and alternative outcomes due to internal resource constrain (Freeman et al. 2013). Hence, some SMEs may re-internationalise utilising their prior networks or knowledge (Chandra et al. 2012). Additionally, as suggested by Bell et al. (2003) SMEs (for example born-global firms) that have left overseas markets may re-enter with a stronger financial position, gain access to new international networks and markets, develop new products, and greater management capabilities. Welch and Welch (2009) support this idea by suggesting that firms may pursue re-internationalisation under new management leading to successful re-entry into overseas markets. However, current IB theory provides limited understanding on the process of entry, exit and re-entry (de- and re-internationalisation) of the firm. Recent literature also specifically draws attention to the paucity of research on re-entry of SMEs into previous markets or moves to new markets in the EME context (Vissak 2010; Vissak and Francioni 2013). Hence the concepts of exit and re-entry for entrepreneurial firms should be explored separately from other types of larger firms; SMEs do not necessarily follow the traditional models of internationalisation (Chetty and Campbell-Hunt 2004).

Similarly, market exit does not necessarily mean that management is less committed to its internationalisation or considered the exit as a failure (Sui and Matthias 2014). Some firms may see it as an opportunity to maintain flexibility in uncertain environments and continue to exit and re-enter overseas markets to survive (serial non-linear internationalisation) (Vissak and Francioni 2013). However, firms that did not re-enter previously exited markets are potentially losing international market opportunities as in recent times when both political and economic conditions are becoming stable in some EMEs, for example China and India.

Hence, managers and entrepreneurs must consider re-entering these markets to capture new international opportunities (Javalgi et al. 2011).

SME Internationalisation Approach: Some SME entrepreneurs see ‘failures’ as learning opportunities; these experiences guide their future decisions about which business partners to be involved with or not (Chandra et al. 2012, p.91). The ‘exit process’ in SMEs could be quite simple; such “*decision[s] made and implemented quickly*” (Welch and Welch 2009, p.572) as compared to larger firms (Turner 2012). It could also be stressful for these types of firms to stay in similar networks, if there are chances of repeating failed actions in the future (Welch and Welch 2009) or because of their desire to maintain a cash flow, which can drive them to seek new markets, thus influencing their internationalisation pattern (Freeman, Hutchings and Chetty 2012). Hence, due to their size SMEs may exit and then re-enter quickly and utilise their prior relationships (Welch and Welch 2009; Chandra et al. 2012) and networks to locate new relationships (Freeman et al. 2010) and to gain a competitive advantage in previously exited markets (Javalgi et al. 2011).

From the network perspective and social network theory, IB studies continue to suggest that little is known about how SMEs from EMEs develop and maintain networks to internationalise (Senik et al. 2011; Ellis 2011). Recent research on SMEs from Brazil suggests that since Brazilian culture is relational, entrepreneurs utilise relationships in order to conduct business with other firms or individuals, and these relationships are critical for operating in such socio-economic spheres (Dib et al. 2010). Consequently, such research can provide useful implications for intermittent internationalisation patterns (exit and re-entry) (Javalgi et al. 2011; Welch and Welch 2009) in SMEs (Vissak and Francioni 2013). As some SMEs internationalise through business partners, networks and collaborative partnership, decision to leave or re-enter a certain market is of strategic importance (Freeman et al. 2013).

On the other hand, research on SMEs internationalising from EMEs such as Malaysia, confirms that cohesively managing networks between institutions, business associates and personal networks are effective ways to gain knowledge about international market opportunities and for pursuing internationalisation (Senik et al. 2011). Furthermore, studies on SMEs from China emphasise the value of maintaining home-based social networks to help SMEs to identify international opportunities to overcome the liabilities of newness and smallness (Zhou, Wu and Luo 2007; Vasilchenko and Morrish, 2011). These studies argue

that networking can considerably contribute to the survival of SMEs as networks also provide them with information about international markets, experiential learning, referred trust and solidarity by a third party (Zhou et al. 2007). However, as firms are seeking to withdraw from international markets due to such events as the ongoing financial crises (Javalgi et al. 2011) and lost market opportunity or strategic realignment, relationship management is becoming an increasing challenge for SMEs (Payan et al. 2010).

As a result of these harsh economic times, some firms are choosing to dissolve existing relationships (Fletcher 2008), to seek new business partners (Payan et al. 2010), and capture new resources (Freeman and Browne 2004) in a new or previously exited market(s) (Javalgi et al. 2011). However, exit of an SME from an international market cannot always be considered as a negative event (Vissak and Francioni 2013) as SMEs may leave an existing market for a better opportunity in a new market. Surprisingly, “existing research is focused on positive advantages associated with long-term business relationships and little is known on [how] marketers should exit relationships” (Payan et al. 2010, p.1198). Additionally, by analysing the position of their firm in existing networks, managers can possibly assess the threats and benefits of their international marketing activities (Fletcher 2008). The next section, 2.3.1, discusses de-internationalisation followed by section 2.3.2 on re-internationalisation.

2.3.1 Exit or De-Internationalisation

Welch and Wiedersheim-Paul (1980) argue that marketing failure in or withdrawal from exporting activity is likely to happen at the initial period of exporting. They further associate the concept of new product failure during the early period of innovation with new exporters’ failure or withdrawal from exporting. The study examines three main categories of exporters: firms currently exporting, failed exporters, and non-exporters. Particularly, considering the case of failed exporters, Welch and Wiedersheim-Paul (1980) suggest a number of factors that can cause failure in exporting activities, including a lack of preparation and a firm’s inability to handle organisational, technical adaption and social exchanges to support overseas international activity. Extensive information exchange is required between parties involved to understand the organisational and technical adaptations before initiating export. Their study concludes that initial exporting experience sets the basic foundation for firms’ further

international involvement: firms that either failed or withdrew from exporting altogether also failed to establish a continuing exporting programme (Welch and Wiedersheim-Paul 1980).

Consistent with the earlier studies (for example Welch and Wiedersheim-Paul 1980; Luostarinen 1989), Welch and Luostarinen (1988) support the idea that de-internationalisation or exit of a firm is likely to occur at the early stage of export development or international involvement. Their study also provides the evidence and suggests that it is not limited to the initial stage of exporting and possibly could happen at any stage of the internationalisation process. To further clarify the concept of internationalisation Welch and Luostarinen (1988) suggest that,

“It should also be stressed that the concept of a sequential, cumulative process of internationalisation does not necessarily mean some smooth, immutable path of development. The actual paths taken are often irregular. Commitments are frequently lumpy over time, with plateaux while previous moves are absorbed and consolidated. Particular steps are affected by the emergence of opportunities and/or threats, which do not usually arrive in a continuous or controlled manner. The outcome tends to be derived from a mixture of deliberate and emergent strategies” (Welch and Luostarinen 1988, p.91).

Welch and Luostarinen (1988) highlight the important questions that remain unsettled are “Why internationalisation?” and “What factors or reasons drive internationalisation in firms from little or no international activity to foreign investments?” Their study further demonstrates that foreign market commitments in the internationalisation process of the firm are generated by resources and people involved in the process. Commitment becomes a driving force and stronger for firms when key management staff members are involved in formulating the international strategy of the firm. They also conclude that over time firms exhibit different levels of foreign market commitments. Furthermore, firms might reduce involvement or, in the extreme, withdraw from overseas markets altogether (Benito and Welch 1997). Factors that contribute towards a reduction in, or absence of, intervening steps in a foreign market indicate that either the evolutionary or Stages Model of internationalisation may be not be valid in some international markets particularly due to either import or export restrictions or government policy (Welch and Luostarinen 1988). A more recent study refers to the ‘exit process’ as a company’s decision to withdraw from international operations (Welch and Welch’s 2009). Learning-by-doing is mentioned in internationalisation models (Johanson and Vahlne 1977). Johanson and Vahlne 2009] suggest that the ability of firms to continue to move out of existing markets over time “*would include*

learning from mistakes and failures” (Benito and Welch 1997, p.13). Furthermore, firms might reduce involvement or, in the extreme, withdraw from overseas markets altogether (Benito and Welch 1997). It is further highlighted by Bonaccorsi (1992, p.631) that “*foreign market exit should therefore be conceptualized in export research*”.

Supporting the above mentioned studies and concepts, Benito and Welch (1997) develop a conceptual framework in an effort to improve the understanding of de-internationalisation concept, defining de-internationalisation as “[...] any voluntary or forced actions that reduce[s] a company’s engagement in or exposure to current cross-border activities” (p.9). The underlying streams of literature to explain the de-internationalisation conceptual framework are strategic management, economics and internationalisation-management perspective. Moreover, to explain the de-internationalisation process, the internationalisation-management perspective has been taken on board by a number of IB researchers for example Welch and Luostarinen (1988), Benito and Welch (1994), Welch and Welch (2009), and Vissak and Francioni (2013). Furthermore, conceptual understanding of exit, withdrawal and change in commitment has also been drawn from strategy perspective literature for example Santangelo and Meyer (2011), Turner (2012), Pauwels and Matthyssens (1999), and Benito (2005).

Definition and Concept of De-internationalisation: In order to fully understand the concept of de-internationalisation, it is important for researchers to understand how the term de-internationalisation has been used interchangeably with other terms in IB literature and from the strategy perspective. Also, what does it mean for a firm to de-internationalise? In IB literature the terms ‘de-internationalisation’, ‘exit’, ‘withdrawal’, ‘change in commitment’, and ‘involvement’ have been utilised interchangeably. Benito and Welch (1997) see de-internationalisation as either exit or withdrawal of a firm from a foreign market(s). Recently Vissak and Francioni (2013) argue that de-internationalisation and exit are not always synonyms. Additionally, Crick (2004) uses the term ‘discontinue’ in his study of UK SME exporters within the clothing industry and concludes that if performance prospects of firms are not adequate then firms may discontinue their international operations and exit from overseas markets (Benito and Welch 1997). This is consistent with Johanson and Vahlne’s (2009) study where commitment and involvement are central. Consequentially, their study suggests that a decline in commitment from international involvement occurs due to the poor

performance in overseas markets where a firm may decide to cease its international operations.

Recently, Santangelo and Meyer (2011) extend the IP model and argue that the basis for the IP model is learning processes and commitment decisions. In their study the concept of commitment (change in commitment) and strategy formulation are utilised to explain internationalisation in MNEs. Additionally, Santangelo and Meyer (2011) suggest that MNEs change their degree of commitment into EMEs through knowledge and opportunities (as state variables), which are central to relationship commitment decisions (as change variables). Their study concludes that commitment in MNE subsidiaries operating in EMEs may change (increase or decrease) based on implementation of the intended strategies, which is caused due to external environmental influences (institutional changes in EMEs). These changes further influence learning opportunities and trust building activities in MNE subsidiaries. The IP model must account for external environmental influences and changes in the process of strategy development (Santangelo and Meyer 2011). Their study specifically contributes to the IP model by accounting for the possibility of commitment decrease. However, their study is limited to MNEs and in IB research it is yet to be explored in SME context. The present thesis will address this gap by focusing on the SME context.

Strategic Perspective on Exit: On the other hand, from the strategy perspective, international withdrawal and exit have been seen as a part of international strategy for firms in Pauwels and Matthyssens's (1999) study on exporting firms. Pauwels and Matthyssens (1999) develop a six-staged strategy process model relying upon three basic constructs: market commitment, strategic mis(fit), and strategic flexibility. Being consistent with the strategy perspective, Turner and Gardiner (2007) examine the process of de-internationalisation in British Telecommunication (BT) where de-internationalisation is seen as a part of BT's global strategy. The strategic shift to withdraw from certain markets of Europe occurred in BT's business because of declining overseas financial health and to sustain commitment in the domestic market. Thus, de-internationalisation was the only real strategy available for BT's top management. However, flexibility and exit as choice of strategy raised some concerns over BT's international commitment (Turner and Gardiner 2007). Their study examines de-internationalisation as a reduction in international operations and activities in international

markets; however it does not mean reduction in commitment to such activities (Turner and Gardiner 2007).

In a recent study Turner (2012) argues that ‘shift in commitment’ in IB studies provide a limited understanding to the process of de-internationalisation as shift, and commitment does not provide a comprehensive understanding to the causes and risks involved. Therefore, he examined the process through the lens of coevolutionary theory. His study further concludes that both internal and external factors mutually interact and influence the de-internationalisation process in MNEs and the process is a result of strategic misfit. However, both Turner and Grainer (2007) and Turner (2012) studied de-internationalisation process of MNEs from strategy perspective and are limited to larger firms. Their studies are also silent on how SMEs from EMEs may consider de-internationalisation process as the part of their internationalisation strategy. The present thesis will address this gap and consider SMEs from EMEs and their de-internationalisation process.

De-internationalisation can be full or partial (Vissak and Francioni 2013, p.2), though there is disagreement around the concept. In addition, Vissak (2010) recognised ‘partial de-internationalisation’ as a part of the intermittent internationalisation process. However, what is meant by the notion of a firm being partially or completely de-internationalised is not clear. Additionally, Welch and Welch (2009) and Freeman et al. (2013) suggest that withdrawal from international markets could be partial when firms reduce international sales and focus on their domestic activity. Vissak and Francioni (2013, p.11) indicate that “[...] classifications and definitions should be developed further: for example, consensus should be reached on how much a firm’s turnover from a certain market should fluctuate to classify it a partial de-internationalisation”. In general, de-internationalisation process is under-researched (Turner 2012; Turner and Gardiner 2007; Javalgi et al. 2011; Welch and Welch 2009; Vissak and Francioni 2013; Freeman et al. 2013), particularly in terms of the timing, scope and objectives of de-internationalisation.

International Business Perspective on Exit: A number of studies in IB have considered de-internationalisation as a sign of failure in exporting firms (For example Benito and Welch 1997; Welch and Wiedersheim-Paul 1980; Welch and Luostarinen 1988). However, Benito

(2005) and Vissak and Francioni (2013) argue that de-internationalisation may not always be considered as failure. Benito (2005) and Turner (2011) suggest that de-internationalisation can be a strategic choice in firms mainly during the times of crisis or in unstable environments (Lee et al. 2009). Freeman et al. (2013) further supported de-internationalisation or withdrawal as a strategy in Australian born-globals who utilised strategic restricting (exit or re-enter) to survive during the period of global economic decline and changing competitive conditions. They further suggest that,

“[...] especially in the de-internationalisation research the lack of research is intensified by the stigma of failure leading to firms wiping these international activities from corporate memory, personnel from these failed operations moving on and the absence of any outcomes to enlighten researchers” (p.94).

Explanations of the factors that drive the de-internationalisation process or exit in SMEs are mainly drawn from prominent studies in IB for example Benito and Welch (1997), and Pauwels and Matthyssens (1999), and practitioner literature, for example Akhter and Choudry (1993). Recently Vissak and Francioni (2013) suggested that de-internationalisation may be caused by the influences of internal and external factors. Akhter and Choudry (1993) in their commentary on MNEs' internationalisation entry strategies in developing economies identified a number of factors that may lead to exit or withdrawal. Such factors are economic boycott, sales boycott, negative publicity, divestment threats, denial of contracts and picketing. These factors could also result in a temporary closing down of the operation and suspending activities in those markets. Javalgi et al. (2011) examine the factors suggested by Akhter and Choudry (1993) along with many other factors such as challenges to maintain political, government and local business relationships that AME MNEs have previously dealt with in EMEs. In their study, factors that affect MNEs to withdraw from EMEs were lack of knowledge about consumers, preferences and international markets. Furthermore, Welch and Welch (2009) maintain that during their international operations firms can face a number of challenges and either leave a market or are forced to leave based on factors such as loss of price competitiveness, decline in international sales, imposed regulations from foreign governments and market disruption.

Crick (2004), in his study on UK SMEs, finds that overseas price competitiveness and exchange rates are leading factors in international exit in these types of firms. Recently, Freeman et al.'s (2013) study on Australian born-global firms (a type of SME) suggest that

firms reduce their level of international activity (completely or partially) due to staffing issues, changes in external environment (global economic downturn in early 2000), decline in overseas sales and changing competitive conditions. These studies mainly focus on external factors and partially highlight the relevance of internal factors (international staffing issues) that would lead to exit in either MNEs or SMEs. Javalgi et al. (2011) maintain that there is no clear agreement on internal and external drivers that may cause exit in firms (Javalgi et al. 2011). Furthermore, these IB research findings have yet to be applied when exploring exit and de-internationalisation in SMEs from EMEs and small developing countries. The present thesis will address this gap in our understanding.

Additionally, Fletcher (2001), in a study on Australian SMEs, suggests a holistic approach to internationalisation and argues that internationalisation should not only focus on the expansion of international involvement in a particular country but also on contraction

“[...] because a firm might involuntary or deliberately reduce its involvement in one country so as to devote resources to more beneficial activities in other countries” (Fletcher 2001, p.30).

Kamakura et al. (2011) support this idea that some firms choose to withdraw from global markets and as a result internationalisation will not always increase. Withdrawal of products or from markets may be a proactive decision taken by some firms to respond to external environmental changes (Freeman et al. 2013); hence withdrawals can provide learning opportunities (Pauwels and Mattysens 1999). SMEs operating in similar contexts may face the challenge of responding to external environmental changes by either completely withdrawing from their venture(s) in a particular market or by reducing the level of commitment. Fugueria-de-Lemos et al. (2011, p.151) hypothesise that under conditions of “high uncertainty and low commitment if the risk level increase[s] firms tend to leave the market”. However, this hypothesis has not been supported by empirical evidence. Specifically, Turner and Gardiner (2007) suggest that “overall, research in international strategy has tended to focus on internationalisation process with de-internationalisation tending to remain under explored” (p.495). Additionally, Javalgi et al. (2011) suggest that, *“[...] more research, however, needs to be done on exit and re-entry conditions”* (p.390).

Despite the fact that IB studies have demonstrated that de-internationalisation occurs in some firms, studies have failed to explore the factors and conditions under which this phenomenon occurs. This is explored in the present thesis in SME context. In summary, de-internationalisation is the process by which firms withdraw from international market(s) by dropping a product or dissolving a business relationship. It can either be forced or voluntary (Vissak and Francioni 2013) due to government pressures (Akhtar and Choudry 1993), country of origin issues (Javalgi et al. 2011), performance, competitive pressures (Crick 2004), and opportunities available to enter or re-enter in other markets (Freeman et al. 2013; Vissak and Francioni 2013). Forced or voluntary withdrawal from international markets could either be partial or complete which is supported by a number of IB studies for example Vissak and Francioni (2013) and Freeman et al. (2013). However, IB researchers should reach a consensus on how much turnover from a certain market should fluctuate to classify either partial or complete de-internationalisation (Vissak and Francioni 2013; 2012). Furthermore, there is no consensus in IB literature on the internal and external factors that may contribute in de-internationalisation (Javalgi et al. 2011). Our knowledge on exit and withdrawal is limited to MNEs (Turner 2007; Turner and Gardiner 2011; Javalgi et al. 2011) and hence de-internationalisation in firms, particularly SMEs is under-researched (Vissak and Francioni 2013; Vissak 2010). This present thesis will address these gaps in our understanding by exploring the underlying internal and external factors that influence de-internationalisation (exit) (Javalgi et al. 2011) in SMEs from EMEs. Moreover, these studies do not specifically address what internal factors may contribute to a firm exiting. Schroder and Sorensen (2012, p.579) suggest, “*Yet, empirically, exit from markets is as important a phenomenon as entry*”.

2.3.2 Re-entry or Re-internationalisation

Definition and Concept of Re-entry: The process of intermittent internationalisation involves de- and re-internationalisation (Welch and Welch 2009; Vissak 2010; Vissak and Francioni 2013; Vissak et al. 2012). IB theories have recently been incorporated into studies (Welch and Welch 2009; Javalgi et al. 2011) to explore and explain ideas on firm re-internationalisation or re-entry. However, the term re-internationalisation was first mentioned by Luostarinen (1979, p.118-201) and referred to as advancing steps after de-internationalisation (Vissak et al. 2012). Welch and Welch (2009) consider re-internationalisation in their model as a sequential process, trying to understand the ‘sequence of events leading to some outcome’. Re-internationalisation is defined as an “involving international experience, exit, time-out

without any international involvement and eventual re-entry” (Welch and Welch 2009, p.568). Yet, further empirical evidence is needed in this area of research to improve our understanding of re-internationalisation (Vissak and Francioni 2013) in SMEs from EMEs.

Only a limited number of empirical studies in IB indicates the re-entry behaviour in AME MNEs and SMEs from Italy, UK, Australia and New Zealand (for example Welch and Welch 2009; Vissak 2010; Vissak and Francioni 2013; Vissak et al. 2012; Javalgi et al. 2011; Freeman et al. 2013; Crick 2004; 2003; Welch and Wiedersheim-Paul 1980). Welch and Welch (2009) call for attention to treat re-internationalisers as a distinct group because of their previous international experiences. Crick (2002; 2003; 2004) in his studies on UK SMEs found that after discontinuance from exporting activities one distinct group of exporters in his studies were planning to consider re-entry into international markets. Furthermore, Vissak et al. (2012) in a single case study on an Italian exporter indicate that over time on the firm’s internationalisation journey there is a possibility that firms re-enter as many times as they exit. Case study firms re-enter a number of countries through exporting activities and learn through different exit experiences, which influences firms’ strategic patterns while contemplating re-entry.

A study conducted by Vissak and Francioni (2013) on another Italian manufacturing firm with an annual turnover of about 2.60 million Euros found that X designs re-enter a number of international markets, for example Israel, China and France, after many exits over the years. The firm effectively managed networks and negotiations with IB partners to re-enter Israel and other markets. Recently, Freeman et al. (2013) studied re-entry in Australian SMEs (born-global firms), their study contributes toward the born-global theory and suggests that SMEs re-enter existing markets while strategically re-structuring their international assets to maintain long-term growth strategy. Conversely, Chandra et al. (2012) study the behaviour of Australian SMEs (born-global firms) from the perspective of opportunity-based view of rapid internationalisation. Their study suggests that Australian SMEs re-internationalise by identifying small opportunities in previous markets and later increase their level of commitment in the form of joint-venture activities. Hence prior knowledge, networks and opportunity development remain relevant for these firms to pursue re-internationalisation (Chandra et al. 2012). However, these studies are either based on a single case study or on SMEs from AMEs; re-entry of SMEs from EMEs is yet to be explored in IB research.

The Current State of Literature on Re-entry: To explain re-entry behaviour in MNEs Javalgi et al. (2011) have relied upon a number of IB theories, which is lacking in other recent empirical studies in IB on exit and re-entries in SMEs. Javalgi et al. (2011) contribute towards the IB theories, for example stages models, IP model, internalization theory, rational action, real options, rational economic approach, and transaction cost economics. A number of MNEs from AMEs studied, for example Nestle, Pepsi Co, Unilever, Avon, Ford and Singer to name a few, re-enter several EMEs. These MNEs re-enter markets such as USSR (Russia), China, India, South Africa and Hong Kong with a number of re-entry strategies, for example partnerships, franchising, joint ventures, exporting, subsidiaries, strategic alliances and starting manufacturing facilities in EMEs. In another recent study, Swedbank (MNE) exit and re-enter international markets a number of times showing ‘incrementally’ and ‘irregularity’ in its internationalisation behaviour (Hadjikhani et al. 2014) through leasing and export financing. Furthermore, Welch and Welch’s (2009) study explores the conceptual understanding of the re-internationalisation process by relying on a case example of a large Australian multinational bank (Australia-New Zealand /ANZ).

ANZ de-internationalised from a number of Asian markets, due to political restrictions and government pressures in countries like China, and during that time it was difficult for the CEO to re-enter previous markets due to high losses overseas (Welch and Welch 2009). However, Javalgi et al. (2011) caution researchers who are trying to explain the internationalisation process in Banks through existing theories because the international banking system is different to other services and money is one of the most fragile and critical assets. They further explain that asset-specific investments in banking systems are unique as money can be used immediately. Therefore options available to the Banks under the real options theory may not follow the real option framework and thus existing theories may not explain the internationalisation process (Javalgi et al. 2011). Hadjikhani et al. (2014), Javalgi et al. (2011) and Welch and Welch (2009) do not account for the challenges that SMEs may come across during the re-internationalisation process. Particularly Welch and Welch’s (2009) study is limited to conceptualisation of re-internationalisation and does not provide empirical evidence to support the view. This thesis will address these issues in the SME context and contribute to the IB literature on re-internationalisation process.

To further understand the concept of re-internationalisation or re-entry, it is important to further highlight the study carried out by Javalgi et al. (2011) which presents a framework for MNE re-entry in economic, political and cultural context along with the re-entry objectives. Their study recognises the importance of global environmental drivers that might impact a MNE's market knowledge. Javalgi et al. (2011) indicate that MNE 're-entry' into a foreign market is a strategic response to opportunities made available in EMEs due to new trade agreements and the opening up of foreign direct investment to support trade liberalisation in EMEs. MNE's resources and capabilities play a vital role in shaping its re-entry objectives, including networks, brand equity and previous knowledge in markets (Javalgi et al. 2011) that could be particularly important for SMEs. Nonetheless, this is not addressed in their study and will be highlighted in the present thesis in SMEs from EMEs context.

The Javalgi et al. (2011) framework outlines five objectives that may drive firms to consider re-entry into previously exited markets such as "(1) recapture emerging opportunities given recent trends towards globalisation, (2) achieve growth and diversification objectives given the competitive situation in other markets, (3) salvage sunk costs in terms of infrastructure, advertising, and relationships in previously exited markets, (4) capture new or lower priced resources, and (5) some combination of these objectives" (p.6). Parallel to re-entry objectives are re-entry decisions that impact firm survival and growth in overseas markets (Javalgi et al. 2011). The mode of re-entry in previously exited markets is an important decision for a firm's survival in overseas markets (Javalgi et al. 2011). They ask,

"[...] should it [re-entry mode] be the same as de novo [first time entry into international market] entry mode or should the firm change based on its previous experience?" (Javalgi et al. 2011, p.238).

Javalgi et al.'s (2011) framework also highlights the time of entry, exit and re-entry into an overseas market. Similarly, these factors are confirmed as important in Johanson and Vahlne's (1977) IP model, for example the role of experience in international markets. In the case of SMEs the notion of overseas market entry from inception is confirmed as important aspects (Knight and Cavusgil 2009; Oviatt and McDougal 1994). Some MNEs re-enter one market while others re-enter multiple markets (Javalgi et al. 2011), and this could also be the case in terms of SME exit and re-entry (Vissak 2010; Vissak and Francioni et al. 2013 Chandra et al. 2012). However, re-internationalisation in SMEs is still under-researched in IB (Vissak and Francioni 2013); hence the present thesis will address these issues and contribute

towards the understanding of re-entry issues for example re-entry modes, SMEs re-entry objectives and the role of international experience including commitment in EME context.

Another important construct in Javalgi et al.'s (2011) re-entry framework is host-country market attractiveness. They suggest that re-entry decisions are likely to depend on host country market attractiveness, risks resources and capabilities. A MNE's perception of risks may be enhanced due to previous negative experiences in a market and firms can only deal with these risks by adapting to the environment (Javalgi et al. 2011). While Javalgi et al.'s (2011) study addresses these issues related to MNEs, it leaves unexplained how these same challenges are faced by SMEs from EMEs in their re-entry and exit processes in a similar context. Supporting the focus on EMEs, Javalgi et al. (2011) indicate that globalisation, declining trade barriers and re-opening of some markets through liberalisation have made EMEs more attractive and profitable for MNEs to contemplate re-entry. The present thesis will address these issues in SME context.

Conversely, regarding SMEs, Welch and Welch (2009) suggest that,

"[...] there has been only limited research on inward processes and their connection to outward operations, and on de-internationalisation activity [...] in the latter case, this is despite the widespread research showing a high drop-out rate from international operations, particularly by those companies in the early stages of internationalisation and among small firms" (p.567).

Both business relationships and previous experience seem to play an important role in re-entry. With regards to the importance of re-connecting relationships, Welch and Welch (2009) acknowledge the significance of networks in the firm's re-internationalisation process. Supporting this idea, Javalgi et al. (2011) suggest that positive and strong relationships in a previously exited market may entice a firm to attempt re-entry into that market more quickly. However, Welch and Welch (2009) suggest that higher levels of differences in re-entry situations in terms of country, culture, line of business and networks make the previous international experience less useful. Thus experience in one market does not necessarily mean success in another market (Welch and Welch 2009). Moreover, business partners may avoid relationships ending because of switching cost, lost market opportunity and negative impact on reputation (Tahtinen and Vaaland 2006). Further, some SME (particularly born-global)

entrepreneurs may have long-term relationship orientations and consciously avoid ‘competitiveness’ and ‘self-interest’ (Freeman and Cavusgil 2007).

In summary, there is a limited understanding of how and why a firm would re-internationalise (Vissak et al. 2012). Furthermore, studies (for example Welch and Welch 2009; Javalgi et al. 2011; Vissak and Francioni 2013; Freeman et al. 2013) are silent on the issues related to how and why SMEs would re-internationalise from EMEs. Welch and Welch’s (2009) definition of re-internationalisation is confined to the firm level analysis, although they generally recognised the importance of the individual entrepreneurs in re-internationalisation scenarios but failed to provide empirical evidence for their view. Their definition does not consider partial re-internationalisers or re-internationalisation in SMEs, which is also highlighted by Vissak and Francioni (2013). Welch and Welch (2009, p.575) maintain that,

“[...] future research will need to be conducted to understand whether variations in re-internationalization patterns occur in predictable ways due to firm characteristics such as size and industry”.

This is further supported by Javalgi et al. (2011, p.390) that,

“[...] more research however needs to be done on exit and re-entry conditions and timings, as well as modes, scope and scale of re-entry into international markets, so that the advantages of previous entry/ies are not lost and can be reutilised in case of future re-entry”.

The present thesis addresses these issues by incorporating the internal and external factors that may lead to re-entry/ies in SMEs from EMEs and to what extent SMEs re-internationalise in terms of timing, scope and scale.

2.3.3 International Time-Out Stage

International time-out stage includes duration, degree of international orientation and nature of activities. In a study of UK SMEs in the clothing industry Crick (2004) reports that some UK SMEs, which left international markets, went through a period of time-out stage. These SMEs include exporters who discontinued exporting and had either a short-term or long-term strategy (Crick 2004). Entrepreneurs who discontinued exporting activities as a long-term strategy are labelled as ‘disinterested’ SMEs. These SMEs have no intention whatsoever to

engage in international activities in future. Consequently, after exit these entrepreneurs stop collecting information about foreign market opportunities and reduce their involvement and commitment in foreign activities or proactively approaching clients for any further opportunities. Hence, focus on home markets during the time-out stage of internationalisation. The decision to exit in disinterested SMEs also has to do with inadequate preparation before entering into exporting markets (Crick 2004). On the other hand, exporters that discontinued international activities as a short-term strategy are labelled as ‘disappointed’ SMEs (Crick 2004).

Despite leaving certain foreign markets these entrepreneurs have had intentions to start international activities again and re-enter previously exited markets. Therefore, entrepreneurs and managers of these SMEs are willing to collect information from network partners about foreign market opportunities (Crick 2004). These SMEs have undertaken some level of preparation before entering exporting markets. Thus this study provides an explanation that during the time-out stage SMEs may or may not collect information regarding the international opportunities. It further suggests that during the time-out stage some SMEs either stay proactive or reactive depending upon their attitudes towards previous international activities.

2.3.4 New International Influences (Internal and External Triggers)

During the international time-out stage firms may face either internal or external influences which may change the direction of internationalisation (Welch and Welch 2009; Javalgi et al. 2011; Vissak and Francioni 2013). Internationalisation is a process thereby influenced by a number of internal and external influences over time. As firms leave international markets these influences occur during the stage of time-out period before it re-enters previously exited markets (Welch and Welch 2009). Supporting Welch and Welch’s (2009) view, if a firm leaves an international market (exit) it is likely that either internal or external influences effect the future direction of the firm. These international influences can be considered as corporate experiences that can be utilised in order to make future decisions. Welch and Welch (2009) label these influences as triggers/causes which affect exit, re-entry or a new entry in firms over time. These triggers may include the changes in business environment, market changes, changes in firm’s attitude towards internationalisation, change in management, firm

perception about target market, (Vissak and Francioni 2013; Welch and Welch 2009). These triggers may occur after exit and are important to consider for the future because of their relevance and link to anticipate future internationalisation paths (Welch and Welch 2009). Vissak and Francioni (2013) examine intermittent/non-linear patterns in an Italian SME; the study reports how an Italian SME exits and re-enters international markets.

2.4 Firm-Specific Factors that Influence Internationalisation

Internationalisation of SME is characterised with behaviours such as exit and re-entry or unidirectional, thus internal/firm- specific factors (Vissak and Francioni 2013), also known as internal dynamics (Freeman et al. 2013), are unarguably important (Bell et al. 2003). Lack of internal factors/resources becomes a barrier in a firm's initial internationalisation process (Johanson and Vahlne 1977). Furthermore, steady accumulation of these resources leads to an increase in commitment to foreign markets (Chetty and Wilson 2003). Therefore, resource accumulation through internal resource development possibly occurs later in the internationalisation process of SMEs (Chetty and Wilson 2003). However, this may not be the case in all types of SMEs for example born-globals (Chetty, Johanson and Martin 2014). It has been argued that some SMEs have accessed resources rapidly through networks before the initial internationalisation process and are then able to internationalise (go global) through unique internal characteristics/resources (Cavusgil and Knight 2015).

If SMEs do not gradually accumulate resources over a span of time it can influence internationalisation paths, resulting in either slow or rapid internationalisation (Kahiya 2013). These factors include the firm (Wheeler et al. 2008), product (Cavusgil and Zou 1994), entrepreneurial and management characteristics (Fletcher 2001). SME (particularly born-global) firms carry a number of internal competitive advantages such as unique products, competitive prices (Evangelista 2005; Kahiya 2013), expert technical knowledge, product patents, founder/manager international experience, and size (Thai and Chong 2008). All these internal factors shape the way SMEs continue on their survival journey (Efrat and Shoham 2012; Kahiya 2013). This includes their decision to re-enter into previously exited markets to take advantage of new opportunities, by utilising the benefit of their flexibility due to their small size and organisational history (Freeman, Hutchings and Chetty 2012). The next section

provides a detailed discussion on each internal factor that may impact entrepreneurial SME exit and re-entry internationalisation behaviour.

2.4.1 Firm Characteristics

The literature on internationalisation process model has identified various firm characteristics that drive internationalisation in SMEs (Johanson and Vahlne 1977). Some of these factors include firm size (Bonaccorsi 1992; Calof 1994), firm flexibility (Lee and Makhija 2009) and language and communication factors (Brannen, Piekkari and Tietze 2014). These factors in addition to network level factors help firms navigate challenges and survive in foreign markets. This next section discusses important factors that contribute to SME exit and re-entry experiences.

Firm Size Effect: Internationalisation process model assumes that firm size influences the character as well as patterns of internationalisation (Johanson and Vahlne 1977). Firms continuously change their patterns of internationalisation because most firms start internationalisation process without any success (Johanson and Vahlne 1977). Additionally, the firm size alone does not depict the course of internationalisation even though it is an important factor and should be considered in exploring the mechanism of internationalisation (Johanson and Vahlne 1977). A number of studies have linked firm size to international export activities of the firms (for example Cavusgil and Nevin 1981; Bonaccorsi 1992; Calof 1994; Ali and Swiercz 1991; Ali and Camp 1993; Chetty and Hamilton 1996). However, IB studies are silent on the firm size effect as an influence on different internationalising patterns or trajectories. A large-scale survey based on Italian manufacturing industry examines the firm size and export intensity (Bonaccorsi 1992). It concludes that export intensity is not related to the firm size. Therefore, falsifying the assumptions proposed by previous studies for example Cavusgil and Nevin (1981) which found that firm size (number of employees) predicts the probability of exporting in firms (Bonaccorsi 1992).

Additionally, the study concludes that a number of internal and external factors play a vital role in firms ability to continue internationalisation. Particularly, small size firms are still able to deeply penetrate into the foreign markets and implement deep international involvement.

Moreover, the study is based on small Italian manufacturing firms and suggests that Italian SMEs decreased their exporting activities in 1975 due to deep depression, in 1976 because of competition from other European exports and devaluation of Italian currency and then again in 1981. The study considers different points in time to understand the entry and exit behaviour of Italian SMEs. In 1982 Italian SMEs increased their exports again meaning re-entering international markets as Italy's macroeconomic drivers picked up again. Bonaccorsi (1992) makes a conclusion that SME internationalisation may be subject to the changes in external environments; these firms have fewer resources and are dependent on external actors to provide resources. Therefore, Italian SMEs are enabled to exit international markets with low cost involved during the times of low demand (Bonaccorsi 1992). Company size alone is not a sufficient factor to gain insights into low or high involvement of SMEs in international markets or across industries (Bonaccorsi 1992).

Previous studies assume that larger firms are more committed to international activity. The underlying reasons are their ability to manage internal resources for example scales of economies, managerial risk perception, financial research, and development and marketing resources. Smaller firms have limited resources and therefore it is challenging for them to sustain high levels of involvement in foreign market activity. Resource constraints (marketing, financial and personal) may decrease a firm's commitment in international markets. Hence, as small firms lack resources they may "*avoid international markets*". Several studies have either used a number of employees or level of sales in measuring the firm size, leading to mixed results. Cavusgil (1976; 1984) advocates a different measurement for firm size.

When a firm size was measured with regards to the number of employees, no relationship was found with export behaviour. However, significant relationship was found between the firm size and annual sales (firm size measured in terms of yearly sales) (Calof 1994). Furthermore, sample size also contributes to inconsistencies in the firm size literature. Therefore, the present thesis utilises the number of employee as a defining factor for firm size (Cavusgil 1984). The majority of studies that are based on firm size are based on small to medium size firm as a sample size. Studies on firm size argue that it provides considerable benefits during economic downturns (Lee and Makhija 2009) or in uncertain environments. Research on firm foreign market exit and re-entry has focused on MNEs however, the studies are still silent on

how small firms manage internal resources to bring balance in their external environments and internationalise. Additionally, how SMEs of EMEs cope with liability of smallness and management of internal resources in foreign markets, and find new strategies to re-enter foreign markets are yet to be known. Thai and Chong (2008, p.75) contend that,

“[...] size [of the firm] should not be too large so that the firms can enjoy advantages such as quicker response time, flexibility, adaptability [...]”.

Firm Flexibility: Strategic flexibility in firms has been studied extensively in strategic management and management literatures (for example see Liu, Jiang, Zhang and Zhao 2013; Lee and Makhij 2009; and Evans 1991). It is a “polymorphous construct” (Liu et al. 2013, p.82), therefore may occur in different forms and at different stages during the internationalisation of a firm (Augier and Teece 2009). The need for strategic flexibility in firms arises from uncertain environments (Liu et al. 2013; Lee and Makhija 2009), unforeseen future, market upheavals, ecological shocks, political revolutions, in some cases every day events (Evans 1991), at times of crisis (Combe and Greenley 2003) or to change positions in (entering or exiting) alliances (Young-Ybarra and Wiersema 1999). Evans (1991, p.69) defines strategic flexibility:

“It enables a course of action to be modified in accordance with an encountered situation which may capriciously deviate from prior anticipation”.

International flexibility is also observed in small Italian firms by Bonaccorsi (1992), suggesting that exporting SMEs with low commitment mode chose to continuously enter and exit not only markets but also different sectors and industries. The reason these types of SMEs are maintaining low commitment towards exporting activities is to reduce risk involvement in international activities. This is only the case with an irregular or unstable exporter whose internationalisation activities mainly depend upon changes in the external environment, however flexibility is also associated with stable exporting SMEs (Bonaccorsi 1992). He further maintains that Italian SMEs “[...] maintain flexibility to enter and exit foreign markets several times” (p.631). The phenomenon has been studied in Italian SMEs; however it is yet to be explored in EME SMEs. It is yet to be known if these types of SMEs show similar or different attitudes, behaviours and experiences in international markets.

Young-Ybarra and Wiersema (1999) focus on the influence of transaction cost economics and social exchange theory to study the role of strategic flexibility in information technology alliances. Social network theory views the “flexibility of relationships” between partners as less important than trust and dependence. The underlying reason to incorporate trust in strategic flexibility is that “...*rational, economic actions are embedded in social relations*” (Young-Ybarra and Wiersema 1999, p.441). Furthermore, established trust between partners facilitates the ability to adjust to changing environmental conditions. Moreover, in confronting market/environmental conditions partners may modify or exit. The multidimensionality of trust allows accommodating three components: dependability, predictability and faith. Relationships based on these three dimensions are assumed to support more flexibility than those that are not (Young-Ybarra and Wiersema 1999). Furthermore, dependence is considered as another important social context factor that allows alliance partners to rely on each other. Commitments are secured through the establishment of trust and dependence. Maintaining the skill to be flexible is necessary for firms either planning to internationalise or already international. International firms face challenges to adapt to host-country political, economic and social circumstances, particularly when commitments are made with international partners. Therefore the role of maintaining trust and dependence becomes significant (Liu et al. 2013). It is defined as,

“[...] *a state of mind, an expectation held by one trading partner about another that the other will behave in a predictable and mutually acceptable manner*” (Young-Ybarra and Wiersema 1999, p.423).

Lee and Makhija’s (2009) study the influence of strategic flexibility on real options theory. It is further highlighted in context of internationalisation. Economic crisis is defined as, “[...] unanticipated significant downturn in the economy” (p.537). International investors may also provide Korean MNEs with an option to be flexible during the times of crisis (Lee and Makhija 2009). Moreover, the value of flexibility is heightened during the times of economic crises. The study assesses the influence of nature of foreign direct investments (FDI) and export-related investments on flexibility during economic crisis on AME (Korea between years 1996-1998) MNEs. Strategic flexibility is concerned with structuring of investments when dealing with “*unknown future conditions*” (p.551). These findings are yet to explore in the context of SMEs from EMEs. MNEs, which are incapable of utilising flexible capabilities in internationalisation, may find it difficult to reconfigure their investments and value chains (Lee and Makhija 2009). Furthermore, MNE’s age appears as a liability in managing strategic

flexibility during the times of economic crises. However, the study does not explain the underlying reasons. Interestingly, the study contends:

“[...] flexibility effects of small size, greater ability to procure funding, potential to reap economies of scale, and international presence are not adequate sources of value in a period of economic crisis, these attributes are sources of value during a period of stability”(Lee and Makhija 2009, p.548-549).

This means that there has to be other unexplained variables contributing to the flexibility in firms (Lee and Makhija 2009). They further point out that,

“We believe that it would be useful to empirically compare firms’ strategic flexibility under not only differing levels but also differing types of uncertainty [...] using the samples of firms from other countries would provide additional insight into the relationships of interest, and particularly whether they hold for firms across institutional contexts” (p.552).

To respond to environmental uncertainty in EMEs (for China) Liu et al. (2013) recently studied strategic flexibility in Chinese international ventures. The study explores how institutional support and networks are used as advantages to effectively employ strategic flexibility (Liu et al. 2013). Furthermore, it considers domestic institutions and overseas network ties as moderators. Domestic institutional support in context of strategic flexibility is defined as the:

“[...] extent to which domestic government agencies provide policy-related assistance to help firms with international expansion” (Liu et al. 2013, p.87).

The findings suggest that the support from domestic institutions and relational advantages are the firm specific advantages for EME (Chinese) firms (Liu et al. 2013). Strategic flexibility in Chinese firms allows entrepreneurs to allocate resources and transform their strategic assets during internationalisation to foreign market exploit opportunities. Strategic flexibility is critical for EME firms: first, to take advantage of government support and network ties (external assets); and second, because EME firms that internationalise late, known as latecomers, are likely to configure their strategic movements in international markets. Chinese MNEs are embedded into a Confucianism culture, which promotes continuous learning and self-development. Chinese MNEs that face globalisation challenges adopt strategic flexibility to effectively allocate resources. Hence, managers’ characteristics and personal background influence firms’ strategic flexibility (Liu et al. 2013). It is yet to be known if strategic

flexibility allows smaller firms from EMEs (such as Pakistan) to make a faster decision to subsequently re-enter after exit.

Foreign Language and Communication Barriers: Language plays a vital role in IB, however it remains an under-explored area of research (Klitmøller and Luring 2016; Brannen, Piekkari and Tietze 2014). Language difference or language barriers are some common factors faced by SMEs in foreign markets (Crick 1999; Al-Hyari, Al-Weshah and Alnsour 2012; Kim, Basu, Naidu and Cavusgil 2011). A number of studies in IB show that SMEs in some countries face a number of challenges with respect to language and communication during the internationalisation process (Crick 1999). Some of them rely too much on English (Crick 1999) while others are challenged to communicate with their foreign partners in English (Kim et al. 2011). Hence, IB research suggests that SMEs from both AMEs and EMEs face language barriers affecting exporting performance (Peel and Eckart 1997; Kim et al. 2011). Crick (1999) reported some 700 million native speakers of Mandarin. A study based on Welsh SME sector examines the use of language and other perceived barriers influencing the export performance of Welsh manufacturing SMEs. These SMEs are involved with a number of non-English speaking countries for example China, Middle East, Japan, Italy, Spain and France. Significant amount of respondents (29%) agree that language barriers affect the exporting performance (Peel and Eckart 1997).

Another study on UK exporters examines the use of language (Crick 1999). It considers managers' perceived importance and benefits of using foreign languages, issues preventing their use, the functional use of languages within businesses, and issues affecting firms' recruitment and training in respect to languages (Crick 1999). In his study almost all firms agreed to the effective use of a foreign language and its influence on increased export orders, firm image, increased competitiveness, SMEs' willingness to do business in customers' language, and in avoiding misunderstandings (Crick 1999). However, the study does not discuss if SMEs are willing to train employees in a foreign language or simply rely on employees' existing skills. This is due to the costs involved in recruiting and training employees in specific languages (Crick 1999). Some firms did not see language as an investment and may have lower export ratios. This perhaps shows a lack of international orientation in some UK entrepreneurs (Crick 1999). Nearly 33% of UK SMEs were reported as facing language and cultural barriers when entering into foreign markets. Hence, UK SMEs

were losing international trading opportunities due to the lack of language skills (Crick 1999). Additionally, MNEs are reported to consider language more important than SMEs (Peel and Eckart 1997).

Characteristic of SMEs from EME could be their ability to overcome language barriers. Universal languages like English can also be a barrier for rapidly internationalising smaller firms from EMEs, for example China and other transition economies. Indian SMEs (particularly born-global firms) tend to be successful in overcoming the language barriers in overseas markets to do business with their American or Australian business partners, unlike their Chinese counterparts given their UK colonial history (Kim et al. 2011; Bangara, Freeman and Schroder 2012). Therefore, Indian SMEs (born-global firms) are likely to face fewer barriers in overcoming the constraints associated with foreign languages such as English, than their Chinese counterparts, (Kim et al. 2011). Therefore, language barriers may limit a firm's ability to communicate its goals and remain competitive in overseas markets particularly where there are differences in spoken and written languages. Overcoming language barriers for firms is an important aspect of internationalisation, as knowledge about new opportunities and markets is disseminated clearly if markets have lower psychic distance (Johanson and Vahlne 1977). Entrepreneurs with ability to demonstrate language skills are able to maintain smooth negotiations with their foreign partners. It also assists managers in developing and maintaining social contacts, developing trust and effectively communicating (Crick 1999).

2.4.2 Product Characteristics

Product is defined as the:

“[...] sum of the physical and psychological satisfactions the buyer receives when he makes a purchase” (Miracle 1965, p.19).

Unique products offered by international firms help in increasing foreign sales (McGuinness and Little 1981). Therefore, different product characteristics play a vital role for firms to stay competitive in international markets. These attributes are not only important but they also influence a firm's position in international markets (Cavusgil and Zou 1994). According to McGuinness and Little (1981) life cycles of products are related to internationalisation

patterns. SMEs with products at different stages of life cycles may change their internationalisation patterns (Bell et al. 2003). In some cases companies may also either leave or re-enter international markets based on the stage of the life cycle of the product (Wu et al. 2016; Javalgi et al. 2011).

Unique products, when introduced into international markets, are expected to yield better performance for SMEs. Some of these advantages may include international competitiveness and financial performance (Kim et al. 2011; McGuinness and Little 1981). Additionally, managing products is an important element to internationalisation. Luostarinen (1989) regarded the product as a part of the strategy and structure in internationalisation patterns of the firm. The study argues that changes in product component may result in changes in internationalisation patterns. The study further developed analysis tools to explore dynamic internationalisation in firms by conceptualising the product-operation-market (POM) posture of the internationalisation patterns (Luostarinen 1989).

During internal or external crises firms are continuously changing their product, operation and market strategies due to changes in degree of later rigidity, and learn from these experiences (Luostarinen 1989). Uner et al. (2013) listed a number of product characteristics that may facilitate international SMEs (born-globals) for example product adaptation, product quality and standards, and technical and after sales services. Additionally, Cavusgil and Zou's (1994) study on export market ventures also listed important product characteristics that influence performance in export ventures. Some of these characteristics are product life cycle (Freeman et al. 2013), recognition, image, product uniqueness, age, adaptation and price competitiveness (Cavusgil and Zou 1994; Calantone et al. 2004). Additionally, the majority of research in international context has ignored the product development issues of EME firms (Bstieler 2012). The study further argues that external environment (EME and international context) plays a vital role in entrepreneurial decision-making towards new product development (Bstieler 2012).

"[...] the lack of research incorporating the influence of the external environment on managerial decisions involved in international new product launch limits the depth of our understanding on this issue and provides ample opportunities for further inquiry" (Bstieler 2012, p.1346).

The present thesis will respond to the call for more studies involving product characteristics of SMEs from EMEs in context of exit and re-entry experiences. The next section discusses these characteristics in detail.

Product Uniqueness or Innovation: SMEs face a number of financial constraints, because of their short organisational history, which can remain as a considerable legacy over time. They often operate in knowledge intensive high technology sectors (Freeman, Hutchings and Chetty 2012). Thus they also spend a considerable amount of time and effort on R&D, experimenting and developing their knowledge about the product/service (Chandra et al. 2012). While studying the behaviour of Turkish SMEs Uner et al. (2013) found that developing new products for foreign markets is one of the factors that influence the choice of the international market. Companies that were unable to develop new products for foreign clients found it difficult to survive in international markets. Uner et al. (2013) mentioned a number of barriers, for example developing understanding with foreign partners and other marketing/promotional related issues. Some Turkish SMEs entrepreneurs were reluctant to experiment and take risks in foreign markets (Uner et al. 2013).

However, some traditional and born-global AME SMEs continuously experiment in international markets to come up with a suitable combination of products and markets (Chetty and Campbell-Hunt 2004). In both types of AME SMEs internationalisation through the combinations of product-market is seen as “*sow and reap*” strategy (Chetty and Campbell-Hunt 2004, p.73). Innovation is utilised as a strategy for speedy internationalisation among SMEs (born-globals). Entrepreneurs managing these types of SMEs have a clear understanding of other product-related issues, for example branding, marketing and protecting intellectual property rights. However, due to continuous rapid international experimentation of product-market combinations, failure in SMEs (born-globals) is evident. Therefore, perhaps the tolerance to failure is also high (Chetty and Campbell-Hunt 2004). However, the IB literature remains silent on what SMEs (traditional or born-global) learn from these experiments about managing internationalisation. Another question is whether innovation and experimentation of products and processes always pays off in international markets.

Taylor and Jack (2012) in a study found that the key driving force behind internationalisation for non-high-technology Australian SMEs (born-globals) was to create product histories for domestic retailers. The SME entrepreneurs wanted to see their products successful in foreign markets which previously failed to fit in the domestic markets (Taylor and Jack 2012). The retailers in the domestic market did not see their product as innovative and unique. As a result it was difficult for these SMEs to sell these products at home. The drive to launch their products in the international market was also a result of entrepreneurial drive (Taylor and Jack 2012). Australian SMEs (born-globals) believed that their products are unique and innovative and create a niche in international markets. Therefore, they realise the possibility of the product's imitations in foreign markets.

In order to minimise the risk of product imitation the entrepreneurs focused on the pace and scale of internationalisation through rapid expansion in many markets (Taylor and Jack 2012). This is particularly so in countries with lesser risk of product imitation and countries with a similar cultural context as the home market to develop a successful product history (Taylor and Jack 2012). Furthermore, in some cases in order to enhance the chances of their survival in overseas markets and minimise international competition, it is important for SME (particularly born-global) entrepreneurs to enforce early patents on their unique products (Taylor and Jack 2012) and innovations to protect them from infringement which otherwise could result in increased competition or market exit moves. However, the study is unclear about SMEs that may have failed to create product histories in either international or domestic markets.

The need to maintain protection of patents can also become a barrier for SMEs in markets where intellectual property rights are a problem (Uner et al. 2013; Bell et al. 2003). Additionally, product image, demand, recognition and life cycle can always be influencing factors for firms in either leaving or re-entering EMEs (Javalgi et al. 2011). Additionally, Thomas et al. (2007, p.859-860) argue that firms entering from emerging to developed economies may face a challenge due to:

“[...] unfavourable perceptions in developed markets of products designed and produced in emerging markets may offset any perceived value”.

This suggests a liability of emerging marketness (Bangara, Freeman and Schroder 2012).

Product Image, Demand, Recognition and Life Cycle: Bell et al. (2003) argue that SMEs (born-globals) rapidly internationalise to commercialise their products. These types of companies lock-in clients to do business in overseas markets. The study argues that traditional SMEs rely on more opportunistic and reactive approach to internationalisation as compared to born-global SMEs, which focus on a proactive approach to internationalisation. This opportunistic behaviour in traditional SMEs is likely to happen incrementally where SMEs focus on geographically close markets (Bell et al. 2003). The study also argues that SMEs (born-globals) continuously enter and exit from international markets. However, it discounts the learning aspects of continuous entries, exits and re-entries particularly affecting the supply chains of EME SMEs.

According to Freeman et al. (2010) the rapid commercialisation process of products in Australian SMEs (born-globals) occurs through relationship building capabilities. The study argues that both newly formed and pre-existing relationships help SMEs (born-globals) before the competitor and act mutually with their networks to develop product competencies. Furthermore, for some high-technology SMEs (born-globals) the products' life cycles are shorter due to the rapid pace of innovation, emergence of many global players, and niche markets (Freeman et al. 2010). Competition in these segments may quickly be overcrowded by other competitors thus, may force SMEs (born-global firms) to either look for new opportunities or withdraw their products from overseas market (Bell et al. 2003).

In some cases SMEs (born-globals) might also serve a narrower niche in a unique overseas market and the segment may be too small to attract larger players (Knight and Cavusgil 2005). Thus, the continuous effort to search for opportunities by SMEs (born-globals) in overseas markets via previous, existing or new networks can lead to re-entry into previous market(s) or a new market. In a study on Portuguese SMEs, Simoes (2012) found that demand from overseas clients for superior international products can help SMEs to find a clearer focus, direction and better defined niches on their internationalisation journey. This may help companies to grow.

Javalgi et al. (2011) suggest that political/economic cycles in host-markets influence exit and re-entry moves in MNEs. When the cycles are down MNEs may restructure their products

and process, and re-enter when the conditions are back to normal (Javalgi et al. 2011). However, the life cycle of an industry or product may influence exit and re-entry moves in international firms. Significant studies conducted in intermittent internationalisation (Vissak and Francioni 2013; Javalgi et al. 2011; Welch and Welch 2009) remain silent on examination of the influences of product life cycles on exit and re-entry of SMEs. In some cases SMEs are forced to leave international market(s) based on the demand and the stage of the product in its life cycle. Furthermore, we do not know whether these factors continuously push or pull EME SMEs into the international markets adding learning to their international experiences.

Product or Service Attributes: Product or service attributes for international SMEs include product quality (Vissak and Francioni 2013), patents, brand, after-sales service, technological superiority and product or service features (Calantone et al. 2004; Cavusgil and Zou 1994). Kim et al.'s (2011) research suggests that besides maintaining technological capabilities, smaller Indian born-global firms are highly customer oriented which helps these firms in maintaining good relationship quality, innovativeness and higher financial returns. High technology SMEs (including born-globals) offer more focused products to niche markets compared to traditional internationalising firms (Gabrielsson, Gabrielsson and Seppala 2012). SMEs that are highly committed to internationalisation are able to increase product breadth over time in international markets as a result of accumulated knowledge about foreign customers and working knowledge of IB (Gabrielsson et al. 2012). Knight and Cavusgil (2005) maintain that while considering Porter's generic strategies (Porter 1980) SME (particularly born-global) entrepreneurs must be careful in choosing the type of strategy for their ventures.

Depending solely upon cost leadership strategy to compete with larger firms may not be a viable choice for SMEs (born-global firms) due to their smaller size and inability to compete on economies of scale or cost (Knight and Cavusgil 2005). Nevertheless, other competitive features and attributes of the product are highly important for SMEs to survive in overseas markets (Fan and Tan 2015). These product attributes should not be ignored when exploring internationalisation in SMEs (Fan and Tan 2015; Vissak and Francioni 2013; Chetty and Campbell-Hunt 2004).

Recently, Fan and Tan (2015) discussed how product attributes influence internationalisation based on domain and cultural-specific products. The study found that different product attributes influenced the ease and challenges these products faced during the process of internationalisation (Fan and Tan 2015). They further divide the products in domain and cultural-specificity: high domain specific and low cultural specific products e.g. integrated chips and Smartflex, and products that are low domain but high cultural specific e.g. bakery items. Furthermore, the study found that entrepreneurs with higher international experiences and exposure are likely to be involved in “*products that are less cultural-specific*” (Fan and Tan 2015, p.71).

Entrepreneurs’ preferences to internationalise with high-technological products are shaped by their resources, networks and knowledge (Fan and Tan 2015). Additionally, entrepreneurs are unable to redesign their products as the external environmental factors change. Therefore, entrepreneurs enjoy less freedom to implement changes for the purpose of commercialisation (Freeman et al. 2010). Hence, entrepreneurs use personal and network level knowledge to implement changes in their products to go abroad. The study does not respond to the ongoing changes or the changes may occur over time in entrepreneurial product attributes and characteristics as a result of knowledge accumulation. On the other hand, Fan and Tan (2015) highlight that commercialisation decisions through internationalisation for domain specific products are risky. Their study does not completely ignore the adverse effects that products could have on the internationalisation performance of firms. Therefore, they call on researchers to address strategic and performance related issues that firms might face when going international (Fan and Tan 2015).

2.4.3 International Entrepreneurial Orientation

International business and international entrepreneurship scholars have implicitly adopted the elements of entrepreneurial orientation to explain international entrepreneurial orientation (IEO). A number of prominent scholars have contributed to the domain of entrepreneurial orientation and assisted international business researchers to further develop IEO. For example see Miller (1983), Covin and Slevin (1989) and Lumpkin and Dess (1996) refine entrepreneurial orientation’s concept (Verreynne, Meyer and Liesch 2016; Wales, Gupta and Mousa 2011). Entrepreneurial orientation is originally embedded in Miller’s (1983)

philosophy that argues that to be entrepreneurial firms must demonstrate their involvement in product-market innovations. Furthermore, entrepreneurial mindset has been researched extensively in understanding what factors influence mindset (for example, see Mitchell et al. 2002; Nummela and Puumalainen 2004). The concept of global mindset has been linked with success in international entrepreneurs. Studies for instance, Mitchell et al. (2002) argue that researchers must understand why entrepreneurs do what they do. Influence of entrepreneurial mindset is assumed as a dynamic process based on proactiveness, commitment to internationalisation and international vision (Nummela and Puumalainen 2004). These entrepreneurs take risks, are proactive and innovative (Covin and Miller 2014; Freeman and Cavusgil 2007). However, the majority of the studies in international business have remained fixated on understanding firm level outcomes of international entrepreneurial orientation and global mindset and continued to ignore the influences individual factors may have. Additionally, Dow, Liesch and Welch (2013) argue that researchers need to understand the role of entrepreneurial behaviour in the internationalisation process. The study highlights the role of entrepreneurial inertia as a behaviour dimension of internationalisation process model (of Johanson and Vahlne 1977). However, it only addresses the role of inertia on the pre-internationalisation phase and ignores the association between inertia and the post-internationalisation process.

Concept of Entrepreneurial Orientation: Miller's (1983) study considers entrepreneurial firms from the strategy perspective and responds to the limitation of Mintzberg's (1973) work on entrepreneurial strategy making. For successful strategy making the Miller's (1983) study identifies three major elements that entrepreneurial firms must demonstrate: innovation, proactiveness and risk taking. The entrepreneurial behaviour and elements are discussed in conjunction with the changes in external environment and their influence on organisational internal factors (product-market strategies, decision making, structure and entrepreneurship). According to the findings, the role of individual entrepreneurs is a "*critical factor*" for the success of these types of organisations (Miller 1983). The attitudinal dimensions of strategy making are important because of the entrepreneur's personal influence in their organisation (Felicio et al. 2016; Freeman and Cavusgil 2007). However, these studies have continued to ignore the influence of the individual in internationalising activities of the firm over time. Miller (1983) demonstrates that it is essential for firms to maintain all three dimensions that are risk-taking, proactivity and innovativeness, to be entrepreneurial. Recently, Chen and

Miller (2011) suggest business researchers explore the conditions under which EME entrepreneurs' business orientations evolve. Whether SME entrepreneurs from EMEs demonstrate Miller's (1983) proposed entrepreneurial orientation is yet to be explored in the IB context. Moreover, under what circumstances changes in international market commitment influence proactiveness, risk-taking or innovation need attention.

Conversely, Lumpkin and Dess (1996) propose entrepreneurial orientation as a multidimensional construct. In studying the dimensionality of entrepreneurial orientation Lumpkin and Dess (1996, p.138) advocate it as a firm-level construct embedded in "*classical economics in which the individual entrepreneur is regarded as a firm*". Their study considers a firm-level analysis. Lumpkin and Dess (1996, p.136) state:

"Entrepreneurial orientation refers to the processes, practices, and decision-making activities that lead to new entry".

Furthermore, strategy-making processes and practices require entrepreneurial actions and intentions (Verreynne, Meyer and Liesch 2016). These processes are characterised by five key dimensions: autonomy, innovativeness, risk-taking, proactiveness and competitive aggressiveness (Lumpkin and Dess 1996). They further assert that for a firm to be entrepreneurial it does not necessarily have to be high on all dimensions as suggested by Miller (1983). However, an entrepreneurial firm must be high on at least one dimension. Lumpkin and Dess's (1996) definition and assumptions about entrepreneurial orientation are limited to young ventures that aim at new market entry. The assumptions are rather silent as to what happens to entrepreneurial orientation after contemplating new market entry. Does the firm stay entrepreneurial over time? These questions are yet to be explored both by entrepreneurship and IB researchers.

On the other hand, according to Covin and Slevin (1986; 1988; 1989) EO is not only limited to new entry but represents an overall composition of a firm. Under Covin and Slevin the assumption that an entrepreneurial firm is the one that demonstrates innovation, proactiveness and competitiveness does not necessarily have to contemplate new market entry. It is representation of firm's overall "*gestalt*". However, Covin and Slevin (1989), Miller (1983) and Lumpkin and Dess (1996) assumptions of EO only suggest the outcomes and do not include the role of process and state which may help scholars to understand the

underpinnings, mechanisms and transformations of EO into specific firm related outcomes (Wales et al. 2011).

Origins of International Entrepreneurial Orientation: Entrepreneurial orientation when applied in an international context is labelled as international entrepreneurial orientation (IEO). The widely acknowledged definition, international entrepreneurship (IE), considers the centrality of entrepreneurial orientation (EO) and entrepreneurship in international context and defines it as,

“[...] a combination of innovative, proactive and risk-seeking behaviour that crosses national borders and is intended to create value” (McDougall and Oviatt 2000, p.903).

The scholarly conversation in the domain of IE has acknowledged the relevance of EO (for example see Brouthers, Nakos and Dimitrastos 2015; Kollmann and Christofor 2014; Jones and Coviello 2005). Covin and Miller (2014) distinguish between the concepts of entrepreneurial orientation and international entrepreneurial orientation or in some cases use these concepts interchangeably. EO has been linked to a number of firm, strategy, network, and performance related outcomes both in domestic as well as in international contexts (Lechner and Gudmundsson 2012; Stam and Elfring 2008; Brouthers et al. 2015; Wales et al. 2011). Since the focus of the present study is the role of SMEs in international context, the study focuses on international related outcomes of entrepreneurial orientation/international entrepreneurial orientation. The next section discusses entrepreneurial orientation/international entrepreneurial orientation related outcomes in international context.

A number of studies have linked entrepreneurial orientation/international entrepreneurial orientation to international performance of SMEs (particularly born-global and new ventures) (for example see Kuivalainen, Sundqvist and Servais 2007). For SMEs that are operating in multiple international markets the role of entrepreneurial orientation becomes important due to their size and limited access to managerial and non-managerial resources (Brouthers et al. 2015). The general thesis that international entrepreneurial orientation is linked to international performance suggests that SMEs with higher international entrepreneurial orientation have better possibility to generate sales and growth, and sustain higher performance in overseas markets (for example Covin, Green and Slevin 2006).

In a study on AME (Finnish) SMEs (born-globals) Kuivalainen et al. (2007) study the relationship of firms' degree of born-globalness, international entrepreneurial orientation and their international performance. The study indicates two types of Finnish SMEs (born-globals) that is, true born-globals and born-internationals. Differences in the two types of SMEs are based on their degree of involvement in international sourcing and selling activities. According to Kuivalainen et al. (2007) international entrepreneurial orientation is considered as antecedent for Finnish SMEs (born-global) to explain the underlying reasons for international performance and strategy. They consider three dimensions of international entrepreneurial orientation: risk-taking, proactiveness and competitive aggressiveness. The results support the argument by Lumpkin and Dess (1996) that entrepreneurial orientation dimensions may vary independently. The study reports that born-internationals were high risk-takers as compared to true born-globals. The underlying reason could be the types of SMEs (born-internationals) have not yet reached all potential customers in other geographic regions.

However, the study failed to provide concrete underlying reasons as to why there are differences in risk-taking behaviour of different types of SMEs. The findings further reject the proactiveness of true SMEs as possibly not proactively looking for new international opportunities (Kuivalainen et al. 2007). However, they may be competing aggressively in their current markets. The overall results confirm that SMEs (true born-globals) with high international involvement performed well (sales, profit and sales efficiency) in contrast to SMEs (born-internationals). Kuivalainen et al. (2007) acknowledge the international survival bias towards the reporting firms, something future IB scholars must consider. This means that firms that are unable to survive (exit and later re-enter) in international markets may demonstrate different types of international entrepreneurial orientation influences. Furthermore, the study considers firm-level analysis (Kuivalainen et al. 2007) and ignores the possibility of individual-level (entrepreneurial) influences on differences in internationalisation strategy of these types of SMEs. The present study will explore how individual-level (entrepreneurial) factors influence international entrepreneurial orientation and survival of SMEs (Felicio et al. 2015; Covin and Miller 2014) in context of EMEs.

Knight (2000), while considering the role of SMEs under globalisation, discussed the mediating role of marketing strategy between international entrepreneurial orientation and

SMEs' preparation to internationalisation activities. Here entrepreneurial orientation under international context is defined as

“[...] product/process innovativeness and a generally proactive approach to the external environment, is associated with the development of a quality leadership, in which firms emphasize product and product-service quality” (Knight 2000, p.30).

The findings demonstrate that SMEs are vulnerable to failure (exit) in international markets as a result of low entrepreneurial orientation. These types of SMEs are unable to develop strategic positions in international markets resulting in no sense of direction to their paths of internationalisation. Entrepreneurial orientation in this study is based on three dimensions namely, marketing leadership, quality of leadership and product specialisation. International SMEs with higher levels of entrepreneurial orientation are able to develop better international strategy when it comes to entering new product markets (Knight 2000). While discussing the concept of re-internationalisation Welch and Welch (2009) argue that over time firms' international orientations may change, based on future commitments and previous IB experiences. These experiences provide firms with learning opportunities. In some cases entrepreneurs face setbacks in international markets, leading to changes in future orientations where no amount of information is either “*collected*” or “*transmitted*” to foreign partners (Welch and Welch 2009). Due to the changes in internationalisation patterns these entrepreneurs have shown no interest in going back to the previous markets (Welch and Welch 2009). Despite facing setbacks in international markets some entrepreneurs are still committed to internationalisation. Therefore, short-term changes in commitment are assumed to part of the overall internationalisation activities (Welch and Welch 2009).

These types of firms maintain and nurture these relationships after leaving international markets and in some cases maintain marketing/promotional activities to later re-connect with their business partners (Freeman et al. 2013; Javalgi et al. 2011). Here it is important to note that depth of experience in IB activities is likely to develop international orientations in entrepreneurs. These experiences further develop current and expected future IB involvements (Welch and Welch 2009). For example, Australia New Zealand (ANZ) bank, based on information collected during the process of partial de-internationalisation from certain Asian markets (including China), decided to “*re-orient*” its strategy to re-enter these markets (Welch and Welch 2009, p.574). However, whether changes in commitments/setbacks/exits influence IEO of these entrepreneurs at any stage of internationalisation is yet to be examined.

Additionally, how international market exit and re-entry influence IEO in SMEs from EME has not been explored in IB context.

2.4.4 Influence of Networks on Exit and Subsequent Re-entry Experiences

Entrepreneurial networks in internationalisation context are considered as a resource (Hakansson 1982). International business researchers have continued to highlight the importance of different types of networks in internationalisation activities of SMEs (Halinen, Tornroos and Elo 2013; Ellis 2011; Zhou, Wu and Luo 2007; Wong and Ellis 2002). The current state of literature on business and social network addresses the paucities of network research in field marketing and IB (for example see Westerlund and Svahn 2008; Halinen, Tornroos and Elo 2013). However, the explanations on evolution of the networks over time still possess a challenge for academic researchers due to the complexities and dynamic nature of these types of relationships (Bizzi and Langley 2012). The present thesis seeks to explore the role of networks in exit and re-entry experiences, particularly in context of EMEs (Dib et al. 2010).

The majority of the explanations on relational and structural factors on business relationships are explored in context of AMEs (for example Finnish, Swedish, Australian and New Zealand SMEs). Since EMEs are contextually unique from AMEs there is value in exploring the role of social and business networks due to political, institutional (including networks structures emerging through institutional transitions and voids) and cultural factors (Meschi and Wassmer 2013; Kiss et al. 2012; Kiss and Danis 2010). Moreover, institutional uncertainties and external environments in EMEs push entrepreneurs to develop and maintain the “*densely tied*” business networks that result in providing trusted information to foreign partners (Meschi and Wassmer 2013, p.713). These findings have to be applied to SMEs from EMEs when exploring the role of network relationships (Kiss et al. 2012). However, it is yet to be known if the social and business network relationships have an influence on negative performance outcomes of the firm.

Relying on these social and business networks is one of the characteristics of SMEs (born-global firms) (Sasi and Arenius 2008) internationalising from EMEs (Freeman 2012). Once these networks are established with strong ties, they collude to increase ‘market power’ by

disallowing competitors (Rauch 2001) to enter into markets. Hence, they create international trade barriers for other entrepreneurs and market players. However, despite extensive research on networks in the IMP (International Marketing and Purchasing) Group and other fields of management including IB, there is a lack of research on how SMEs sustain their international social and business networks over time to grow in international expansion and in post-entry situations. Other important reasons for entrepreneurs to rely on their network partners are to protect knowledge (Sasi and Arenius 2008), gain international opportunities (Ellis 2011), to access international markets, technology information and for the exchanges of core or complementary resources. For example, a number of Chinese firms are successfully utilising overseas Guanxi network relationships (Kim et al. 2011) and social networks in identifying international opportunities (Ellis 2011; Freeman 2012). However, networks are not always a source of success. In some cases networks become a liability, particularly for resource limited and smaller entrepreneurs (Sasi and Arenius 2008). For example, despite maintaining strong relationships with international distributors the New Zealand firms find it difficult to grow with their network partners in foreign markets. This is due to the lack of financial resources and control over their products (Coviello and Munro 1997).

Of four firms, only three manage to survive in the international markets (Coviello and Munro 1997). Furthermore, factors that can contribute to the higher dependency of SMEs on their networks, are changes in external environment, institutional uncertainties (Danis et al. 2010), lack of financial resources, social context (Uzzi 1997b) and industry competitive pressures (Freeman 2012) or in some cases pressures from family ties (Arregle et al. 2015). These factors, including financial interdependence and social context, influence firms' "patterns of decline" (Uzzi 1997b, p.141). Firms with financial losses focus on their internal actors and environment because their declining relationships with other firms limit their ability to access financial resources (Uzzi 1997b). Conversely, surviving firms focus on their external environment because their network ties help them to strategically shape the environment (Uzzi 1997). Under high uncertainty conditions SMEs are also argued to utilise flexible network strategies to adjust to the changing conditions of the external environment (Kiss et al. 2012). Furthermore, Meschi and Wassmer (2013) support those international joint ventures (IJVs) managers who are looking to reduce the likelihood of failure in EMEs by developing densely tied network partners. These types of networks ensure reliable information, IJV stability in EMEs and establishment of trust with local partners (Meschi and Wassmer 2013).

Densely tied alliances and partners may not see a buyout of an IJV to a foreign partner as a failure as it is considered as

“[...] additional investment and further commitment of the foreign investor to the emerging economy [EME]” (Meschi and Wassmer 2013, p.715).

The best possible way for SMEs (particularly, International New Ventures (INV) to manage vulnerability is to engage in resource exchange with their network partners (Sasi and Arenius 2008). The study concludes that SME (particularly INVs) entrepreneurs heavily rely on their founder's personal relationships to build social capital (Sasi and Arenius 2008). It also highlights the importance of social network approach along with network theory in exploring internationalisation in SMEs (particularly INVs). In case of SMEs from EMEs Dib et al. (2010) state that relationships have more significant importance in EMEs such as Brazil because of the relational nature of the culture, hence SMEs (born-global firms) originating from Brazil tend to utilise relationships to operate in their socio-economic sphere. They further emphasise that “the study of how [SMEs] born-globals use networking – an important feature according to the literature – also needs to be further studied in the context of relational cultures” (Dib et al. 2010, p 249). As suggested by Kiss et al. (2012, p.15)

“[...] most entrepreneurs are likely to adopt flexible networking strategies that enable them to access critical resources and knowledge while adjusting to varied institutional environments, yet the mechanisms by which this occurs remains largely unexplored”.

If a firm decides to leave an international market because of low sales volumes or switching from exports to imports or vice versa it is important for these firms to retain previous networks, inter-personal links or relationships to provide guidance in re-entry processes if necessary (Welch and Welch 2009). SMEs must learn from their ongoing business success and failure (Gabrielsson et al. 2008), so that they do not repeat costly mistakes or stay in ineffective networks (Welch and Welch 2009) which could become a liability over time.

Network Perspective on Exit: Welch and Welch (2009) suggest that ‘exit process’ involves disruption of international networks that were important for the foundation of firm international activity. It is important for firms to maintain network relationships, particularly those with government officials in an emerging market context (Javalgi et al. 2011). When firms exit a market due to political and government reasons (Akhtar and Choudry 1993), they

need to be careful to maintain relationships at the time of exit because they might have to re-enter the same markets in the future (Javalgi et al. 2011). A business relationship may experience different levels of relationship strength over the course of its lifetime and face the threat of dissolution (Tahtinen and Vaaland 2006). Western SMEs operating in EMEs; or EME firms operating in similar contexts may face challenges to resolve or dissolve overseas relationships effectively to make sure that these relationships can be revived or reactivated in the future. This is supported by Payan et al.'s (2010, p.1198) study on exporters and importers relationships which suggests a number of factors can lead to dissolution in business partners, including conflict, changing priorities, environmental alterations, evolving partnership needs, and strategic realignments. Additionally, Good and Evans (2001) suggest that to date research in the strategy literature has focused on the positive advantages associated with business relationships over time and limited research has been carried out with the view that at times marketers should exit some international strategic relationships.

Moreover, if demand for their product rises again SMEs should be able to re-enter quickly into overseas markets through previous relationships to exploit new opportunities. This can only be achieved if these relationships are built on trust, and may provide firms with opportunities to re-enter through reviving old connections (Javalgi et al. 2011). Therefore, it is important for managers to know more about which IB relationships are headed for dissolution and which ones have the potential to survive (Payan et al. 2010).

Relationships Dissolution and Re-engagement in Networks: Managing and developing relationships takes times and effort, however, not all relationship development efforts are successful; some relationships fail (Johanson and Vahlne 2011). Additionally, managers should be aware of the fact that not all relationships are homogenous; some can be a burden and partners may lose the opportunity of learning with new companies (Mitrega and Zolkiewski 2011). If a firm decides to leave a certain market or network it can generate a disruption of their relationships (Welch and Welch 2009). Therefore, to reduce the impact of disruptions or negative tensions between partners, research suggests managers leave markets in such a way that these relationships can be 'revived' at a later date, for possible re-entry into a previously exited market (Javalgi et al. 2011). This process is also referred to as either "relationship dissolution" (Payan et al. 2010) or "*beautiful exit*" (Alajoutsijärvi, Moller and Tahtinen 2000; Freeman and Brown 2004). In the case of EMEs where maintaining 'face' and

building trust are highly important for continuous growth of businesses (Zhou et al. 2007; Manolova, Manev and Gyoshev 2010), relationship dissolution is likely to be more of a liability for SMEs internationalising from EMEs with less resources.

On the other hand, relationship ending or dissolution may not happen between business partners because one party sees the relationship worth saving (Tahtinen and Vaaland 2006). Since some SMEs may operate in niche industries relying on limited network partners and customers, it is crucial for these firms to manage these relationships in case of dissolution to prevent negative outcomes. Losing a business partner in international markets through the negative impact of relational dissolution may also result in lost reputation, referrals and trust (Tahtinen and Vaaland 2006). Reactivating of a relationship does not start from scratch however it starts with previously attained common understanding or feelings (Levin, Walter and Murnighan 2011). A business relationship may experience different levels of relationship strength during the course of its lifetime and face the threat of dissolution (Tahtinen and Vaaland 2006). Relationship dissolution is defined as

“[...] a process where activity links, resource ties and actor bonds are broken, disconnecting the former parties from each other” (Tahtinen and Halinen-Kailia 1997, p.560).

Alajoutsjarvi, Moller and Tahtinen (2000) argue that most of the research on business partner relationships has focused on the creation rather than the dissolution of relationships, which can be beneficial as resources freed from the unsatisfactory relationship can be used in creating new ones with higher profit potential. They propose two main strategies for business partners who wish to end the relationship, i.e. either the focal firm negotiates with its business partner (in order to restore a relationship) or terminate it (exit strategy). Their model recognises that ending business relationships is challenging due to the resources and ties involved. It also suggests that poor management of relationship dissolution between business partners can leave a negative impact and partners might see a firm as a “*switcher*” which may impact their future role in the network. They further propose that when firms have less choice of partners in international markets, exit from the relationship should be carried out in such a way that partners feel comfortable.

“It is important for the disengager to ensure that reactivation of the ex-relationship is possible, should the circumstances change” (p.1283).

Researchers like Tahtinen and Halinen-Kaila (2000) build upon this concept of relationship ending and propose a process theory of relationship ending, suggesting that firms learn from failure as much as from success and lessons learned help companies to manage other relationships and the potential ending process. Supporting the benefits of dissolution outlined by Alajoutsijarvi et al. (2000), Freeman and Browne (2004) suggest that ‘dissolution’ in a relationship can be a joint decision of the parties involved and should not be assumed to be negative because dissolution of some relationships can benefit the firms. Resources freed from these relationships can be utilised to generate new ones with a greater profit potential (Freeman and Browne 2004). Furthermore, they offer four direct and indirect strategies to dissolve relationships through communication strategies namely: ‘disguised exit’, ‘silent exit’, ‘communicated exit’, and ‘revocable exit’. Alajoutsijarvi et al. (2000) and Freeman and Browne (2004) promote the benefits of dissolution. Mitrega and Zolkiewski (2011) argue that conceptualisations of negative aspects of inter-firm relationship are not supported empirically, and in need of more research. They also suggest that perhaps managers’ responses in current literature in relationship management are generally limited to positive and successful aspects of their working relationships rather than providing a more balanced approach that considers problematic issues too (Mitrega and Zolkiewski 2011).

2.4.5 Role of Commitment in Internationalisation

The IP model has taken into account the role of commitment in IB activities of firms (Johansson and Vahlne 2015; 1977). The driving force of internationalisation is experiential knowledge, which generates IB opportunities; knowledge is also used to reduce uncertainty. Therefore, firms are expected to accomplish “*resource commitment*” incrementally as it gains knowledge from current business activities (Johanson and Vahlne 1990, p.12). The model also highlights the role of market commitment and suggests that firms make “*additional market commitment*” in “*small steps*” (p.12) except:

- (1) When firms have large resources the consequences of commitments are small. Thus, big firms or firms with surplus resources can be expected to make larger internationalisation steps.
- (2) When market conditions are stable and homogenous, relevant market knowledge can be gained in ways other than through experience.

- (3) When firms have considerable experience from markets with similar conditions it may be possible to generalise this experience to the specific market (Johanson and Vahlne 1990).

The role of commitment has been widely discussed in IB literature, particularly in Johanson and Vahlne studies. Johanson and Vahlne (1977) limited the role of commitment to resource commitment. However, when the IP model shifted towards the assumption of the role of networks in 2009, the relational side of resource commitment was added. Therefore, affective commitment was considered as a part of the internationalisation process (Johanson and Vahlne 2009). Hence it is suggested that

“Our original model does not explicitly include any affective or emotional dimensions in relationships, though it can be argued that they are implicitly present in the concept of knowledge. We now think that those dimensions should be explicit (Johanson and Vahlne 2009, p.1417).

While recognising the importance of commitment, the IP model also recognises the relevance of *“decrease and increase [in the] level of trust”* and argues that the process *“is not deterministic”* (Johanson and Vahlne 2009, p.1418). However, the model still does not explain how change in trust between network partners influences networks. It may result in changes in commitments towards internationalisation. Trust is essential in the early phases of a business relationship. The value of trust increases as the relationship evolves. Johanson and Vahlne (2009) agree with Morgan and Hunt’s (1994) concept on trust and commitment. The revised version of the IP model considers trust as prerequisite to commitment. It maintains that

“Commitment is rather a question of more or less intensive efforts. We do, however, agree with Morgan and Hunt that “when both commitment and trust – not just one or the other – are present, they produce outcomes that promote efficiency, productivity and effectiveness (Johanson and Vahlne 2009, p.1418).

Santangelo and Meyer (2011) in their study on AME MNEs revised Johanson and Vahlne’s (2009) IP model. The study concludes that MNEs when seeking ongoing internationalisation in EMEs either increase or decrease their commitment. The shift in commitment is based on external environment or institutional factors in EMEs. Since Johanson and Vahlne (2009) direct the IP model towards the relational side of commitment i.e. affective commitment. It is assumed that Santangelo and Meyer (2011) also observe the shift in affective commitment.

However, the study does not explicitly admit the shift in the relational side of commitment (affective commitment). The application of these assumptions on SME is yet to be explored in the IB field. Commitment is defined as “the product size of the investment times its degree of inflexibility” (Johanson and Vahlne 2009, p.1412). This commitment in MNEs evolves over time as a result of experiential learning processes (Santangelo and Meyer 2011). Johanson and Vahlne (2009, p.1412) argue that, “*commitment may decline, or even cease, if performance and prospects are not sufficiently promising*”. Firms learn from their operations in overseas markets, and

“[...] experiential learning may often be associated with gradual increases of commitment, but it may as well lead to decrease of commitment” (Santangelo and Meyer 2011, p.895).

They argue that internationalisation is carried out by “*building positions in foreign markets and networks*” (p.894). However, to maintain their positions in overseas networks over time, firms are required to support their network partners such as foreign distributors/subsidiaries or channel members (Cavusgil and Zou 1994). Their presence can be maintained by training support staff, sales force and providing technical knowhow, particularly in cases where firms are dealing with technologically intensive products (Cavusgil and Zou 1994). They also suggest that,

“Companies must institutionalize international operations to cultivate international competence and ensure consistent commitment to international operations” (p.16).

Their study lends further support to the notion that performance is influenced by managerial commitment. Based on the Javalgi et al. (2011) study, the present thesis considers entry, exit and re-entry all as part of a firm’s strategy, as they continually seek alignment as a result of configuration of the firm’s internal forces to its external environment. This is further supported by Johanson and Vahlne (2013, p.30):

“Commitment decisions, as stated above, can be expressed according to the two dimensions: volume and degree of restraint in re-allocating the resources committed. In a somewhat operationalized fashion, this can be regarded as reconfiguration of resources available and re-design of coordination systems and their content. According to the network view of the firm and its related partners such decisions may concern both internal and external configuration and coordination systems”.

Thus based on the above discussion, the first research question to be addressed in this thesis is:

Research Question 1:

How do firm-specific factors influence entrepreneur behaviour in exit and re-entry experiences, with specific reference to Pakistan and China?

2.5 External Environmental Factors that Influence Firm Internalisation

External factors such as industry environment, country context and market characteristics can significantly contribute to de- and re-internationalisation of any firm. Factors, for example host institutional environment, can be contributing factors in either exit or de-internationalisation in MNEs (Turner 2012). Moreover, Figueria-de-Lemos et al. (2011) suggest that a firm's market exit moves could be a result of high uncertainty in their environment, and that

“Internationalization is a process of firm aligning to its surrounding environment” (p.150).

Studies for example Akhhter and Choudry (1993) and Javalgi et al. (2011) further emphasise the importance for MNE managers to deal with external environmental influences such as political, socioeconomic and institutional risks in terms of foreign market exit. However, their studies are limited to MNEs and these findings are yet to be explored in SME managers/entrepreneurs from EMEs. External factors include external environment (global environmental drivers, host and home-country) and industry level factors (Kahiya 2013; Javalgi et al. 2011; Wheeler, Ibeh and Dimitratos 2008). However, these studies have continued to ignore individual entrepreneurial level interpretation to external environmental factors (Andersson 2000).

Changes in the business and economic environments are assumed to influence exit and re-entry in SMEs (Vissak and Francioni 2013). The environment in which a firm's entry (Geroski, Mata and Portugal 2008), exit and re-entry (Javalgi et al. 2011) occur effects its possibility of survival. IB researchers and scholars studying SMEs have long stated the importance of environment in firm internationalisation. Additionally, Kuivalainen et al. (2012) in a special issue on SMEs, note that internationalisation patterns in International

Marketing Review highlight the importance of considering environmental level factors on survival, performance, value and goals. They further argue that the external factors can contribute to potential de-internationalisation and negative paths in SMEs. Environmental level factors may also influence the re-internationalisation or re-entry paths in firms (Javalgi et al. 2011; Freeman et al. 2013). Firms that are re-entering the international market may decide to pursue a different strategy based on external environmental conditions (host country political and economic) in the host market at the time of re-entry (Javalgi et al. 2011). However, little is known about how external environment may influence exit and re-entry in SMEs (Vissak and Francioni 2013).

In harsh economic times, such as a recession, new firms are likely to face pressures to survive. These pressures may lead to exit as these firms have not established legitimacy in financial markets leading to constraints due to the lack of financial resources. Firms intending to re-enter in previously exited markets may have more experience, knowledge and understanding about the host-country environment (political, cultural and economic) than those entering for the first time (Javalgi et al. 2011). According to Geroski et al. (2008) and Javalgi et al's. (2011) macroeconomic, global environmental drivers and host-country environment conditions are relevant to consider at the time of exit and re-entry. Dealing with external environment is assumed to be the most challenging barrier for SMEs (Kahiya 2013). Moreover, Wheeler et al. (2008) view external environment as

“[...] encompassing the relevant industry, domestic and foreign market environments, replete with their mixed offering of opportunities and threats/problems” (p.211).

The influences of external factors are indirect on firm performance and survival however these influences are thought be driven by the combination of internal factors (Wheeler et al. 2008). SMEs identify opportunities (which are external to the firm) through industry networks/ associations and government agencies (Wheeler et al. 2008) including personal networks. Cavusgil and Zou (1994) study the influence of external factors on firm performance in SME exporters. Moreover, Wheeler et al. (2008) examined these factors in UK SMEs both on measuring financial and non-financial outcomes. Recently, Kahiya (2013) examined the influence of external barriers (industry, host and domestic market factors) on changes in internationalisation patterns of SMEs from New Zealand. The study concludes that it is essential for SMEs to manage internationalisation by engaging with government policies, currency risks and foreign market restrictions. Inability to manage the external market barriers

and conditions decreases the likelihood of survival in SMEs. These studies are based on SMEs from AMEs (for example US, UK and New Zealand). Olejnik and Swoboda (2012) argue that to understand the internationalisation patterns in SMEs further analysis is required on the influence of external factors in developing effective domestic and foreign market expansion strategies. However, how external factors influence internationalisation patterns in SMEs from EMEs is ignored. External environment includes global environmental drivers, host and home-country environmental factors (Javalgi et al. 2011; Kahiya 2013). The next section entails global environmental factors, host-country environment, and home-country environment influence to SME exit and re-entry. It also discusses industry level characteristics that are likely to influence internationalising activities of SMEs.

2.5.1 Global Environmental Drivers

In a study on MNEs, Javalgi et al. (2011) examine the global environmental factors that influence re-entry. These are economic, political and cultural factors. Globalisation forces are continuously influencing firms to re-organise resources and develop competitive advantages to survive in foreign markets, particularly MNEs entering or re-entering EMEs. Inability to cope with changing global environmental pressures may lead to a lost market share, ugly exits and damaging network bridges with foreign business (including government officials) partners (Javalgi et al. 2011). In some cases MNEs were forced to leave international markets due to a lack of knowledge about a specific culture, custom, or political situation in a troubled economy. Therefore, knowledge about global factors (country specific) may equip MNE managers/entrepreneurs with an opportunity to re-enter previously exited markets (Javalgi et al. 2011). However, the Javalgi et al. (2011) study neglects the account of these factors on SMEs.

Globalisation refers to a stage in which firm's operations are managed on a global scale, not in just a few selected countries (Ruzzier, Hisrich and Antoncic 2006). As the world is becoming more globally integrated market place firms and personal networks (social and business) are also becoming globally interconnected either through face-to-face or latest information technologies (internet). Entrepreneurs representing all types of firms including SMEs are under pressure to respond to continuous changes taking place in global markets (Ruzzier et al. 2006). Additionally, SMEs (particularly born-global) are becoming actively

involved in setting up business activities beyond their domestic markets. Hence, the evidence suggests that globalisation is likely to influence internationalisation patterns of SMEs (Freeman et al. 2013) as much as MNEs (Ruzzier et al. 2006). Ruzzier et al.'s (2006) study is limited to conceptualisation of the influences of external environment on internationalisation (mode, market, time, product and performance). Kuivalainen et al. (2012) conceptualise the influence of uncertainty and turbulence in global markets on SME internationalisation patterns. Evidence suggests that Australian SMEs (born-global) may decrease their sales during economic slowdown rather than withdrawing from international markets. These SMEs are likely to re-structure their resources later to increase foreign sales again (Freeman et al. 2013). Nevertheless, the empirical evidence of these factors is yet to be explored in SMEs from EMEs.

2.5.2 Host-Country Environment

Drawing upon the IP model, Santangelo and Meyer (2011) argue that firms

“[...] can respond to institutional change or uncertainty in a country in which they are operating by adjusting their strategy implementation in two ways: they can increase the commitment or they can decrease the commitment” (p.895-896).

Due to often-considerable financial resource limitations, SMEs are likely to reduce their commitment and re-engage later when environmental conditions in host-market(s) are more viable for continuing business (Vissak and Francioni 2013). In examination of what external factors influence strategic performance of AME SMEs (born-global firms), Efrat and Shoham (2012) suggest the influence of target country risk, technological turbulence and market growth on strategic performance. In a study of UK SME exporters from the clothing industry, entrepreneurs discontinued international activities because they were either disappointed or disinterested. SME exporters who decided to discontinue exporting as either a short or long-term strategy were facing the challenges of partners' trust, competitiveness in foreign markets, and price in foreign markets served (Crick 2009). Additionally, SMEs that were disinterested discontinued internationalisation as a long-term strategy and were only interested in serving domestic markets. Those managers/entrepreneurs who experienced setbacks in host-markets were not willing to spend time and effort in exploring any further international opportunities (Crick 2009).

Conversely, disappointed SMEs that adopted discontinuance as a short-term strategy were interested in exploring further international opportunities in host-markets regardless of their negative international experiences. These SMEs were not interested in exploring business opportunities in domestic markets (Crick 2009). Withdrawal and discontinuance from host markets should not be assumed as either a marketing (Crick and Chaudhry 2006) or IB failure (Vissak and Francioni 2013; Freeman et al. 2013). It can be considered as an advantageous strategy (Crick and Chaudhry 2006). Firms can either enter or re-enter another host-market(s) based on product demand or in case of improved environmental conditions (Crick and Chaudhry 2006; Welch and Welch 2009; Javalgi et al. 2011). However, Kahiya (2013) reports a number of host-market factors that could impact internationalisation of SMEs from New Zealand, for example corruption, foreign market restrictions and regulations, political instability, risk of expropriation, tariff and non-tariff barriers, import permits licence and other additional compliance related documentations. Barriers to enter or re-enter the host-markets are likely to trigger in environments with institutional uncertainties, where entrepreneurs are continuously facing threats and risks. In case of high uncertainty and risks in the host-markets MNE managers are likely to wait for favourable changes in the market's risk and attractiveness (Javalgi et al. 2011). These IB findings are based on SMEs internationalising from UK and MNEs and yet to be examine in SMEs from EMEs.

2.5.3 Home-Country Environment

Influence of home-country environment has been explored in a number of SME internationalisation studies (for example Ruzzier et al. 2006; Wheeler et al. 2008; Todd and Javalgi 2007). In a study of UK exporters Wheeler et al. (2008) conclude that domestic market characteristics contribute to SME internationalisation. The underlying reason explained is SME entrepreneurs are embedded with local networks/clusters, thereby exchanging information with other locals in home-markets about international opportunities. Information exchange between local networks can also be extended to risks and threats about host-markets. Another factor reported is the perceived influence of government export promotion program (Wheeler et al. 2008). UK SMEs generally perceive the lack of government's IB (in case of export activities) promotions among firms. On the other hand, in some cases hostile conditions in the home country, for example recession or saturation of the domestic market, are associated with higher export intensity and performance among exporting SMEs (Freeman et al. 2013).

Relying upon the IB literature Kahiya (2013) examines the home-based market barriers that possibly restrict the choice of internationalisation path among New Zealand SMEs. These factors include the lack of local banks' international expertise, lack of tax incentives for SMEs and industry union powers. Consistent with Wheeler et al.'s (2008) study, Kahiya (2013) reports the lack of government support in export related activities. Furthermore, inconsistent government policy, inflation, interest rates and the influences of a home-based hostile institutional environment may also discourage entrepreneurs to internationalise (Kahiya 2013). On other hand Crick's (2004) study on UK exporters mentions the lack of UK government's assistance to exporters, leaving exporters disappointed in exporting activities. The UK government is also unable to attract potential exporters due to the lack of incentives and assistance with export promotional programs (Crick 2004). These studies do not account for the SMEs internationalising from and into EMEs. The present thesis will explore the influence of home-country environment (EMEs) on intermittent patterns of SME internationalisation.

2.5.4 Industry Characteristics

A global SME industry is defined as “[...] *an industry with global integrated operations in the introduction phase of its life cycle*” (Lovdal and Aspelund 2012, p.289). Industry characteristics and stage of industry life cycle factors are important for firms to determine survival, performance and business strategies (Lovdal and Aspelund 2012; Kahiya 2013). Industry characteristics are generally characterised under the external environment. Kahiya (2013) reports the industry-level barriers for international SMEs in context of structure and nature of competition. These barriers create restrictions for entrepreneurs in international markets. Structural factors may include hostile industry-wide regulations, certain restrictions on products and brands, falling international market prices, and lack of recognisable foreign brands. Competition-driven barriers may include competition from domestic firms, other foreign firms and MNEs (Kahiya 2013). The next heading explains the industry characteristics such as industry life cycle, industry dynamics and competition in detail.

Industry Life Cycle: SMEs from EMEs (for example China) tend to focus more on manufacturing industries, as opposed to SMEs originating from India that are mainly focusing on service industries such as call centres (Kim et al. 2011). Research has also been carried out

on smaller high-technology ventures from within a Chinese context, which suggests that Chinese high-technology industries are also internationalising to establish their global image (Zou and Ghauri 2010). On the other hand, research carried out by Dib et al. (2010, p.236) reports that “*it is much more difficult for a Brazilian [SME] born-global to internationali[s]e than, for example, a European firm*”. Brazil, with limited business exchanges with its neighbouring border contacts, makes it extremely difficult for smaller Brazilian high-technology companies to pursue internationalisation and these firms face a particular challenge to overcome obstacles quickly as compared to other traditionally internationalising firms (Dib et al. 2010).

Industry Dynamics: Research on SME (particularly born-global) industries is drawn from Raymond Vernon’s product life cycle trade theory (Kirpalani and Gabrielsson 2012). Kirpalani and Gabrielsson (2012) also report SMEs (particularly born-global) industry characteristics - such as industries with globally integrated international activities - with SMEs being the driving force, are rapidly developing collaborative partnerships to mobilise their value chains. To stay competitive SME entrepreneurs must take advantage of collaborative partnerships to develop knowledge to commercialise their products/services in overseas markets (Freeman et al. 2010; Freeman and Cavusgil 2007). SMEs are rapidly going global due to the increased international exchange of EMEs with other EMEs and AMEs (Thai and Chong 2008). SMEs research in the Costa Rican software industry suggests that the born-global phenomenon within this industry is most prevalent in knowledge-intensive firms (Lopez, Khundu and Ciravenga 2009). Therefore, the level of technological intensity is highlighted as a positive predictor of export performance in SMEs (Wheeler et al. 2008). The underlying explanation is in investments by SMEs in research and development activities and short product life cycles (Dollinger 1990).

To compete with other technologically advanced firms SMEs must engage in establishing business connections and involve actively in maintaining competitiveness (Wheeler et al. 2008). These findings may be less significant for SMEs operating in traditional industries. Thai and Chong (2008) illustrate the case of Vietnamese SMEs (born-global) engaging in global industries, findings niches, and maintaining competitiveness through collaborative partnerships. However, IB research has overlooked the underlying compelling reasons for industry dynamics and their influences on exit (Benito and Welch 1997) and re-entry

conditions (Javalgi et al. 2011). Additionally, Kiss et al. (2012) support the lack of research on industry conditions in EMEs. Therefore, the present thesis will explore the influence of industry dynamics on exit and re-entry experiences of SMEs from EMEs.

Competitive Pressures and Re-Opening of a Particular Industry: Firm exit and re-entry could be a result of the competitive pressures' decline in a firm's sales or re-opening of a particular industry or international market (Welch and Welch 2009; Javalgi et al. 2011). Competitive pressures and re-opening of a particular industry are regarded as external triggers that may persuade firms either to exit or re-enter a market (Welch and Welch 2009). A decision to leave a certain international market could be a result of loss of price competitiveness or market disruption. Kuivalainen et al. (2012) conceptualise the influence of competitive pressures on SME internationalisation patterns. Furthermore, more research is needed on entrepreneurial firms surviving in declining industries and reviving their internationalising activities with new niches (Dollinger 1990) to re-enter previous markets. Thus based on the above discussion, the second research question to be addressed in this thesis is:

Research Question 2:

How do external environmental factors influence entrepreneur behaviour in exit and re-entry experiences, with specific reference to Pakistan and China?

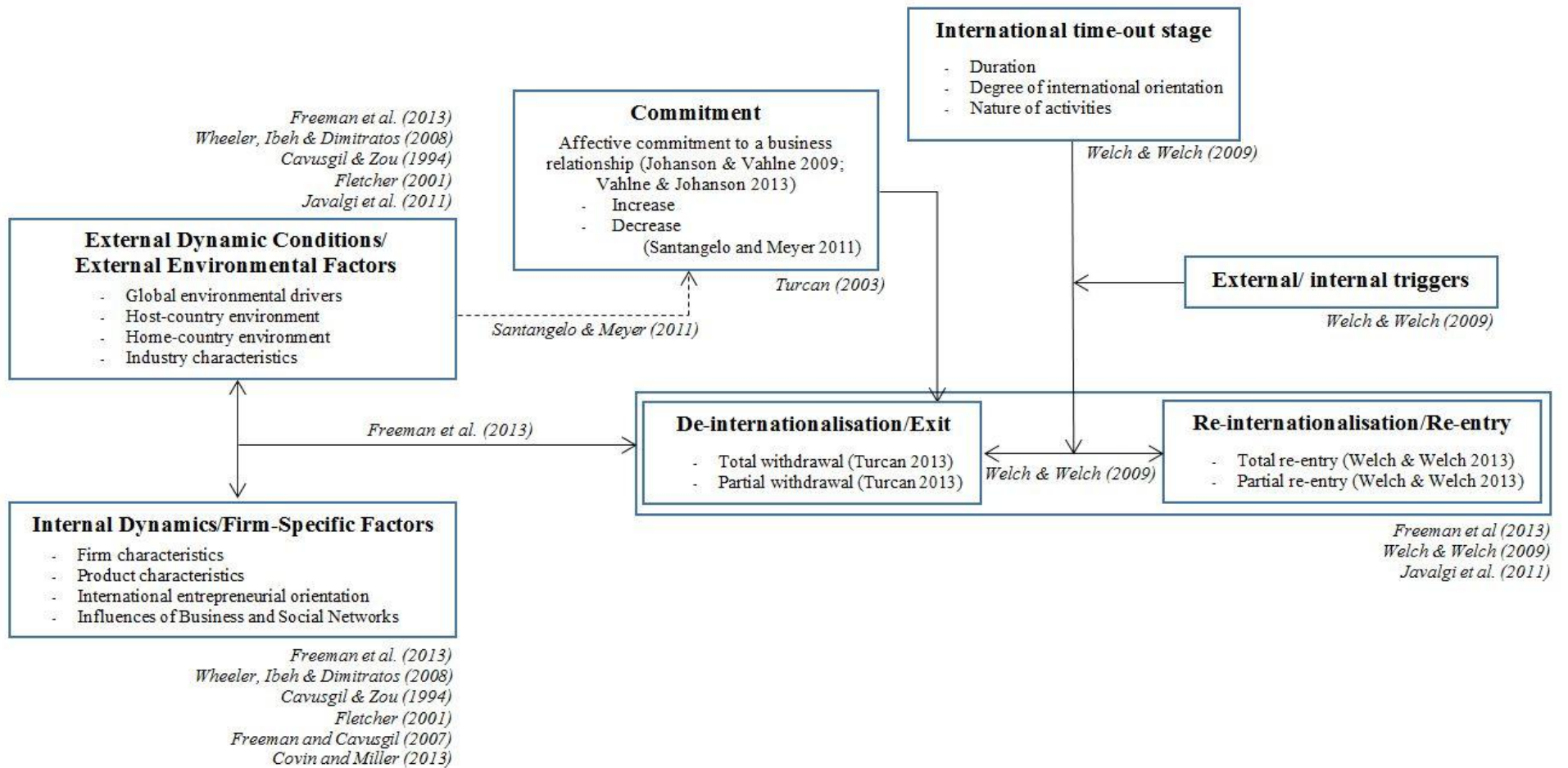


Figure 2-2: Proposed Conceptual Framework of Foreign Market Exit and Re-entry Behaviour in Entrepreneurial SMEs

2.6 Chapter Summary

The thesis will explore behaviour of SME entrepreneurs from emerging market economies in exit and re-entry experiences from the internationalisation theory perspective (Johanson and Vahlne 1977). Specifically, the thesis will consider how firm-specific (Vissak and Francioni 2013; Wheeler et al. 2008; Covin and Miller 2014) and external environmental factors (Welch and Welch 2009; Santangelo and Meyer 2013) influence exit and re-entry experiences (Welch and Paavilainen-Mäntymäki 2014). These factors (firm-specific and external environmental factors) are managed and triggered by individual entrepreneurs (Andersson 2000). Particularly, the thesis focuses on the entrepreneur within the context of the internationalisation process model (Michailova and Wilson 2008).

Chapter 3: Methodology

3.1 Introduction

The purpose of this chapter is to outline the research philosophy, methodology and method used along with data collection and analysis techniques utilised in the present thesis (see Figure 3-1).

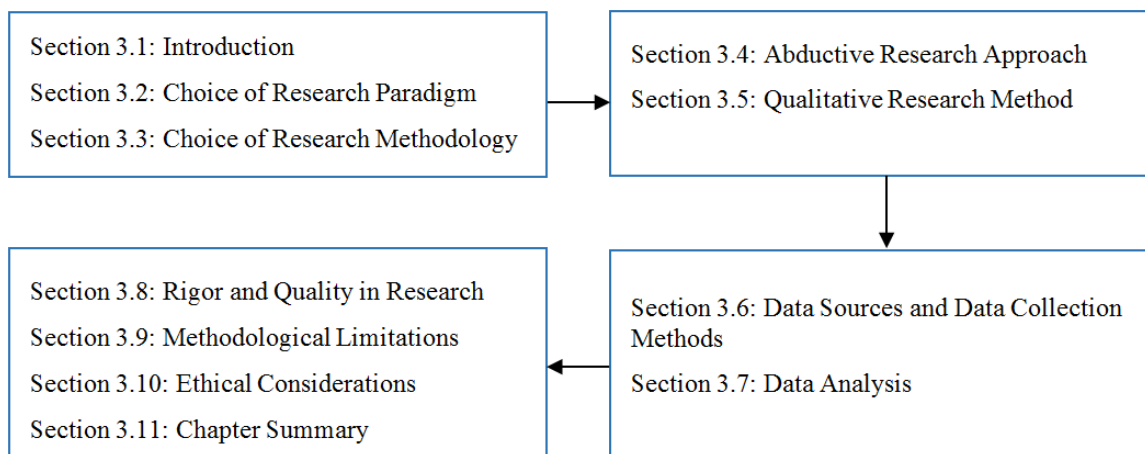


Figure 3-1: The Structure of Chapter 3

Our standpoint is our position on how we see ourselves and who we are in relation to others and in relation to the society (Walters 2013). It is important for a researcher to recognize his/her standpoint in order to understand the way he/she approaches and understands the research. How we see the world is influenced by our life experiences and circumstances. These experiences are the consequences of our social and cultural values, economic positions and personal identity locations (Walters 2013). Therefore, our standpoint is theoretically summarized as the way research is guided by researchers' epistemology, ontology, and methodology (Walters 2013). To bring value to the research (results and theories) it is essential for researchers to consider the aspects of social context (for example moral, political, cultural and social values) in which beliefs and perceptions are embedded (Walters 2013). Social science, including international business, has mainly relied upon the positivist paradigm (Doz 2011) to establish itself within the broader scientific community.

However, to continue the development of the field (for example IB) researchers must consider other paradigms. The present study applies a constructive paradigm as the aim is to gain a holistic understanding of context-bound constructs and is not testing or verifying the hypothesis. IB (for example Chamberlain 2006; Coviello and Jones 2004) and business network (for example Jarvensivu and Tornroos 2010) researchers encourage future researchers to adopt the social constructivist approach. The constructive approach involves construction and understanding of knowledge about reality and not the construction of reality itself (Guba and Lincoln 1994). Moreover, in constructivism the investigator and the object of investigation are assumed to be interactively linked so that the findings are literally created as investigation proceeds (Guba and Lincoln 1994). Constructions can be refined only through interaction between and among investigator and respondent (Guba and Lincoln 1994).

3.2 Choice of Research Paradigm

Paradigm is defined as a matrix of beliefs and perceptions (Foucault 1972). It is a set of theory (assumptions) about the understanding of reality (ontology), knowledge of reality (epistemology) and ways of knowing about the reality (methodology). Thus the choice of the paradigm will guide the choice of the research methodology proposed, as Guba and Lincoln (1994) argue that;

“[...] questions of method are secondary to questions of paradigm, which we define as the basic belief system or worldview that guides the investigator, not only on choice of a method but in ontologically and epistemologically fundamental ways” (Guba and Lincoln 1994, p.105).

There are four paradigms: positivism, post positivism, critical theory and constructivism (Guba and Lincoln 1994) explained in Table 3-1.

Table 3-1: Paradigm positions on selected issues

Issue	Positivism	Post positivism	Critical Theory	Constructivism
Inquiry aim	Explanation, prediction and control		Critique and transformation; restitution and emancipation	Understanding; reconstruction
Nature of Knowledge	Verified hypotheses that are established as facts or laws	Nonfalsified hypotheses that are probable facts or laws	Structure or historical insights	Individual reconstructions coalescing around consensus

Goodness or Quality criteria	Conventional benchmark of “rigor”; internal and external validity, reliability, and objectivity	Historical situatedness; erosion of ignorance Action stimulus	Trustworthiness and authenticity and misapprehensions
------------------------------	-------------------------------------------------------------------------------------------------	------------------------------------------------------------------	-------------------------------------------------------

Source: Adapted from Guba and Lincoln (1994, p.112).

The aim of the positivist paradigm is to provide objective knowledge that is unbiased by the research/researcher process (King and Horrocks 2012). The positivist paradigm involves the generation of hypotheses that can be tested as it enables researchers to arrive at knowledge through the gathering of facts and generally quantitative data (King and Horrocks 2012). However, under the positivist paradigm researchers can also collect qualitative data, which is limited to providing facts, and do not provide the deeper understanding of people’s motives and interpretations of our social reality. Contrasting to the positivist paradigm, researchers also propose the constructive paradigm. The constructive paradigm is concerned with the way we, as social beings, interrelate and interact in society (Walters 2013). Under the constructive paradigm the human world is a world of meaning as opposed to a world of facts (Walters 2013; King and Horrocks 2012). In order to understand the human world, researchers need to understand people’s motives and interpretations of the world (Walters 2013). For example how individuals interpret their social lives and give meaning to their circumstances.

Constructive approach involves construction and understanding of knowledge about reality and not the construction of reality itself (Guba and Lincoln 1994). Moreover, in constructivism the investigator and the object of investigation are interactively linked therefore the findings are literally created as investigation proceeds (Guba and Lincoln 1994). Constructions can be refined only through interaction between and among investigator and respondent (Guba and Lincoln 1994).

3.3 Choice of Research Methodology

The choice of the research paradigm and broad research problem primarily drive the research methodology. There are two primary research methodologies in social science research: qualitative and quantitative. Both methodologies are contrasting but regarded as equally vital

in the field of social science research (Walters 2013). Additionally both methodologies have different aims, methods and objectives.

First quantitative research methodology aims to test hypothesis and identify statistically significant relationships between variables (Walters 2013). Strength of variables is explored using different quantitative research design and methods present in Table 3-3. Conversely the qualitative research methodology aim of the inquiry is to identify, provide descriptions, interpretations of variables through exploration and explanation of individuals involved (Yin 2009). The strength of this methodology lies in questions about processes, understanding of perceptions, beliefs, phenomena and events. It is most suitable when exploring complex and context-specific processes and phenomena through rich descriptions and insights into human behaviour.

The choice between quantitative and qualitative research methodology should be guided by the research questions. Chapter 1 identified the research problem statement:

What factors influence SME entrepreneur behaviour in exit and re-entry experiences?

The extensive critical review in Chapter 2 revealed two research questions:

Research Question 1:

How do firm-specific factors influence entrepreneur behaviour in exit and re-entry experiences, with specific reference to Pakistan and China?

Research Question 2:

How do external environmental factors influence entrepreneur behaviours in exit and re-entry experiences, with specific reference to Pakistan and China?

Examination of research questions reveals that they are exploratory in nature that is evident by the use of ‘how’ in the wording questions (Yin 2009). Hence, the adoption of qualitative research methodology is most likely to be required to analyse the deeper understanding of phenomenon in question (Piekkari, Welch and Paavilainen 2009). Marschan-Piekkari, Welch

and Elgar (2004) suggest that qualitative research methods goes one step further in measuring the research questions by understanding the underlying observable behaviours (i.e. 'how' and 'why'). The concepts studied in IB are often difficult to quantify, hence making qualitative research methodology combined with in-depth semi-structured interview techniques appropriate to study exit and re-entry patterns in SMEs in context of EME.

Qualitative research methods have significant impact on the international business (IB) literature (Birkinshaw, Brannen and Tung 2011). Findings of the IB models, for example Stages model (Johanson and Wiedersheim-Paul 1975) and IP model (Johanson and Vahlne 1977), are based on qualitative research methods (Marschan-Piekkari, Welch and Elgar 2004). Likewise, recently for example Vissak and Francioni's (2013) findings on non-linear internationalisation are based on a case study under qualitative research methods tradition. Additionally, studies in the IB literature are also promoting qualitative research methods to gain new insights and build theory (for example see Thai and Chong 2008). The purpose of IB studies is to explore complex internationalisation patterns in SMEs, which are unarguably under research particularly in the case of SMEs from EMEs (Freeman et al. 2013).

IB researchers suggest a number of benefits for qualitative research methods. First, these methods are an essential tool for researchers in understanding the contextual differences between countries (Marschan-Piekkari, Welch and Elgar 2004). Thus building context-specific theories contributes to contextualisation of general IB theories (Doz 2011). Second, IB as a field requires more explanatory and theory building research rather than quantitative research design, due to lack of sophisticated theory development (Marschan-Piekkari, Welch and Elgar 2004). Third, qualitative research methods provide a more holistic approach to study the objects and phenomena in their specific contexts (Marschan-Piekkari, Welch and Elgar 2004). Fourth, they are essential when the objective of the study is to gain rich meaningful data instead of statistical regression and interpretations. Fifth, qualitative research benefits researchers in interpreting our complex social world by providing thick descriptions through methods, for example in-depth semi-structured interviews, case study and observations to name a few (Welch, Piekkari, Plakoyiannaki and Paavilainen-Mantymaki 2011). Therefore, use of qualitative research methods has been suggested to make sure that theoretical explanations are robust and contextualised through rich meaningful data and thick descriptions (Welch et al. 2011).

“Qualitative research in international business has been rare [...] [it] is uniquely suited to opening the black box of organizational processes, the “how”, “who” and “why” of individual and collective organized action as it unfolds over time in context” (Doz 2011, p.582-583).

Chapter 2 presented an in-depth literature review which revealed that there has been limited research exploring exit and re-entry of SMEs from EMEs. It strongly suggests the need for further exploratory research. It is argued that the fields of IB require more theoretical exploration rather than empirical testing (Welch et al. 2011; Kiss et al. 2011). In this thesis the objective is to gain an in-depth understanding of the phenomenon of exit and re-entry patterns in SMEs from EMEs through interview approach (Myers 2009). The next section discusses abductive research approach, qualitative research method, unit of analysis and the scope and selection of interviews with industry experts and government representatives.

3.4 Abductive Research Approach

IB researchers support the use of abductive research approach for studying business networks and strategy formulation (for example see Gold, Walton, Cureton and Anderson 2011; Jarvensivu and Tornroos 2010; Chamberlain 2006). The objective of present thesis is to explore internationalisation strategies (exit or re-entry) of SMEs entrepreneurs from EMEs. Jarvensivu and Tornroos’s (2010) study on business networks supports the constructive paradigm and utilisation of abductive research approach. On the other hand, Chamberlain (2006) advises researchers to explore the concept of strategy formulation under constructive paradigm through abductive research approach. Strategy is seen as an abstract social construct that develops naturally within an entrepreneur’s mind (Chamberlain 2006). Therefore, within a constructive paradigm this thesis adopts the research logic based on abductive research approach.

Abductive approach is defined as,

“Constantly going ‘back and forth’ from one type of research activity to another and between empirical observations and theory is able to expand [the] understanding of both theory and empirical phenomena” (Dubois and Gadde 2002, p.555).

Recently Dubois and Gadde (2014) emphasised that it is essential to use abductive research approach if the researcher’s goal is to discover new findings rather than confirming existing theories. However it accepts existing theory, which may improve the strength of analysis (Jarvensivu and Tornroos 2010). Table 3-2 presents the logic of the abductive research approach.

Table 3-2: The logic of the abductive research approach

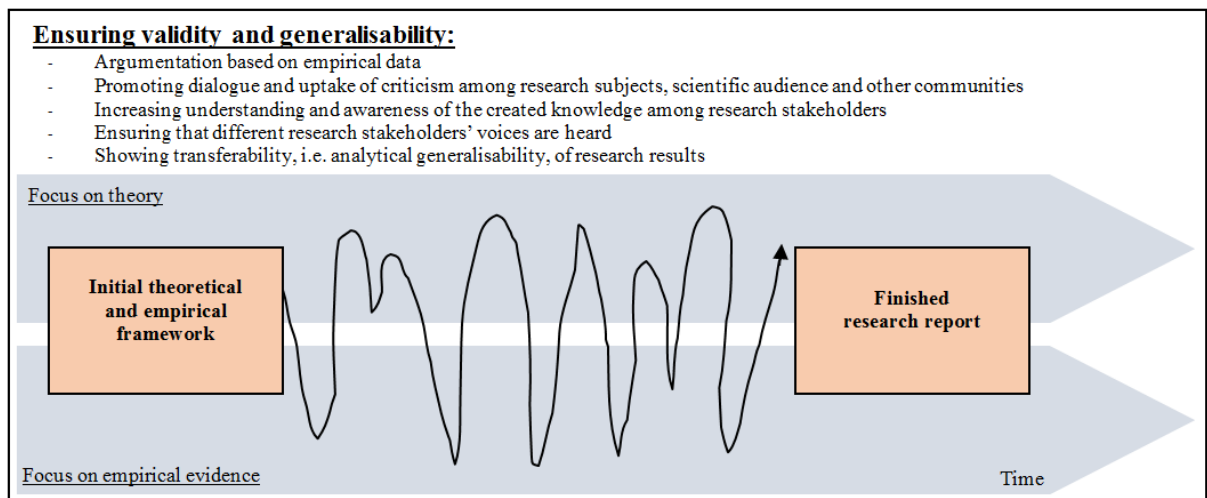
Abductive Research Approach	
Aim	To describe and understand social life in terms of social actors’ motives and accounts
From	Discovery of everyday lay concepts, meaning and motives Production of technical account from lay accounts/generate ideal types
To	Develop theory and interpretation of constructs of social scientific accounts/ideal types

Source: Adapted from Blaikie (2000, p.101).

For the purpose of present thesis abductive research technique was applied, where the researcher developed initial theoretical and empirical framework, including developing aims and objectives for the research. Additionally it included reviewing and collecting data while going back and forth from the literature to the data (Ong 2012). During this time, the researcher continued to revise the conceptual framework while collecting data. One of the aims of abductive research is to understand the phenomenon of exit and re-entry from the actors’ (entrepreneurs’) perspective. The aim was also to explore the motives of entrepreneurs that resulted in entering (new markets after exit), exiting or re-entering international markets, including their international experiences pertaining to these types of behaviours. Therefore, before entering into the first phase of data collection, the researcher regularly attended Industry seminars organised by Exporting and SME Associations in Australia (Chinese Association) and Pakistan. Attending the seminars resulted in opportunities to get to know the entrepreneurs, industry experts and government representatives (Jarvensivu and Tornroos 2010). Consequently, this resulted in a good response rate and an understanding of the topic, which helped in the development of interview protocol.

During the process of research, the researcher paid attention to the information provided by other research stakeholders, which includes research supervisory team, industry experts and entrepreneurs. Any information related to for example media reports, company reports,

magazines and inputs at the conferences and seminars. The researcher also continued to present the work both at local and international conferences where engaging with the academic community resulted in the feedback on earlier drafts of literature reviews and refining the conceptual framework. The researcher moved back and forth from one research (literature review and conceptual framework development) activity to another (data collection and analysis) (Dubois and Gadde 2014). Chapter 4 presents the Findings and Discussion based on Chapter 2 (Literature Review). Figure 3-2 presents the process applied in this thesis through abductive research.



Source: Adapted from Jarvensivu and Tornroos (2010, p.104).

Figure 3-2: Abductive research process with a moderately constructionist orientation

3.5 Qualitative Research Method

Appendix B provides a brief summary of research methodologies of previous studies relevant to the research topic of exit and re-entry. Therefore, a qualitative interview method seemed appropriate for the present thesis. Primary data from the in-depth semi-structured personal interviews was triangulated with secondary data (including reports, memos, websites, internet blogs, newspaper and magazine archives) to enable engaged cross-case analysis, which increased and enhanced the knowledge gained from the in-depth interviews, as well as the dependability of the thesis (Eisenhardt 1989).

3.5.1 Interview Method

Interviews are one of the most important methods of qualitative data collection in business research (Myers 2013). Daniels and Cannice (2004, p.185) define interview in IB context as,

“[...] one where the data and findings are based on direct researcher-to-respondent conversations (in person or by phone). In IB studies, these conversations may or may not be in a foreign country for either the interviewer or the informant. However, an IB interview must include issues concerning international business”.

There are a number of benefits in applying interview method. Qualitative interviewing helps researchers in observing and recording unique perspectives of respondents. Interviewing allows the researcher to gain firsthand information of a personal account. Additionally, it provides the researcher with an opportunity to gain rich insights into respondents, rather than getting answers based on yes and no responses. Additional advantages include developing rapport and trust with informants (King and Horrocks 2012). This lead to the added benefit of gaining honest responses and the ability to ensure information is only collected from the target respondent. In addition, the researcher was able to get referrals after establishing rapport. Referrals are important while collecting data in EMEs, particularly in developing countries like Pakistan. In developing economies the centralised data systems and telephone directories can be out-dated (Hoskisson et al. 2000). Additionally, there could be issues in disclosing personal data, contact details and information of respondents. Myers (2013) suggests that interviews can be categorised into three basic types as presented in Table 3-3. All three types of interview require different planning and pre-formulated structure.

Table 3-3: Types of interviews

Structured interviews	The use of pre-formulated questions, strictly regulated with regard to the order of the questions, and sometimes regulated with regard to the time available.
Semi-structured interviews	The use of some pre-formulated questions, but no strict adherence to them. New questions might emerge during the conversation.
Unstructured interviews	Few if any pre-formulated questions. In effect, interviewees have free rein to say what they want. Often no set time limit.

Semi-structured type of interview involves some pre-formulated questions (Myers 2009). Additionally, semi-structured interviews combine both unstructured and structured interview types. New questions may emerge during the process of interview, and the interviewer must maintain consistency across multiple interviews. For the purpose of the present thesis, in-depth semi-structured personal interviews were conducted with the founder/owner of SME companies. The interviews that were conducted for the present thesis were more guided conversations than structured questionnaires. The researcher made sure that a steady line of inquiry was followed (Yin 2009). However, it was kept in mind that semi-structured interviews were guided, kept focused with open-ended communication (King and Horrocks 2012) through interview protocol presented in appendices E and F.

Both the researcher and research assistant spent considerable time in speaking with Pakistani and Chinese business communities and visiting Pakistan (during February 2013 – February 2014) and China (during February 2013 – November 2013) at the convenience of the respondents through pre-booked interview sessions. This allowed the researcher and research assistant to familiarise themselves with the respective cultures, fully understand and appreciate the Pakistani and Chinese environment. The researcher himself extensively (during 2012) attended events, meeting and conferences on Asian Businesses and through Chinese cultural and business events, including presentations offered by the Chinese Business Association. This helped the researcher to understand the Chinese business environment and challenges faced by Chinese SMEs in today's global economy. Furthermore, during the data collection period in Pakistan the researcher attended a number of International Trade Shows in Pakistan, for example Karachi Expo 2014. Qualitative studies with interview as a method of data collection has a long standing in IB research. Daniels and Cannice (2004) suggest three criteria when an interview-based study is appropriate for IB research:

- The focus of research was on the *depth* of data collection.

- Research study may be optimal when there is a small population of possible respondents
- Interviews may allow the researcher to develop possible rapport with respondents otherwise not possible through questionnaires (Daniels and Cannice 2004).

In addition, the present thesis not only fulfils the criteria mentioned by Daniels and Cannice (2004), but also responds to the issues addressed by Hoskisson et al. (2000) for collecting data in EMEs. They argue that qualitative interview-based studies are relevant to researchers collecting data in EMEs. Unreliable postal numbers and telephone numbers in EMEs often lead to a low response rate. The reliability of responses in questionnaires is very low due to respondents not understanding the concepts and terms that are often familiar to respondents in advanced market economies (AMEs) (Hoskisson et al. 2000). Since the contexts of the present thesis are Pakistan and China, collecting quantitative data in both countries was assumed to be a challenge, particularly on SMEs. Additionally, the reporting rate of doing international business is low in Pakistan SMEs (SMEDA 2007).

Interview protocol: The present thesis follows Bangara et al. (2012) approach on developing interview protocol; refer to Appendix E for entrepreneur/senior manager interview protocol and Appendix F for industry expert and government representative interview protocol. Entrepreneur or senior manager interview protocol includes nine main interview questions with 74 probing questions. Probing questions were highlighted on needs basis during the process of interview. The questions are based on exploring international experiences of entrepreneurial internationalisation process including managerial roles, positions and education background of these individuals within their respective organisations. It also addresses exploring understanding around products and services provided by these organisations within the context of foreign market exit and re-entry experiences. Furthermore, questions regarding international operations and strategies formulated during exit to subsequent re-entry were also included.

These questions include the future of their business and industry. Probing questions further included experiences (exit and re-entry) in managing networks (business and social). Also, questions were probed regarding challenges experienced by these individuals in developing strategies when confronted by external environmental factors. These factors broadly included

host country, home country, and global environmental and industry level factors derived from Chapter 2 (Literature Review). All main questions and probing questions were derived from extensive literature review (Chapter 2) conducted on firm-specific and external environmental factors within the context of international business. Interview protocol for Industry experts and Government representatives included 23 broad questions. The aim of these questions was to explore experiences of these individuals, and utilising their experiences and resources in facilitating entrepreneurial firms with internationalising activities. The interview questions/protocol was further refined based on pilot interviews conducted (refer to section 3.5.3) based on semi-structured interviews.

3.5.2 Unit of Analysis

The unit of analysis can be a relationship (Hakansson et al. 2009), an individual (Peiris, Akoorie and Sinha 2012; Patton 1990), a firm, an event, an economy, an industry (Yin 2012), a product or a market (Cavusgil and Zou 1994) to name a few, and is related to research questions. As the research questions in this thesis focused on entrepreneurial exit and re-entry in foreign markets, the unit of analysis is the individual entrepreneur. Schweizer et al. (2010) and Andersson (2000) further support considering entrepreneurial actions to be embedded in the internationalisation process model.

The internationalisation process model (Johanson and Vahlne 1977) has also undermined the importance of the individual entrepreneur and has focused on firm-level analysis. The recent version of IP model (Johanson and Vahlne 2015; Vahlne and Johanson 2013) emphasised the importance of micro-level analysis based on behavioural theory (Cyert and March 1963). Additionally, the model assumes incorporation of the concept of corporate entrepreneurship in context of multinational business enterprises (MBE). However, in corporate entrepreneurship people involved in entrepreneurial activities may not have true ownership of their actions.

Entrepreneurs are part of society and do not act or exist in a vacuum (Andersson 2000). They continuously interact with their drivers and challenges presented in their external environment. Hence, they take true ownership of their actions, and are also considered as the heart and mind of their organisations (Covin and Miller 2014; Michailova and Wilson 2008;

Andersson 2000). Information that exists in the external environment does not directly influence the firm as suggested by the IP model. This information is interpreted by the “entrepreneur” or “key decision maker” and is important for the firm’s development and learning (Andersson 2000). It is important for IB researchers to understand the role of individual entrepreneur’s interpretation of their external environment that influences the firm’s strategic change. Therefore, internationalisation is defined as strategic change embedded in entrepreneurial action (Andersson 2000). Additionally, entrepreneur’s impressions of customers, competitors, suppliers, and national and global level events are important to understand the firm’s development and international strategy formulation (Andersson 2000).

It has been argued that international market opportunities are recognised by entrepreneurs, not the firm (Chetty and Holm 2000; Peiris et al. 2012). Therefore, the role of the individual entrepreneur is important. Internationalisation models, for example Luostarinen (1989), partially recognise the role of the individual entrepreneur in order to implement strategic decisions. Furthermore, McKenzie et al. (2007) suggest that research on the entrepreneur should focus on what the entrepreneur does. Conversely, Sarasvathy (2001) highlights the importance of studying who the entrepreneur is, what it is that he knows and whom does he know? Therefore, we further incorporate the role of the entrepreneur in new venture activities in the context of internationalisation. The current literature defines re-internationalisation/re-entry is defined as the ‘act’ of re-internationalisation is more appropriately conceptualised as a process involving a period of international business activity, then exit from international operations, followed by a time-out period of some duration, then a process of international re-entry, concluding with successfully renewed international operations (Welch and Welch 2009, p.568). The present thesis defines exit/ and re-entry from an individual’s perspective hence, proposes it as *an activity (exit/ subsequent re-entry) carried out by the same entrepreneur (no change in top management) or the key decision maker in one or all previous/new international markets.*

3.5.3 Scope and Selection of Entrepreneurs/Senior Managers, Industry Experts and Government Representatives

Since the unit of analysis is the individual entrepreneur, the purpose of this thesis is to explore entrepreneurial level interpretations of firm-specific and external environmental factors in exit and re-entry experiences. Therefore, individual entrepreneurs or senior decision makers were interviewed to collect data. Furthermore, data from the entrepreneur level interviews was enhanced by the experiences of industry experts and government representatives to ensure the in-depth understanding of the phenomenon of the exit and re-entry from foreign markets. The researcher invited potential respondents (entrepreneurs, industry experts and government representatives) through email invitations. Further invitations were issued through respondents' social networks and by attending industry seminars and meet and greets. The researcher also sent invitations through professional social media such as LinkedIn (www.linkedin.com) and various online industry groups for example, The Pakistan Business Council, Exporters Association of South Australia, Australia-Taiwan Business Council – Australia, Pakistan Chamber of Commerce and Industry, Small-Medium Enterprises Development Authority (SMEDA) – Pakistan, and the Australia China Business Council, to contact potential respondents via emails, phone calls, referrals and in person.

Selection of Entrepreneur/Senior Managers: The selection of entrepreneurs or decision makers for the purpose of this thesis is based on justification provided in section 3.5.2 and the discussion under *Criterion Sampling* in this section. These entrepreneurs had experiences in initiating, maintaining, sustaining as well as dealing with foreign market exits (including business failures) and re-entries in foreign markets. These individuals held various positions such as owner, Chief Executive Officer (CEO) and sole proprietor. Their managerial responsibilities further included formulating internationalising for their respective firms. The present thesis further expands the concepts of the entrepreneur based on the definition by Andersson (2000) and includes influential decision makers within the company such as international business managers, international marketing managers and senior directors, as these individuals are likely to set current and future directions of the their firms. Since the thesis is embedded in Chinese and Pakistani context, these individuals were of Chinese and Pakistani nationalities or decent.

Selection of Industry Experts and Government Representatives: The selection criteria of industry experts and government representatives are suggested in this section under *Criterion Sampling*. These experts have had experiences in dealing with international trade and business activities within and outside Pakistan and China. Furthermore, these experts had experiences in developing international trade policies and advising and consulting Pakistani and Chinese entrepreneurs and governments at national and local levels. Industry experts had experiences in managing Industry Trade Organisations, which provide facilitative services for entrepreneurs on starting international businesses.

A pilot study was conducted prior to the actual data collection. The pilot study included one entrepreneur and one industry expert from each country to refine the interview protocol (refer to appendices E and F). Conducting pilot studies in qualitative research helps researchers to ensure that interview questions are in a suitable order and draw the required information needed to answer the broad research problem (Myers 2013). Methodology researchers have suggested different types of sampling approaches, for example see Neuman 2011 (Refer to Appendix C provides an overview of interviews of entrepreneurs, CEOs/Owners, senior managers and Appendix D provides an overview of interviews of industry experts and government representatives). The next section discusses sampling techniques utilised in this thesis to explore the phenomenon in question.

Intensity Sampling: The selection of information-rich cases exhibiting the phenomenon of interest (Patton 1990) is known as *intensity sampling*. The phenomenon of interest in this thesis was exit and re-entry internationalisation (i.e. exit and re-entry and new entry in some cases). This technique was used to select the cases that exhibited foreign market exit and re-entry, particularly SMEs from EMEs exhibiting entrepreneurial exit and re-entry behaviours. To determine whether the case exhibited entrepreneurial exit and re-entry behaviour, Chamber of Commerce and Industries, community magazines, company websites, media articles were searched (particularly within the context of Pakistan and China). All the interviews selected for the present thesis exhibited information-richness and phenomenon intensity. Additionally, industry experts were selected based on their extensive experiences where they were intensely involved in the internationalisation processes of SMEs, policy development, research development of SMEs from their respective countries and relevant trade departments.

Criterion Sampling: Criterion sampling is the selection of cases that meet a predetermined criterion of importance (Patton 1990). The present thesis derives predetermined sampling criteria from constructs discussed in Chapter 2, Literature review. The criteria for the interviews were:

- A firm (small to medium-sized enterprise) established by Pakistani entrepreneur internationalising from Pakistan and Chinese entrepreneur internationalising from China.
- The firm must have internationalised.
- The firm must have experienced exit (partial or complete) from one or all of its foreign markets (Welch and Welch 2009).
- Firm must also re-enter one international market or CEO/owner or senior managers have intentions to re-enter previously exited international market(s) (Welch and Welch 2009).

Additionally, industry experts and government representatives were interviewed to explore (partial or complete) exit and re-entry. Gathering data from multiple sources also helped in triangulation of data. The criteria for both Pakistani and Chinese industry experts and government representatives included having knowledge of:

- the international business experience of their respective SMEs
- their respective government's policy regarding the international business activity of local companies, including experience in this area'.

During the process of the research to determine whether the respondents met the predetermined criteria, an explanatory statement was provided. Furthermore, the respondents were also contacted either by telephone or email to confirm if they met the selection criteria. An explanatory statement in English was sent to the Chinese and Pakistani entrepreneurs, industry experts and government representatives. Information on the explanatory statement is provided in Appendices H and I.

Snowball Sampling: Snowballing sampling also known as referral sampling is an approach of locating information-rich cases. The process starts by asking well-situated people for instance, who should a researcher talk to? The snowball gets bigger and bigger as the researcher accumulates new information-rich cases (Patton 1990). Furthermore, the names and events that are repeatedly recommended are of special importance (Patton 1990).

In the present thesis when conducting interviews in South Australia, one of the special events that was continuously referred to was the Chinese New Year celebration held in 2013. It aimed at facilitating cultural understanding and trade relationship between Australia and China (Sponsored by major industry benefactors). One of the interviewees of Chinese decent invited the researcher to attend the Chinese New Year celebration event and introduced him to family members, relatives and potential respondents. After participating in the research process she believed that the owner of Garment Manufacturers, HEC Traders and Industry Expert 10, would be information-rich cases. Therefore, she introduced the researcher to potential respondents. Hence, the researcher contacted the owners and industry experts based on the referrals.

The majority of the data was collected through the snowballing technique. The nature of the research itself made it challenging to approach respondents directly through email and telephone communication. At the introduction stage of data collection, people were reluctant to respond to emails. Therefore, the researcher employed a technique of interviewing well-situated people (industry experts) and from there on traced information-rich cases.

For example, data collected in Pakistan was from the CEOs of Weaving Industries and International Jeans Industries, who were introduced by the owner of the Umer Group of Industries. The referral came once the owner of the Umer Group of Industries participated in the research process and felt that he can benefit the research project by introducing other information-rich cases. The same process of data collection was followed by another research assistant who collected data in China. For example, the owner of Speck Exporting Agent personally knew the owner of Global Toy Manufacturers. Additionally, the opportunity to interview entrepreneurs also came through attending industry related events in both China and Pakistan. The research assistant attended Chinese Import and Export Fair, 2013 and approached interviewees. Similarly, the researcher attended Expo Pakistan 2013 in Karachi. It was a three-day expo where the researcher met a number of SME exporters as well as

importers. Attending industry related events generated possibilities of explaining research in person to potential respondents. Attending events and meeting people through referrals was found to be important both in the Chinese and Pakistani context. These meetings helped the researcher in establishing interpersonal trust and rapport. Consequently, interviewees and industry experts were more comfortable in sharing their experiences and views related to international business activities of SMEs.

On one occasion an academic from The University of Adelaide invited the researcher to attend South Australia Exporters Association Seminar in 2013. The industry seminar helped the researcher to develop referrals for further interviews and data collection. Researcher also accessed a range of “*well-suited people*” through the distribution of the explanatory statement through the Pakistan Chamber of Commerce and Industry, and family and friends in Pakistan. Snowballing sampling is an interesting technique, particularly used in collecting data in EMEs. However, although some respondents declined to participate in the research because of the sensitivity of their position and data, they recommended other appropriate participants.

Opportunistic Sampling: Opportunistic sampling, also known as emergent sampling, is data collection fieldwork which often involves on-the-spot decisions about taking advantages of new opportunities (Patton 1990). Unlike experimental design, emergent qualitative research design has the opportunity to collect data through unforeseen opportunities once the fieldwork has started (Patton 1990). To some extent, the present thesis relies on opportunistic sampling. The researcher used his personal networks through family, relatives and local mosques to source potential respondents. Additionally, the researcher used his previous work and university contacts to establish contacts with ‘well-situated’ people. For example, an opportunity to meet the owner of RED Fort restaurant came while the researcher was attending a social gathering in Pakistan.

Industry experts also helped the researcher in establishing trust with government representatives. For example, the researcher was invited to attend a religious lecture by an expert. During the networking/dinner session, Industry Expert 3 introduced the researcher to Industry/Government representative 5. The researcher shared his intentions to interview and collect data. Attending the event helped the researcher to establish a trusting relationship in

the presence of Industry expert 3 and later that week the interview session with Industry/Government representative 5 was finalised. The researcher utilised the opportunities to trace further potential respondents.

3.6 Data Sources and Data Collection Methods

Data collection on IB in EME could be challenging due to political and geographical reasons, therefore researchers have been encouraged to collect data in small sets of interviews to understand the phenomena of IB in EME (Kiss et al. 2011). Data was collected through 23 interviews (based on entrepreneurs) and 9 interviews (based on industry experts). Creswell (2013) recommended between 20 – 30 interviews for qualitative study. Furthermore, the present thesis follows Eisenhardt (1989) recommendation of 4 – 12 case studies for qualitative study. Interviews were collected through a number of methods, for example telephone and Skype, including personal (face-to-face) interviews. Furthermore, pilot interviews were conducted to further refine the interview protocol and will be compared to empirical research that has been carried out in EMEs. The firms were located in Pakistan and China. They must be SMEs as per the Chinese and Pakistani definitions. Firms must have followed a path of exit or re-entry from EMEs either into a similar context or AMEs or both. Moreover, these firms must display a variety of entry, exit and re-entry modes (not just exports).

This thesis employed intensity sampling (collected data through company websites and media articles to determine whether the cases exhibit the phenomenon of interest), and snowballing technique (Patton 1990). For this purpose the researcher spoke to the informants in the key industry associations such as the Chinese Chamber of Commerce South Australia, Pakistan Business Council Australia and Chamber of Commerce Karachi (Pakistan), to seek their recommendations for collecting the data. Further this thesis also employed opportunistic sampling technique (Patton 1990), where the researcher located cases through personal networks and contacts (Patton 1990). The researcher conducted interviews with owners, CEOs, directors and managers who are responsible for the decision making of their firm's internationalisation. Additionally, a research assistant was enlisted on a voluntary basis to collect data on Chinese firms. She further helped with the process of transcribing and

translating Chinese data into English. The data was analysed through pattern matching, explanation building and time series analysis (Yin 2009).

This thesis involves collection of data from EMEs from Pakistan and China. The researcher spent a few months while collecting data in Pakistan. Due to the sensitivity of data collected it was important for the researcher to develop trust and reputation with respondents. In countries like Pakistan with high institutional uncertainty, seeking information about a firm or CEO can raise questions and concerns. Therefore the researcher had to rely on his social networks, including family members and friends from previous educational institutions, to develop trust and collect data. In some cases the researcher had to establish relationships before requesting an interview session or rely upon other networks. However, Pakistani interviewees and social networks were immensely helpful and open for an interview session. In the case of China, researcher spent considerable time in teaching and studying with other Chinese students in Adelaide, South Australia and these contacts were utilised as personal referrals to access Chinese firms.

The researcher contacted the South Australian Exporters Association, LinkedIn, Facebook, personal contacts and attended industry seminars (e.g. Launch of South Australian Exporters Association Event). Furthermore, the researcher also contacted companies' websites through online business directories, Pakistan Australia Business Council, Chinese Chamber of Commerce, Pakistan Software Promotion Board, and Pakistan Business Council for data collection purposes. Additionally, in adopting an emic approach, the researcher developed trust and reputation with entrepreneurs to understand their culture and become part of their culture.

Table 3-4: Interviews were conducted in 3 stages

Stage 1	Chinese and Pakistani SMEs were contacted through emails, telephone, LinkedIn, Facebook and personal connections. Data was collected through telephone and Skype, with the exception of some personal interviews that were conducted in China	February – June 2013
Stage 2	Pakistan – Karachi (Personal Interviews)	August – October 2013
Stage 3	Follow-up interviews through Skype and telephone	November – December 2013

3.6.1 Primary Data Source

The primary data was collected in interview forms with industry experts and CEOs, Directors and Managers of SMEs involved in internationalisation decision making of their firm. Interviews provided the most suitable means of exploring and highlighting processes, including individual decision making processes and explanations (King and Horrocks 2012). Semi-structured interviews were used for data collection purposes. Simons (2009) and King and Horrocks (2012) suggested a number of reasons for conducting interviews for example:

- (1) To document the participant's perspective on a topic.
- (2) It is flexible and open-ended in style.
- (3) It tends to focus on people's actual experiences more than general beliefs and opinions.
- (4) It promotes active engagement and learning through identifying the issues.
- (5) The potential to uncover feelings and events that cannot be observed, as interviewing can result in participants revealing more information than can be assumed from observing a situation (Simons 2009).

Therefore, it was determined that in-depth, semi-structured interviews would be conducted to facilitate the collection of data that would contribute to a rich understanding of the exit and re-entry internationalisation experiences of SMEs from EMEs. Additionally, interview protocol for entrepreneurs (refer to Appendix F) and industry experts and government representatives (refer to Appendix G) was designed through literature review and conceptual framework. Each interview lasted for between 30 minutes and 2 hours (or more). These interviews were audio recorded. However, in some cases due to opinions being related to political issues the interviewer was not allowed to record the interview.

The present thesis applied the following interview procedure/method to collect data.

Before entering the field:

- Obtained ethics approval from Human Research Ethics Committee (HREC) of University of Adelaide.
- Selected interview participants based on specified selection criteria and recruited them through personal networks and Internet searches.

- Contacted participants to explain details of this thesis, obtain their consent and arrange interview time and location. Participants were contacted through the University of Adelaide's email address provided by the Business School.
- The researcher was provided with business cards stating the researcher's association with the business school. Presentation of business cards before meeting potential respondents helped the researcher in introducing himself and establishing trust.

Entering the field:

- Once the emails were sent, the researcher sent gentle reminders to participants who did not respond within the first two weeks of receiving emails.
- However in the case of Pakistan, the researcher had to apply a different strategy as Internet, phone call and emails are not the best available options because of lower level of email legitimacy and low response rates. The researcher introduced himself to the potential respondents over family and relative's dinner parties, wedding ceremonies, after prayer sittings at the local mosques and religious seminars. These gatherings are significant social events in Pakistani culture and therefore helped the researcher in recruiting respondents in person through social networks. The Chinese research assistant utilised a similar strategy in recruiting respondents through extended family dinner parties and through her social networks (through immediate family ties) in China.
- Asked introductory questions (e.g. brief history about SME, self-introduction).
- Obtained insights from participants based on the questions listed in interview protocol (semi-structured interview) and followed interview guide approach (Patton 1990).
- Asked probing questions to elicit further and specific information from the participants.

Exiting the field:

- Concluded interview by informing participants on subsequent plans for this thesis.
- Invited participants to ask questions or provide additional comments about this thesis.
- Sent final email to thank the participants for their inputs and insights for this thesis.
- Informed the participants that a written report on this thesis's findings will be available for their future references.

It is challenging to interview or ask for opinions in economies with political instability, corruption and general distrust around sharing any business or political related opinion or information.

3.6.2 Secondary Data Sources

This thesis includes secondary data sources, for example websites, industry reports, company reports, industry journals, newspapers and magazine articles of companies, and Chamber of Commerce and Industry. Additionally, it includes brochures collected from firms interviewed for the purpose of the present study. This data was stored into a database and used for triangulation purposes. Using the combination of both secondary and primary data sources, the validation and crosschecking of the findings further increases the validity as the weakness of one approach may be compensated for by the strengths of another approach (Patton 1990). Study design can be strengthened through the process of data and theory triangulation (King and Horrocks 2012). Data triangulation involves utilising a variety of data sources. Additionally, theory triangulation includes using different theoretical perspectives to draw meanings and interpretations from a single set of data (King and Horrocks 2012).

3.7 Data Analysis

Data analysis is the process of moving from raw interviews to evidence-based interpretations (Rubin and Rubin 2005). Analysis entails classifying, comparing, weighing and combining material from the interviews to extract the meaning and implications to reveal patterns (Rubin and Rubin 2005). The first phase of data analysis includes, preparing transcripts; that is to find, refine and elaborate concepts, themes and events. Then to code (the data analysis process includes a number of data coding techniques including open, axial and selective coding) the interviews, retrieving what the interviewee has said about the identified theme, concept and event. Furthermore, the second phase of the data analysis includes comparison of themes and concepts across interviews (Rubin and Rubin 2005). In doing so, the researcher seeks to answer the questions that allow him/her to draw broader theoretical conclusions (Rubin and Rubin 2005). A number of studies in IB, for example Freeman and Cavusgil (2007) and Trudgen and Freeman (2014), have utilised qualitative data analysis process through open, axial and selective coding.

3.7.1 Content Analysis

Content analysis allows the researcher to extract thematic information from qualitative materials (Elo et al. 2014; King and Horrocks 2012). It further allows the researcher to systematically analyse the written and/or spoken material. The process of content analysis involves identification, coding and categorisation of primary patterns in data (Tharenou, Donohue and Cooper 2007). In the present thesis these patterns were composed of interviews and secondary data sources. Furthermore, research questions drive the method of content analysis (King and Horrocks 2012). The present thesis seeks to subjectively understand, explore and generate new insights therefore it analysed the content of data collected through interpretive style (King and Horrocks 2012). In order to implement the content analysis, the researcher read interview transcripts and labelled different parts that related to the topic.

3.7.2 Editing Approach

Editing approach within qualitative research methodology takes a view that the researcher is like an editor thereby:

“[...] searching for meaningful segments, cutting, pasting and rearranging until the reduced summary reveals the interpretive truth in text” (Crabtree and Miller 1992, p.20).

The nature of qualitative research methodology requires the application of inductive and interpretive approach, when the aim of study is to explore new insights (Crabtree and Miller 1992). Applying this approach provides the researcher with an opportunity to search for meaningful units relevant to research questions through transcriptions (Crabtree and Miller 1992). These meaningful units allow the researcher to further develop codes and categories to explore various patterns and themes (King and Horrocks 2012; Tharenou, Donohue and Cooper 2007). In order to develop rigorous analysis the researcher then repeatedly compared the subjective interpretations of specifically developed themes to original data (King and Horrocks 2012).

The present thesis integrated the following steps in order to apply the editing approach (Tharenou, Donohue and Cooper 2007, p.257):

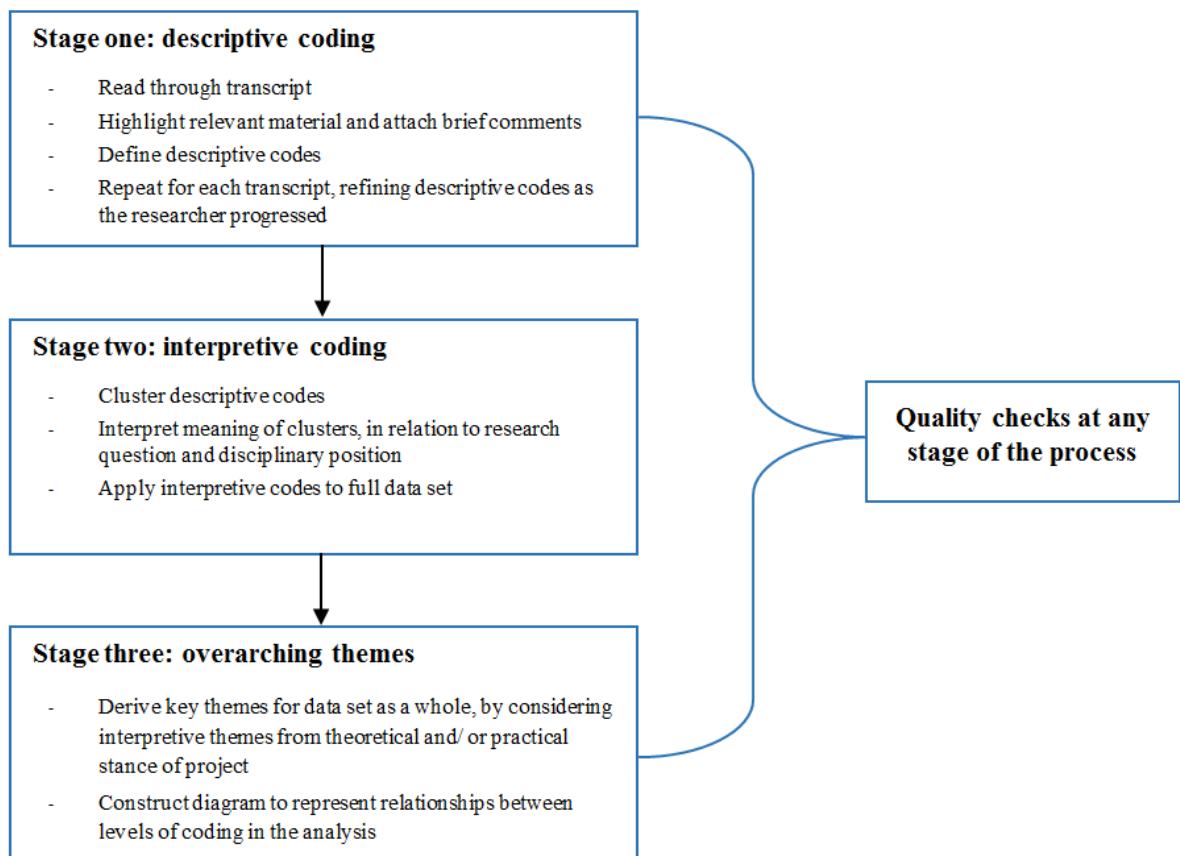
1. Interpret or edit
2. Apply to text (return to apply to text)
3. Identify units
4. Develop categories
5. Interpretively determine connections
6. Verify (return to transcriptions and text)
7. Report

3.7.3 Coding

Interviewees were transcribed verbatim (word for word) by the researcher (King and Horrocks 2012). As the researcher is fluent both in Urdu and English, interviews that were conducted in Urdu were translated and transcribed by the researcher himself. Interviews that were conducted in Chinese were translated into English through the help of a research assistant. Additionally, Google translator was utilised to translate Chinese and Urdu interviews. Then all transcriptions were coded manually. Coding is a technique of organising the data into segments. In some cases it requires the researcher to name each segment and bring meaning to each segment (Saldana 2012). Data was coded using open, axial and selective coding as suggested by King and Horrocks (2012) – see Figure 3-3. The present thesis does not utilise Nvivo. The present studies also refer to the coding process suggested by Bangara et al. (2012) and Trudgen and Freeman (2014). The first step that was taken towards the coding process was to reach through each transcript. The first was used to get familiar with the transcript so that the interviews can be analysed as a whole (King and Horrocks 2012). Additionally, the process of familiarising with each transcript helped in making sense of what the respondent said at each point and as a whole.

Next, the researcher highlighted anything that helped in understanding respondents' views, international and industry experiences, and opinions towards exit and re-entry from foreign markets. The steps were repeated for each transcript. Consequently, the data was coded through open coding and themes were developed. These themes were then organised into categories, sub-categories and linked together to develop common themes. In the third stage

of coding, selected themes were integrated into overarching themes (to characterise the key concepts) that related to research questions, literature review and theory (King and Horrocks 2012). Finally, findings were compared with previous empirical and conceptual studies presented in the literature review section. The literature review, Chapter 2, identified studies from the international business and SME internationalisation literature with similar and conflicting findings. These findings are presented and discussed in Chapter 4.



Source: Adapted from King and Horrocks (2012)

Figure 3-3: Stages in the process of coding

3.7.4 Iterative Explanation Building

The aim of this analytical approach is to build explanation about the case by analysing qualitative data (Yin 2009). The present thesis applied this approach through multiple repetition processes. The following iterations occurred through the process of the research project:

1. Examination of existing literature led to the development of two research questions regarding internal and external factors influencing entrepreneurial exit and re-entry experiences in foreign markets.
2. The findings for each research question from each interview were analysed. The findings for each interview were then compared with each other.
3. The key findings were revised.
4. The facts provided by interviewees were then compared to the revision for a second time.
5. The process was repeated as many times as necessary.

The interview transcripts were analysed during the process of data collection and the extent literature was revisited. Throughout this process interview protocol was refined. Interviews with industry experts and government representatives suggested specific institutional issues that are likely to influence entrepreneurial experiences in foreign markets. These issues were later highlighted during the interview process with entrepreneurs. During the data analysis process the interview transcripts were revisited to identify divergent or convergent themes within or across interviews (Yin 2009). This process led to meaningful explanation building of the entrepreneurial behaviour in context of exit and re-entry experiences.

3.8 Rigor and Quality in Research

“It is an obligation for all scientists to conduct rigorous studies, regardless of their research traditions” (Andersen and Skaates 2004, p.464).

The process of establishing validity and reliability in research studies is a core for both the readers and producers of scientific research (Andersen and Skaates 2004). Responding to reliability and validity of research is a common practice among quantitative researchers.

Generally the quantitative research studies are considered as scientific with universally established criteria for reliability and validity (King and Horrocks 2012). Conversely, qualitative researchers have paid little attention on establishing validity and reliability (Tracy 2010; Schwandt, Lincoln and Guba 2007; Andersen and Skaates 2004). Therefore, qualitative research becomes subject to susceptibility, lacking rigor and in general unscientific. The criteria of validity and reliability have been merely applied by qualitative researchers, particularly in the field of IB (Andersen and Skaates 2004). Qualitative research is no less than quantitative research (Schwandt, Lincoln and Guba 2007; Marschan-Piekkari and Welch 2004; Patton 1990). Qualitative researchers must respond to the established criteria needed to address the validity and reliability of the research process (Andersen and Skaates 2004).

It has been argued that qualitative researchers must use different language as compared to quantitative researchers while addressing the criteria of validity and reliability of research (Lincoln and Guba 1986). Validity in qualitative research as opposed to quantitative research is defined as:

“[...] to gain knowledge and understanding of the nature (i.e. the meaning, attributes, and characteristics) of the phenomenon under study” (Leininger 1985, p.X).

Validity in qualitative research is viewed as being socially constructed. Researchers in international research find this difficult to achieve because of the differences in researchers' and respondents' cultural assumptions (Andersen and Skaates 2004). Differences across cultures and institutional contexts add further complexity to the scientific arguments and principles. Hence, it is challenging to maximize the validity of international qualitative research (Andersen and Skaates 2004).

Lincoln and Guba (1986) and Elo et al. (2014) have proposed parallel terms to reliability and validity, for example trustworthiness, authenticity and rigor of the research. Addressing validity and reliability issues ensures rigor and quality (Andersen and Skaates 2004). Lincoln and Guba (1986, p.76–77) suggested:

“Credibility as an analog to internal validity, transferability as an analog to external validity, dependability as an analog to reliability, and confirmability as an analog to objectivity”.

The present thesis applies the concepts proposed by Lincoln and Guba (1986) to ensure trustworthiness, rigor and quality in qualitative research. For example, ‘credibility’, ‘transferability’, ‘dependability’, ‘confirmability’ and ‘construct validity’. Appendix E summarises the criteria, method with which to address rigor and quality during each research phase (refer to Appendix E).

3.8.1 Credibility

Credibility refers to:

“[...] the extent to which the researcher’s interpretation is endorsed by those with whom the research was conducted” (King and Horrocks 2012, p.160).

It also refers to trustworthiness and plausibility of the research findings (Tracy 2010). Credibility is revealed through researcher’s interpretations (Yin 2009). It is achieved through practices, for example thick description, triangulation, member reflections, prolonged engagement in the field and multivocality (Tracy 2010). Prolonged and varied field experiences enhance the credibility of the research (Tracy 2010). The researcher attended different industry seminars, lectures, discussion talks, and networking events with trade associations. Additionally, in some cases the researcher was also invited to attend one company’s business and marketing meeting to get a deeper understanding of the process of managerial decision-making related to internationalisation.

The researcher spent nearly ten months in collecting data in Australia through Skype and telephone. Furthermore, data collection also occurred in China over the course of two months with the help of an expert research assistant (personal interviews). Also, the researcher himself spent three months in Pakistan collecting data. The average interview lasted for more than 40 minutes and resulted in-depth discussion of the topic. Chapter 4 presents thick description of respondents’ opinions and knowledge about the topic through rich quotes selected from each transcription. The present thesis builds on these explanations and rich information through a technique known as explanation building proposed by Yin (2009). To increase the credibility of the data, the researcher further combined explanation building with pattern matching (for example empirically based patterns with theoretically predicted

patterns, Yin 2009). Furthermore, the researcher organised peer briefings/member reflections during the data collection and analysis phase.

During regular meetings the researcher's supervisors questioned the method of data collection, analysis and interpretations of the findings to ensure the data collection process and analysis were effective and accurate. The researcher also organised regular meetings with the research assistant in person and by telephone to further gain understanding of the issues around the data collection method. Additionally, during the pilot stage of data collection and after the first few interviews, the researcher met a number of industry experts at industry related seminars. This helped the researcher in learning whether the potential participant members find the research comprehensible and meaningful (Tracy 2010). This was further incorporated during the triangulation stage. To further increase the credibility of the present thesis, the researcher triangulated the entrepreneurial interviews with company documents, magazines, policy papers, company reports, newspapers and industry expert interviews (Tracy 2010).

3.8.2 Transferability

Transferability refers to:

“[...] to the ability of the researcher to provide sufficient rich detail that a reader can access the extent to which the conclusions drawn in one setting can transfer to another” (King and Horrocks 2012, p.160).

It is further concerned with the extent to which the findings can be generalised or are applicable to other groups or settings (Tracy 2010). Interview methods seek analytical instead of statistical generalisation (Tharenou, Donohue and Cooper 2007). Hence, transferability is improved by providing rich descriptions and purposive sampling (intensity sampling, criterion sampling and snowball sampling) (Patton 1990). Data collection through interview method from entrepreneurs, industry experts and government representatives allowed the researcher to provide thick description of contexts of foreign market exit and re-entry by Chinese and Pakistani SMEs. The present thesis is dealing with two unique contexts in Pakistan and China.

As suggested by Kiss et al. (2011) EMEs should be viewed as unique among themselves because of their institutional, social, political and economic factors. Rich and thick descriptions not only helped the researcher in building explanations about behaviour and events but also to gain insights into the unique contexts in which they occur. Purposive sampling used in the present thesis was intensity sampling, criterion sampling, snowballing sampling and opportunistic sampling. Conducting multiple interviews is considered robust (Eisenhardt 1989). Multiple interviews were conducted based on the replication logic. Thus the multiple interview method was used in the present thesis to increase the transferability of the findings. However, the study is highly contextualised; the person who wishes to replicate the present thesis would be responsible for making the judgement (Patton 1990). Furthermore, qualitative studies (including the present thesis) produce historical and cultural knowledge. As such, this knowledge can never generalise to predict future practices (Tracy 2010).

3.8.3 Confirmability

Qualitative research in general does not claim to be objective (King and Horrocks 2012). It is claimed to be carried out from a particular standpoint where the researcher brings subjective values, biases, interests and personal perspectives (King and Horrocks 2012). It is argued that subjectivity should be not treated as a problem, however it should be treated as a resource to develop arguments and intensify social research (King and Horrocks 2012). Reflexivity in qualitative research enables the researcher to take a position or stance towards the impact of both the researcher and the context in which the research is taking place (King and Horrocks 2012). In the present thesis, the researcher is of Pakistani origin, and spent extensive time in building family international business in key marketing and business development roles for more than seven years. The researcher has a command over both Urdu (Pakistani national language) and English. These experiences afforded his insights and understanding on entrepreneurial behaviours of EME SMEs in exit and re-entry experiences (Karachi, Pakistan).

Additionally, the researcher has lived overseas for several years and understands western perspectives on management through engaging in higher educational studies and through work. As the researcher is of Pakistani origin, it provided an insider's approach to thesis the phenomenon and could be viewed as insider's perspective. Being as insider has enabled both

the researcher and the interviewees to be comfortable to share and listen to the political and other sensitive information with confidence. A research assistant and fellow PhD student in Business from The University of Adelaide contributed to data collection from China (in Zhejiang province). The research assistant had a pre-understanding of the internationalisation topic; she has been involved in IB and entrepreneurship research for an extended period of time (1.5 years) before the time of interview. However, the two supervisors were not as familiar with EME or Pakistani culture and contributed to the confirmability of the thesis through their outsider's perspective.

3.8.4 Construct Validity

Yin (2009) recommended researchers define the key constructs and then relate them to the research objectives. He further suggested identifying relevant operational measures that match these constructs (Yin 2009). The present thesis responds to Yin's (2009) recommendation on construct validity by clearly defining the key constructs, for example '*de-internationalisation*' or '*exit*' and '*re-internationalisation*' or '*re-entry*', different types of these constructs were delineated including the dimensions and characteristics (refer to Table 2-2 in Chapter 2, Literature Review). To further increase the construct validity, a definition of exit and re-entry was based on existing literature: Benito and Welch (1997), Welch and Welch (2009), Vissak and Francioni (2013). To make sure that the main themes are identified and the interpretations are valid, the present thesis used multiple data sources including interviews with SME entrepreneurs, Chinese and Pakistani industry experts and government representatives. Interviewing the respondents as well as attending industry and academic conferences, industry seminars, and business networking events, allowed the researcher to develop further understanding of the context of SMEs' internationalisation process. Additionally, data was obtained from multiple sources including press reports, company documents, industry association reports and newspaper articles. This allowed for triangulation and for the information in the interviews to be verified, providing context and therefore improving the rigor and quality of the present thesis.

3.8.5 Dependability

Dependability is referred to with a minimisation of errors and biases in the study (Yin 2009) and is also concerned with crosschecking information, primarily through triangulation (Tharenou et al. 2007). Researchers can take a number of measures, for example create audit trails, triangulation and interview protocol, and develop an interview database. The audit trail is similar to a chain of evidence that enables the researcher to demonstrate to an outsider how the findings and conclusions were made. The database maintained for the present thesis included primary and secondary data (audio recordings, transcripts, firm documents) in addition to detailed notes and records of people contacted for the purpose of this thesis.

3.9 Methodological Limitations

Interview methods are interpretative and reflect the researcher's values, judgement and thinking (Creswell 2013). They are not representative or analytical and are not statistically generalisable (Yin 2009). Decreased generalisability is due to the sample size (Patton 1990) and while this method is capable of providing an explanation of how or why, it cannot determine how often a situation occurs (Freeman and Cavusgil 2007). However the most common limitation cited is the lack of rigor (Yin 2009). Furthermore, interviews have been criticised because the interviewees are able to report only their perceptions and perspectives of events, which are subjective, and not all participants are equally articulate and perceptive. Data collected through an interview method is also subject to recall error and self-serving responses (Patton 1990). It is possible that documentation may be inaccurate and incomplete with only positive aspects being recorded (Creswell 2013; Patton 1990). Interviews and case studies lack statistical generalisability; this limitation is counterbalanced by generating an in-depth analysis of the phenomenon. As outlined in appendix E a number of strategies have been employed to overcome these limitations.

3.10 Ethical Considerations

Data collection commenced after permission was granted by the University of Adelaide Ethics Research Committee. A number of steps were taken to ensure that the treatment of respondents for this survey met University of Adelaide's ethical requirements. It is argued

that the respondents must be treated ethically (Tharenou et al. 2007), therefore participants were informed about the research topic, method, their rights, issues of confidentiality and impact of sampling strategies (Barbour 2007). The project number of the present thesis is HP-2012-043. All participants were informed both verbally and in writing of the following:

- The objectives and purpose of the thesis.
- The benefits of participating in the thesis.
- The contribution of the thesis.
- How data was to be collected and what data was required to in order to conduct the interviews.
- The restricted public access to the interview transcripts.
- Measures adopted to ensure the confidentiality and anonymity of the participants.
- Contact details for the secretary of The University of Adelaide, Human Research Ethics Committee (HREC) should they have a complaint or concern about the manner the research was conducted.

It was made clear to the respondents that participation in this thesis was entirely voluntary. All interviewees were informed that the participation was voluntary and participants could withdraw at any stage of this thesis. Additionally, respondents were provided with consent form (refer to Appendix J) prior to the interview and interviews were commenced only after consents had been received electronically, in print or verbally (implied consent).

In order to protect the confidentiality of the respondents, all company and individuals have been coded to prevent their identification. The identification of informants or cases will never be exposed to other informants. All data that was fed back to the firms was done in an aggregated form thereby eliminating the chances of identification of individuals or companies. As per The University of Adelaide regulations, all data will be stored for a period of five years in locked filing cabinets including the tapes and transcripts. No person other than the researcher, the research assistant and the research supervisors had access to the data. Upon the completion of the five-year period, all tapes will be erased and disposed of and transcripts will be destroyed.

3.11 Chapter Summary

This chapter discussed at length the qualitative interview approach used in the present thesis to explore the research problem. Description of sampling techniques, cases, data collection methods, and data analysis tools were provided, as was consideration of rigor and quality issues. The next Chapter discusses the findings and discussion for Research Questions 1 and 2.

Chapter 4: Findings and Discussion

4.1 Introduction

The present thesis seeks to understand the following broad research problem:

What factors influence SME entrepreneur behaviour in exit and re-entry experiences?

This chapter presents finding and discussion that refines, extends and refutes current understandings of the international business literature on entrepreneurial exit and re-entry experiences in foreign markets. Interviews conducted for the purpose of this thesis involved Chinese and Pakistani entrepreneurs/senior managers; industry experts and government representatives were intended to refine the conceptual framework presented in Chapter 2 (refer to Figure 2-2) through analysing key findings and discussion. Semi-structured in-depth interviews were conducted with 23 Pakistani and Chinese entrepreneurs managing smaller-medium sized entrepreneurial firms involved in internationalising activities, and 10 industry experts and government representatives. The interview findings can be classified into broader firm-specific and external environmental factors themes, based on extensive literature review presented in Chapter 2 (literature review). Firm-specific factors (Section 4.2) are further divided into firm characteristics, product characteristics, individual global orientation and network influences on exit and subsequent re-entries, responding to Research Question 1. External environmental factors (Section 4.3) include global environmental drivers, host-country environment, home-country environment and industry characteristics responding to Research Question 2. Finally, Section 4.4 presents an overview of refined conceptual framework along with general discussion at the end of this chapter. This section with Figure 4-2 attempts to push forward the current knowledge in the international business field about entrepreneurial exit and re-entry in foreign markets. The chapter ends with section 4.5–chapter summary. Figure 4-1 presents the structure of Chapter 4, findings and discussion.

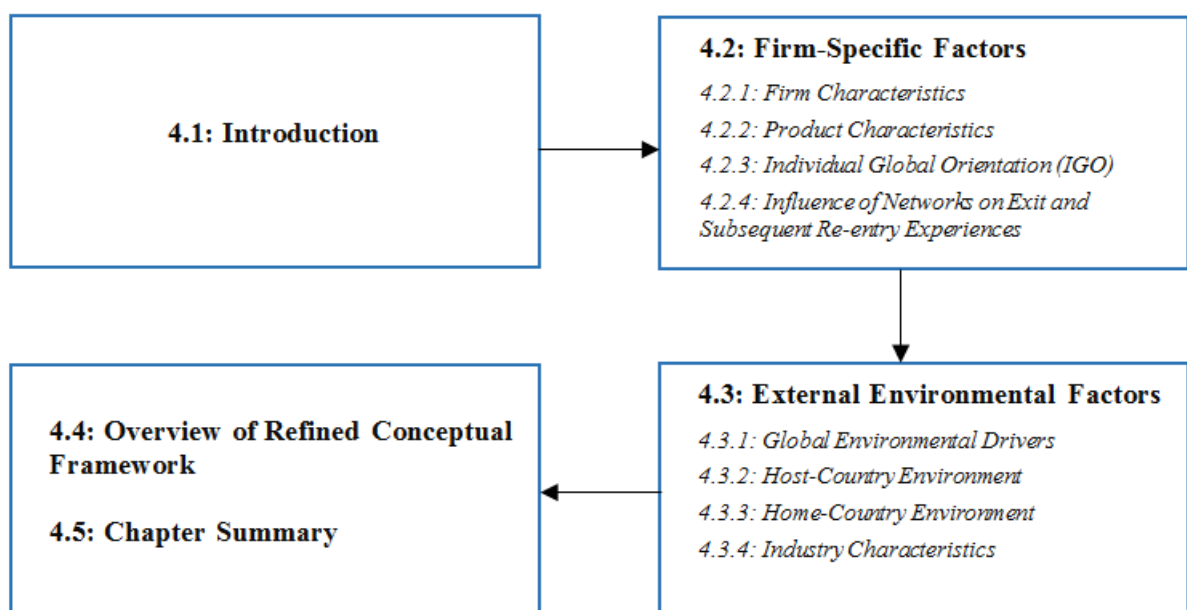


Figure 4-1: The Structure of Chapter 4

4.2 Firm-Specific Factors that Influence Exit and Re-entry Experiences:

Section 4.2 identifies and evaluates the findings for Research Question 1:

How do firm-specific factors influence entrepreneur behaviour in exit and re-entry experiences, with specific reference to Pakistan and China?

4.2.1 Firm Characteristics

Firm Size: Entrepreneurs interviewed for the present thesis frequently entered, exited or re-entered foreign markets. The present thesis utilises the number of employees to define the size of an entrepreneurial SME. As discussed in Chapter 2, exiting and re-entering includes managing decreases (complete or partial) in foreign market activities and subsequently re-entering (partial or complete) through increasing internationalising activities through various international business strategies; furthermore it also includes venturing into new markets. **International experience** was found to be an important characteristic of both Pakistani and Chinese firms. For example, entrepreneurs with experiences in managing different foreign business activities were found to be more open to strategically restructure internationalisation activities due to experiences gained over time and overall commitment to internationalisation. The experiences of the owners of Hussain Industries, Garment Manufacturer, HEC Traders, International Technology Trading, Chinese Food Stuff Co. and Global Toy Manufactures demonstrate that entrepreneurs were not only open to strategically restructuring international business activities, but over time also entered into diverse businesses (changes in core business activities). These entrepreneurs recalled their experiences during the process of interviews and valued their individual entrepreneurial international experience. For instance, the owner of Hussain Industries mentioned that:

“Yes you must be shocked if I tell you that we are in pharmaceutical distribution, steel and textile businesses [...] my main business is textile. After some time, I bought growing pharmaceutical distribution business and a struggling steel business. Now I have nearly 300 employees working with us. The reason behind buying the other two businesses was to enter into markets where there are higher profits so these two businesses in my opinion especially in pharmaceutical business the profit is nearly 400% [...] now I am planning a joint venture with a Taiwanese drug distributor to bring jaw cancer medicine in Pakistan [...] pharmaceutical business gives us enough cash to invest into textile business [...] because of the business experience I get regular invites from Chamber of Commerce on advising the other entrepreneurs” (Owner of Hussain Industries).

Industry Expert 7 also advises other international entrepreneurs. He mentioned that:

“The diverse and exponential growth is coming because of opportunities in our markets. I mean opportunities not only in international markets but also in our domestic markets because we have been the focus of the world businesses for some time now [...] I tell my SME clients here is the opportunity to gain an experience in other industries and markets [...] and also because entrepreneurs always get excited about diversification” (Industry Expert 7).

While commenting on her overall international experience the owner of Garment Manufacturer and HEC Traders shared her views:

“Over the years I have managed many small businesses. I take pride in how much experience I have gained from garment designs, managing a technology company, to travelling agency, advising other businesses, selling cosmetics, migration business and many others [...] I feel that my knowledge is something unique that is why Australian government and business council invited me to work with them” (Owner of HEC Traders).

These findings demonstrate that re-entry after exit is not only subject to larger firms, but is also a common behaviour in smaller entrepreneurial firms. These excerpts suggest that openness to learning through international experience (failed or successful) allows entrepreneurs to create unique entrepreneur-specific advantages. For example, the experiences of the owner of Hussain Industries, HEC Trader and Industry Expert 7 suggest that all three entrepreneurs, due to their extensive international experiences, at some stage were invited to advise on international business policies. The intensity and diversity of international business experience is not only unique to larger firms as mentioned in Chapter 2, but it is also common in entrepreneurial SMEs. International business studies in Chapter 2 further highlight that larger MNEs (multinational enterprises) are associated with an increased likelihood of overall international commitment and involvement. However, the international experiences of owners of Hussain Industries and HEC Traders demonstrate international experiences otherwise. The findings refute the study of Javalgi et al. (2011) that observed exit and re-entry experiences only in larger MNEs. The present findings suggest that smaller to medium sized entrepreneurial firms are not only managing exit and re-entries but also frequently strategically restructuring their internationalisation activities (adding new businesses, markets and industries while exiting and re-entering markets). These changes allow entrepreneurs to gain international experiences with diversity, length and scope in international operations.

These experiences extend the internationalisation process models (firm level analysis) proposed by Johanson and Vahlne (2015); Vahlne and Johanson (2013); Hadjikhani et al. (2014) in context of SMEs. The findings suggest that international experience gained by the individual entrepreneur over time must be considered as an entrepreneurial-specific advantage. It is the entrepreneur (primary decision maker) who reflects back (learns) on his/her international experiences and develops future strategies (seize future opportunities) related to products, networks and markets. Each entrepreneur (decision maker) has a unique set of knowledge gained from his/her overall international business involvement embedded within the context. This knowledge is then translated into the firm through various knowledge sharing techniques. Hence, it is the individual who creates this knowledge first. In EME context it is the decision-maker/entrepreneur who holds the authority of making internationalising decisions. This is opposed to the argument suggested by Javalgi et al. (2011) and Turner and Gardiner (2007) that foreign market exits and re-entries are corporate decisions. The present findings explore the experiences of individuals as opposed to corporate decisions to exit and re-enter foreign markets. International involvement was found to be an additional factor observed through the process of interviews with entrepreneurs. For instance, the *international involvement* of the owner of Bilal Rice Exporters stated that:

“We started as a small company of only 7 people. This is our family business; that is why there is so much pride involved in making any big decision [...] I lost order from a number of countries like UK, Taiwan, USA and specially Malaysia over the years. India suddenly had surplus of rice production and it came down to price and competition. We had our own brand in Malaysian supermarkets and were in the final stages of launching that brand in the Middle East too. Because India was dealing with buyers at much cheaper price we could not compete. We already paid a small marketing company to launch our new rice brand there. I lost some investment there because our brand was pulled out from the supermarkets [...] We could have left Taiwan and UK much earlier but again we did not have enough information in that market about the right type of rice grade. Also having the right distributors is the key in managing a business. All that takes time, effort and energy [...] Then I decided to focus on US and Malaysia because even after losing business in the US and Malaysia these markets had more potential for Pakistani rice exporters [...] so my friend told me that US and Malaysia would be the right markets to focus for now [...] but these decisions have taken some time. These were not easy decisions. I mean all our marketing efforts in building good relationships with the right distributors [...] we were able to export again in good quantity. My regular visits also helped” (Owner of Bilal Rice Exporters).

Over time, the entrepreneur (family business) entered Malaysia, Taiwan, US, UK and the Middle East and exited and re-entered the US and Malaysia. However, the high international involvement and frequency of entering, exiting and re-entering international markets placed

more pressure on entrepreneurial firms to make international business decisions. The current findings extend the study of Turner and Gardiner (2007) by suggesting that entrepreneurs managing traditional SMEs internationalising from EME (Pakistan), heavily rely on utilising the entrepreneur's personal networks and knowledge about foreign markets created by involving in overseas markets. These activities take more time and place more demands on them to interpret and evaluate when to exit and subsequently re-enter, as opposed to the larger MNEs. Turner and Gardiner (2007) view that larger MNEs may not have similar pressures and demands as SMEs when exiting and re-entering markets. SMEs from EME (Pakistan) exporting commodities are dependent upon demands generated by foreign buyers (or personal business networks). As in the case of Bilal Rice Exporters, the company exited and subsequently re-entered USA and Malaysia while completely exiting Taiwan and the UK with no intention to re-enter these markets. The reason is that the entrepreneur had more reliable networks in USA and Malaysia than in Taiwan and the UK.

He believed that his overall experience of venturing internationally taught him “*doing it less and doing it well [...] we believe in being small, manageable and sustainable because the world is becoming more uncertain out there*”. After exiting a few foreign markets, the owner decided to refocus his business strategy in limited markets. The findings extend Johanson and Vahlne's (2009) and Benito and Welch's (1997) studies and argue that previous international experiences provide entrepreneurs with opportunities to learn and increase overall foreign market knowledge. The smallness (firm size) and resource scarcity of entrepreneurial firms put pressures on these SMEs to re-evaluate their internationalisation strategies and the extent of overall foreign market involvement. As demonstrated in the case of Bilal Rice Exporter, the owner decided to be involved in the foreign market after exiting with limited international involvement. Hence, individual entrepreneurs play a vital role in the decision making of an internationalising firm in pursuing limited international involvement strategy until further resources are collected to extend the scope of foreign market activities.

Another concept that was observed through the process of interviews is ***entrepreneurial firm flexibility***. Entrepreneurs interviewed for the purpose of this thesis such as the owners of Global Exporters, HEC Traders, and LED Technologies, and the CEO of Cement Industries, along with Industry Experts 1 and 4 reported the need for entrepreneurs to demonstrate

flexibility towards international business partners. The owner of LED Technologies shared his international experience in managing strategic flexibility. He commented that:

“The technology is changing fast and you got to catch up with it [...] our buyers and customers send us designs along with specifications and we manufacture orders according to that but we have to be open to any new technological changes that are coming up so that as an independent manufacturer I am able to experiment and keep up with competition [...] in 2008 we had an order from someone in Europe to work on new LED technology on lamps initially. I felt I that I do not know if that is going to work but I worked on it anyway. It was a client through a European University” (Owner of LED Technologies).

The CEO of Cement Industries shared his rich international experience and mentioned that:

“We could not manage the price hike we were locked with our Chinese partner and also with the local oil refinery [...] our Chinese partner later understood our situation but to make changes into my contract I had visit my Chinese supplier and sell them my vision of the company and why this project is so important to me. We had a good relationship with them. They allowed us to adjust the price in the future contracts to make sure we do not go out of business. I mean really who does that? This is what I call a valuable relationship that we had with our Chinese partner [...] Installing cable was a big project definitely out of our reach and we survived” (CEO of Cement Industries).

Industry Expert 1 agreed and reported that:

“Flexibility in not only important for Chinese entrepreneurial firms but it is important in all types of firms it has become a resource for companies [...] as the environment is changing and bringing in more uncertainty the drivers and elements of business are changing. The strategy is changing” (Industry Expert 1).

The need for strategic flexibility may arise at different stages of internationalisation particularly, during the times of crises and in response to uncertain environments (Liu et al. 2013). It is a capability that firms develop to venture into overseas markets. Liu et al. (2013) suggest that domestic institutional support and relations with foreign partners influence venturing activities of Chinese EME international ventures. These are external advantages that EME ventures can gain the advantage of. Institutional support includes how domestic institutions provide support to their local firms with policy-related issues to internationalise. In countries such as China it is the government that influences international strategy of local Chinese firms; therefore, these firms are highly embedded in institutional settings (Liu et al. 2013). Managers of these firms take cues from government agencies and business associates

in order to do business overseas. Therefore, domestic institutional support comes through means of financial support, information regarding investment laws and other business related policies (Liu et al. 2013). On the other hand, relational ties with foreign partners also provide firms an advantage for strategic flexibility. These include maintaining business relationships as these relationships allow a firm to reconfigure its resources (Liu et al. 2013). Liu et al's (2013) study finds both relational and institutional advantages among Chinese international ventures assist them to pursue their international business activities in foreign markets.

The current findings extend the arguments of Liu et al.'s (2013) study and suggest that when domestic institutions fail to provide necessary institutional support, EME SMEs may turn to their foreign partners for support to take advantage of strategic flexibility and leverage these networks. Therefore they achieve flexible networking capabilities in international markets. The role of foreign partner itself needs to be highlighted in flexibility. In the case of EME SMEs, there is found to be a lack of domestic institutional support. The CEO of Cement Industries explained that he experienced a situation where they had to install a substantial amount of cable wire for a local oil refinery. Due to the scale of the project the company decided to partner with a Chinese company to procure the cable wire. Cement Industries quoted the price based on the international market price. However, the prices hiked internationally after the Chinese partner and the CEO of Cement Industries signed contracts. Now Cement Industries was locked in with its Chinese partner who was supplying the cable wire from China, and with their customer. The CEO of Cement Industries requested the local client look into the matter as the price hike was out of their control. However, their local client refused to consider any request. The firm could not get help from the government or other business associates, therefore, turned to its Chinese partner for support.

Since the firm was already involved in business with its Chinese partner for a considerable period of time, the CEO of Cement Industries was able to overcome the domestic institutional challenges and lack of support. Hence, it was the entrepreneur's personal social relationship that helped during the time of crisis in order for the firm to survive in the international market. The international experience of the owner of LED Technologies is somewhat similar to the CEO of Cement Industries. However, one is related to changing the technological environment and other (experience of the CEO of Cement Industries) is related to achieving flexibility through partnerships. Furthermore, in the case of the CEO of Cement Industries,

the environment forced the need to be flexible; however, in the case of LED Technologies, the entrepreneur felt a need to demonstrate flexibility to adapt to the changing technological environment. Entrepreneurial firm strategic flexibility should be considered as a resource and a unique character of an SME. These characteristics protect firms when experiencing forced foreign market exits.

Foreign Language and Communication Barriers. The process of interview with entrepreneurs and industry experts revealed that both Pakistani and Chinese entrepreneurs valued *language-as-resource*. For example, the CEOs of Cement Industries, Weaving Industries, International IT Solutions and owners of International Sports Services, and Shanghai Importers along with Industry Experts 5, 7 and 11, reported valuing foreign language as a resource. The CEO of Cement Industries and Industry Expert 11 highlighted the role bilingual employees can play in increasing overseas sales for entrepreneurial firms. Particularly, the CEO of Cement Industries shared his international experience in professionalising the firm during the process of internationalisation. He further suggested that hiring a professional bilingual employee helped the company in increasing its sales in China. The entrepreneur further shared his experience and explained that:

“We communicate in English. With our Chinese partners we had to learn their language to do business properly, also because I wanted to learn another language but before I could learn I hired a language graduate and trained him with sales experiences. He could speak Chinese and English fluently. He has been one of our warriors as I call him that who has not only improved our sales but also brought us more business from overseas. There was nothing wrong with our products and services but the only thing I could not figure out is how to sell more to our Chinese and other overseas customers so hiring someone with these skills was the best strategy I could think about [...] I went to a business school here in Karachi so I understand the value of learning business languages and English [...] nowadays you cannot do business without learning languages. I also encourage my employees to learn English so that we can develop a good working environment here, we have had foreign clients visit us some time so if we are speaking [in] Urdu here it seems odd and I think it is also rude” (CEO of Cement Industries).

Industry Expert 11 supported the experience of CEO of Cement Industries and shared his opinion and suggested that:

“Language skills are an important indicator for a global company no matter where you are conducting your business from. In my opinion global companies prefer to hire bilingual employees and as smaller firms grow understanding languages of their

markets become vital for their companies [...] one of the challenges many Chinese firms have faced in the past” (Industry Expert 11).

Exit and re-entry in the foreign market also entail decreases and later increases in sales (Vissak and Francioni 2013). Crick (1999) in a study in UK (Welsh) exporting SMEs found a decrease in sales performance due to the lack of proper use of foreign languages. Consequently, this affected the image, competitiveness and exporting orders from the foreign markets. His study further suggests decision makers perceived the importance and benefits of corresponding in a foreign language as a contributing factor in exporting SMEs from AMEs (UK). The current findings extend Crick’s (1999) argument by suggesting EME (Pakistan) entrepreneurs are pacing internationalisation strategies by increasing their resource pool (skilled human resources) with unique working skills and experiences. This adds skilled individuals to increase the capacities of their firms; EME entrepreneurs are increasing the likelihood of faster foreign market re-entries (increasing sales performance in existing markets). The additional motivation of EME entrepreneurs is to enhance the company’s overall reputation and build professional organisations through the use of foreign market language. These activities further demonstrate entrepreneur’s increased level of commitment to foreign market operations. The CEO of Cement Industries view is that managers and employees at all levels need to understand the power of communication and learn universal languages.

Cement Industries employed a bilingual employee (human resources strategy) to make sure that the organisation is equipped to do international business. The personal experience and educational background also motivated the CEO to invest time in personally learning Chinese (Mandarin) and English. Communication in universal languages benefits international SMEs from EMEs in establishing trust and involvement with their clients. The CEO of Cement Industries also indicated that learning and using foreign language results in positive outcomes for the company’s reputation and enhances overall sales. These findings add to Welch and Welch’s (2009) study on re-entry by suggesting that re-entry can be contemplated through an increase in foreign market sales through adding skilled workforces. The company achieved these outcomes within a time frame of one year, therefore as suggested by Vissak and Francioni (2013) can consider a shorter time to contemplate foreign market re-entry. Hence, adding resources to the firm that facilitate higher sales performance increases the likelihood

of faster re-entry. Additionally, the opinion of Industry Expert 11 further confirms that foreign market language orientation helps entrepreneurial firms to be global players.

As opposed to hiring a language expert, the owners of Shanghai Importers and Garment Manufacture spent time personally learning foreign languages. For example, the international experience of Shanghai Importers suggests that:

“In my country [China] I am running my own business. I also have previous experience in business. When I came here I found it difficult to speak in English so I decided to study English language for 2 years. Now I understand everything in English and it has helped me a lot in running my business” (Owner of Shanghai Importer).

Other international business studies, for example, a study by Kim et al. (2011) highlights the importance of language barriers in Indian SMEs (born-globals). However, the study argues that Indian SMEs (born-globals) are less likely to perceive the use of English language as a barrier towards their international business activities because of their colonial history. The Indian entrepreneurs were able to cope better with English language to communicate with their foreign business partners. English language is used frequently in India in business situations, in turn helping Indian SMEs to approach international markets (Kim et al. 2011). Therefore, the country’s level of use of the foreign language influences how SME entrepreneurs from India (EME) internationalise. However, the current findings refute the findings of a study by Kim et al. (2011) and argue that not all EME SMEs (born-globals) find it easy to overcome the language barriers. The owner of Shanghai Importers responded to the challenge of overcoming the language barrier by proactively approaching it. He spent a considerable amount of time learning the foreign language including both speaking and writing.

Learning a foreign language became a prerequisite when the owner wanted to start his business in a foreign country (Australia). Furthermore, to Chinese (EME) SME entrepreneur the use of English language did not come naturally as compared to Indian entrepreneurs. These entrepreneurs usually spend time learning a foreign language. This shows proactiveness to engage with foreign business partners. Thus, the owner of Shanghai Importers studied *“English language for 2 years”* which facilitated the company to enter the Australian market. The use of English language further helped the owner in proactively seeking international

business opportunities, learning about the Australian culture and understanding business norms. The findings of studies from Klitmøller and Lauring (2016) and Brannen, Piekkari and Tietze (2014) enhance our understanding by demonstrating that languages in foreign markets are considered to be an important entrepreneurial resource to further internationalisation activities of the firm thus, suggested to be an important characteristic of an entrepreneurial firm.

Interestingly, a number of entrepreneurs through their international experiences of travelling, studying and living in foreign markets, demonstrated *language orientation* which later helped them in finding international business opportunities. For example, the owner of Garment Manufacturers shared her international experiences of utilising previous experiences to developing business opportunities. She further shared her international experience:

“I did not want to concentrate only on the USA market so I moved [started to export] to Holland; that is more popular for erotic lingerie. I had no background of speaking French and German so I thought they would not be the right markets for me to stay. I know France is the right market for this product but because of the language problems I found it difficult to stay there and I could not develop my product there. I speak Japanese because I spent 2 years in learning Japanese while I was living in Japan. I have good contacts with some of my friends and clients in Japan [...] we dealt in international trade mostly textile” (Owner of Garment Manufacturers).

While sharing his international experience the owner of Shanghai Importers suggested that:

“Language definitely helps. It brings you that confidence to go and speak to people. That is why I spent so much time in Australia studying and working which helped me understand business policies and meeting new people [...] language in international settings help you to engage with people to become an active participant in business negotiating process” (Owner of Shanghai Importers).

International experience of the owner of Garment Manufacturer suggests that language barriers are additional factors that contribute to challenges in developing international business opportunities. The extra factor that led to successfully doing business in the USA was the entrepreneur’s ability to speak and understand language (English) well. She learnt the English language while growing up in a small town of Taiwan (of Chinese decent) realising that one day the language skills (English) will change her life. After successfully exporting to the USA for some time the entrepreneur decided to identify business opportunities for her products in Europe. According to her, the motivation to enter Europe was the escalating

demand for her product and growing industry for women's lingerie. Another reason to enter Europe (France) was to further develop the product and find new customers. The existing literature in international business research ignores the effect of entrepreneur's foreign language skills in exit and re-entry experiences (for example see Welch and Welch 2009; Javalgi et al. 2011; Vissak and Francioni 2013). The current findings extend the existing literature and suggest that entrepreneur's language skills are contributing factors in learning about procedures to conduct business overseas. The owner maintained that entering Europe was important, however, staying in that market was difficult because business partners could not clearly communicate and she found it difficult to understand paperwork. After receiving low a response rate from her French business partners (via telephone and emails) she decided to focus on her existing market (USA).

During the textile industry exhibition trip to Europe she learnt that Holland is a majority English- speaking country. That ignited her interest to re-enter Europe but this time to Holland. Again her language (English) skills led to clear communication with her Dutch business partners. She further used her previous experience of learning the Japanese language to develop social and business networks that led to the identification of business opportunities in Japan for a similar product. The findings extend the conclusions of studies by Kim et al. (2011) and Crick (1999) and argue that entrepreneurs in foreign markets use languages to engage with networks and to identify business opportunities. As language facilitates entrepreneurs it can also become a barrier to choose the right market and identify the right business partners. The findings further demonstrate that the owner of Garment Manufacturer used a different strategy to enter Europe. The second time instead of re-entering Europe through France she re-entered through Holland. Ultimately she successfully placed her products in French stores through Dutch retailers in France. Her experience demonstrated growing levels of commitment (affective) to the product, markets and international business operations. She felt that she had invested time and effort in developing the products; therefore, her contributions and innovation should not go unnoticed.

Lack of language orientation was observed in a unique international experience shared by the owner of Umer Group of Industries. He mentioned that:

“Actually we were not able to develop the understanding at all. Instead of making continuous losses due to their mistakes or our lack of communication and suffer more

losses in future we decided to leave the market. One time they [the supplier from Vietnam] developed the product for us and filled out the wrong documentation for the shipment so Pakistani Customs came after us, held our shipments at the port and that blocked [our] investment. If they would continue to do it, it would have black listed my company [...] so I decided not to hurt my business and to leave Vietnam completely [...] When so much risk is involved it is difficult for us to do any business over in Vietnam that is why we decided to leave Vietnam” (Owner Umer Group of Industries).

In order for firms to develop commitment over time, business partners need a joint understanding (Johanson and Vahlne 1977). Additionally important activities, for example the process of product development, are to be understood by both partners. However, the revised version of internationalisation process model (Vahlne and Johanson 2013) is unclear on the consequences in the case of product development processes. The current findings extend Vahlne and Johanson’s (2013) study and suggest that the underlying factor in developing understanding leading up to the process of product development is a role of effective communication strategy. The owner of Umer Group of Industries stated that he decided to exit (reduce commitment) from Vietnam, as the supplier and he were not able to communicate and thereby develop understanding. Consequently, over time it affected the product development process, quality and business relationship commitments.

The current findings draw attention towards language barriers and communication strategy as important factors for EME (Pakistan) entrepreneurs conducting businesses in another EME (Vietnam). The owner of Umer Group of Industries is highly involved and committed to the firm’s internationalisation activities. The firm is involved in international business activities in more than 15 countries. When the entrepreneur was dealing with a business partner in Vietnam, the communication challenges and difficulties increased and the business partners became less involved in the product development process. The initial motivation was to develop a unique product for the market. However, the business partners could not work out a communication strategy aligned with their needs. Umer Group of Industries’ owner further explained that the lack of communication strategy between the business partners influenced the decision to exit (reduced commitment) Vietnam.

Developing a product quality is a time-consuming process. The owner of Umer Group of Industries made efforts to communicate through different mediums to convey the details of pricing and product specifications. However, the business partner in Vietnam did not meet the

required expectations. Consequently, this resulted in misunderstanding and miscommunication. Managing face-to-face meetings was another issue highlighted, resulting in delays in sharing information with the other party. It became difficult to develop business routines and manage regular shipments. The owner of Umer Group of Industries further indicated that developing a product quality takes time, understanding and a good level of communication. However, since they were not able to establish the mutual understanding due to the lack of communication and language differences it was difficult for the owner of Umer Group of Industries to communicate product specifications, price and other supply chain related issues. Current findings further extend Vahlne and Johanson's (2013) argument by suggesting that EME (Pakistani) SMEs that are looking to develop unique products with other EME (Vietnam) business partners find it difficult due to differences in languages and lack of ability to communicate in universal languages.

The findings demonstrate that owner of Umer Group of Industries considered exiting (reducing commitment) from Vietnam as a learning opportunity. Additionally, the owner was not willing to damage his firm's reputation with the local (Pakistani) shipping authorities, as stated by the owner that *"I decided not to hurt my business and to leave [exit] Vietnam completely"*. It saved the company resources and it later found an opportunity to develop the same product in their existing international market (China). The findings further conclude that lack of effective communication strategy with foreign business partners is associated with international exit. The international experience of the owner confirms the study conducted by Brannen, Piekkari and Tietze (2014) and suggests that language in international business has direct effect on internationalisation activities.

Besides language, entrepreneurs suggested developing ***communication capabilities*** in foreign markets. The CEO of International IT Solutions shared his international experience and commented that:

"The niche we had is the quality and communication. Those are the things people need to know during the whole process [of software development]. It is not something you go and buy something off the shelf. It takes time to develop software. Even if the company has billions of dollars. They cannot develop software overnight, no matter how much resources you have and how many people you have working with you. It just takes time. While you are going through this process your client needs to be fully aware of that they are relying on some company which is obviously outsourcing; that whatever they going to get at the end of the day that is going to be according to the

world standards and it is going to be a cheap product. Secondly during the process they need to communicate. Majorly the problem in this industry is that once you sent an email and you sit on it for like couple of weeks and you do not get the response. Our communication and the quality kept us going. This is how the word got around and customers kept coming and that is how we developed [...] in case thing did not work out we do not exclude that supplier or customer from our network we keep the communication open to innovate and work on next project if possible” (CEO International IT Solutions).

The owner of Umer Group of Industries shared another international experience in developing communication capabilities through a mediator between the two countries to establish understanding and trust among business partners. He mentioned that:

“My office in China usually translates for the suppliers. Unfortunately we could not do this in Vietnam [...] It is easier to work with my Chinese supplier because they speak English properly and we have developed understanding over the years. For example, I am developing the paint market in Pakistan and planning to import paint chemicals. My office in China has helped us in developing understanding and work as a liaison between my office in Pakistan and the suppliers in China to communicate and develop products for us [...] they also help us in establishing trust [by] communicating details about my business. The Chinese office communicates it and helps us in developing understanding because Chinese suppliers are also concerned if there are going to be any issues with understanding our demands and payments, like how we are concerned about the quality of the products they are concerned about the payments on time [...] Our office in China works as a mediator because we are working [there] since the day one” (Owner Umer Group of Industries).

The Chief Operating Officer of International IT Solutions shared his experience and suggested that clear communication strategies have more outcomes such as establishing **trust and honesty**. He explained that:

“Communication has to be based on truth and honesty. If you have these two foundations then only you can establish trust. You may be able to establish trust without these two foundations but it will break eventually [...] doing what you say which establishes trust or do what you say and say what you do giving your clients facts [...] When we started with one client we had 1 Mega byte [MB] internet connection. We told them truthfully that we only have 1 MB connection available in Pakistan. A company lost heavily international business just because of their wrong communication and lying with their clients and that was a huge loss in the business. Company ended up leaving the partner and market. You need efficient communication [...] If you are sitting on the other part of the world client will only judge you based on your communication. For globally run companies like us we have to let our clients know even about our public holidays so that they understand [...] efficient and effective communication, based on the values of truth - these values establish trust” (Chief Operating Officer of International IT Solutions).

Crick (2009) study indicates a number of factors that drive internationalisation among UK SMEs, including international new ventures and born-global firms. The study listed 28 factors that signify competitive advantages or disadvantages among UK SMEs. For instance, entrepreneur's ability to communicate, company's reputation and management's commitment. The study found entrepreneurs' language skills as one of the influential factors throughout the internationalisation process. Besides language skills, entrepreneurs anticipated international orders through word-of-mouth. Reputation and presence in overseas markets helped these firms to anticipate international business opportunities (Crick 2009). However, the current findings refine Crick's (2009) argument into EME context by suggesting that these paths are not always linear for firms. The findings suggest that besides managing word-of-mouth through language skills, entrepreneurs are required to demonstrate honesty and openness to their clients. Furthermore, the entrepreneurs understand the nonlinear process of business survival in foreign markets. This process may include receiving fewer orders, a decrease in sales from overseas customers, or failed projects, then restarting these business activities later. The key is to keep communication loops open so as to generate a realistic understanding of barriers and challenges of internationalisation processes.

According to the CEO of International IT Solutions, over time the company has been involved in various international projects. His international experience directed him towards creating a niche in foreign markets based on effective communication strategy. He further stated, "*[...] going international has its cost associated with it [...] there were times initially when we started the business that we did not get or lost orders because of slow communication*". The communication strategy helped the entrepreneur in maintaining the service quality and commitments with overseas clients over time. One of the major services that International IT Solution offers is software development, which is a time-consuming process. He further suggested that their clients expect honesty and open communication at every stage of the software development process to finalise the right product. These two elements help SME entrepreneurs in breaking down communication barriers to create long-term relationships. Developing the right communication strategy over time with various clients helped International IT Solutions find its niche in the standard software development market. Being honest helped the firm to create a reputation among overseas clients. The firm anticipated international opportunities based on honesty and open communication. The findings further contribute to recent studies of Vissak and Masso (2015) and Vissak and Francioni (2013) by adding an entrepreneurial skill (communication) that is associated with

firm survival in the foreign market. These skills help entrepreneurs in building relationship capabilities with business partners over time. As suggested by Vissak and Francioni (2013) researchers must explore internal factors that are associated with foreign market re-entry. The present findings demonstrate entrepreneurial communication skill enhances firm reputation and ability to get foreign market opportunities through word-of-mouth. These types of skills further add to relationship building capabilities of entrepreneurial firms and in some cases improving existing lower sales.

While highlighting the role of communication in Australian SMEs (born-globals) Freeman et al. (2013) suggest that maintaining efficient communication with previous international business partners is important. Furthermore, the study found that Australian SMEs were able to return to previously exited international markets due to ongoing communication with their foreign partners. However, this may not be the case in all firms or in cases where the communication was broken due to factors such as providing misleading information to foreign clients.

The present findings extend the assertion of Freeman et al.'s (2013) study and determine that ineffective communication strategy during the exit process may lead to a loss of attractive international opportunity for EME SMEs. The Chief Operating Officer of International IT Solutions further confirmed the CEO's information by mentioning that it is not only the efficient but also the effective communication strategy that is necessary during the internationalising process. The Chief Operating Officer shared an experience where the company was forced to decrease its resource commitments (investments in software technology) due to ineffective communication strategy, eventually leaving the client (exit). The exit (relationship and market) was the result of how the partners behaved towards each other. The current findings also show that lying in international business can cause serious damage to reputation and business relationships. According to the Chief Operating Officer, international business opportunities only arise when partners trust each other, where the underlying reason is that communication is based on honesty and truthfulness. New management's communication values are being honest and truthful to its clients at all times. The Chief Operating Officer further maintained that it does not matter if International IT Solutions' management team is working with domestic or international clients. Since it is a global firm the roles of communication, honesty and trust are taken seriously.

In their examination of barriers to survive in international markets for Turkish SMEs (born-global firms), a study by Uner et al. (2013) suggests that Turkish SME entrepreneurs with foreign language skills are likely to explore international market opportunities by understanding exporting procedures. However, the study ignored the implications for EME SMEs that are physically present in overseas markets. Does presence in overseas markets help EME SME entrepreneurs in overcoming language barriers? The present findings refine Uner et al.'s (2013) study by suggesting that some entrepreneurial firms experience language and communication challenges after their initial internationalisation stage. The present finding considers these barriers as experiential in nature – as these EME SMEs have experienced these barriers after the initial stage of internationalisation. The Umer Group of Industries experienced language barriers after being physically present in China. Therefore, being present in China has supported the entrepreneurial firm in developing understanding and managing communication with their Chinese suppliers to finally develop the product. Umer Group of Industries conducted international business activities in China since the first year of internationalisation, therefore, it is the working experience with different suppliers and knowledge that the entrepreneur has gained over time.

The current findings (drawn from international experience of Umer Group of Industries) further contribute to the study of Uner et al. (2013) and entail that international experience and working knowledge help firms in developing long-term business relationships, trust and understanding, which in turn help EME SME entrepreneurs in overcoming foreign language challenges. The current findings refute a study by Belso-Martinez's (2006), which asserts that entrepreneurs' language skills do not influence the internationalisation process in firms. The findings indicate that EME SME entrepreneurs invest time in learning foreign languages, as they perceive it as an important entrepreneurial skill in order to pursue international business opportunities. Furthermore, command over a foreign language(s) helps EME entrepreneurs in exchanging knowledge and learning about the product development procedures, building networks and reputation with international business partners over time. Additionally, the present findings extend the internationalisation process model (Johanson and Vahlne 1977) and argue that in the context of EME SMEs, language differences are an important factor in managing the psychic distance between international business partners. EME SME entrepreneurs took proactive initiatives in overcoming the language obstacles, which helps these entrepreneurs in decision-making in relation to either reducing (exit) or maintaining

commitment with their foreign business partners. Effective communication facilitates trust in business partners that in turn is associated with successful foreign market re-entry.

Both Chinese and Pakistani entrepreneurs interviewed for the present thesis reported the need for managing *frequent communication* with foreign business partners. For instance, the owner and International Marketing Manager of International Trading Technologies, along with Industry Experts 3, 7 and 8 agreed on developing effective and efficient communication strategies. The International Marketing Manager of International Trading Technologies commented:

“We keep frequent communication with our customers and suppliers and try our best to deliver and update the most important information on time [on our website]. Keeping the transparency of the information is also very important because you want to make sure that your partners feel comfortable to rely on you and trust your capability to provide the promised services. When some risks are there, you should never lie to them, you have to tell them the truth because they are relying on you” (International Marketing Manager of International Technology Trading).

Industry Expert 8 emphasised the role of technologies in developing communication strategies hence, he explained that:

“Technology has become core of every business and if you and your employers are not equipped with communication technologies you could be left behind [...] email now is considered as a legal document and the Internet connects business with geographical distance [...] communication has to be quick and fast between businesses and something entrepreneurs have to equip themselves with” (Industry Expert 8).

According to Haneda (1973, p.38) communication is perceived as a social system and cultural reality, which reflects and shapes the societies in which it functions. Therefore, Uner et al.’s (2013) study emphasises sociocultural factors such as the importance of developing communication skills among Turkish entrepreneurs to become the part of international business community and to survive in foreign markets. These entrepreneurs must go beyond developing foreign language skills. Communication skills equip Turkish entrepreneurs to survive in international markets over time. According to Uner et al. (2013) communication skills include developing working knowledge of international business activities. The current findings refine the study of Uner et al. (2013) by presenting an argument in context of EME (China) SMEs. However, Uner et al.’s (2013) study is not concerned with how EME SME

entrepreneurs develop the additional communication skills. The findings of the present thesis emphasise that for EME (China) SMEs developing communication skills, for example frequency and transparency of communication, are highly important to establish trust with foreign clients.

The findings suggest that International marketing manager of International Technology Trading goes beyond developing foreign language skills and believes in developing effective and efficient communication strategies. These strategies are used to avoid misunderstanding in business situations with their clients. He further elaborates that language skills help business partners in nurturing a long-term business relationship. Additionally, nurtured business relationships work as a support system during times of crisis. It is important for SME entrepreneurs from EMEs (China) to develop certain communication strategies. Trusted business relationships can only be developed if they are based on clear communication. As indicated in the above quote, the manager perceives frequency of communication with his international clients as part of an efficient communication strategy. Additionally, International Technology Trading utilised various communication mediums, for example websites, to provide information to its business partners. Responding to Uner et al.'s (2013) study the present findings suggest that EME (China) SME managers are not only frequently communicating with their clients but also regularly updating information related to their products and services for their international clients, to establish transparency and trust.

The Senior International Marketing Manager of Chinese Food Trader viewed the use of technology in communication strategy as playing a vital role. He suggested that:

“Language barriers always exist [for] us and [...] for our business partners around the world but I do not think this is a major problem. The major problem is the intention from both sides. It all depends on how much we want to make efforts to understand each other. We communicate in various ways, SMS, emails, phone calls, Skype etc. There are always chances for both sides clarifying things that they do not understand or have doubts [about]” (Senior International Marketing Manager of Chinese Food Stuff Co.).

In a study of Spanish exporting SMEs, Stoian and Rialp-Criado (2010) demonstrate that entrepreneur's foreign language skills facilitate the communication process. The study suggests that command over English language is necessary for trading in international

markets to explore foreign market opportunities. Managers in the study perceive that without necessary foreign language skills it is difficult to approach critical points of contacts in international business settings. Therefore, proficiency in a foreign language and command over communication goes hand in hand. However, Stoian and Rialp-Criado's (2010) study is unclear on the modes of communication that entrepreneurs are utilising to resolve misunderstandings during the process of internationalisation. The findings in this thesis extend an assertion of the international business study conducted by Stoian and Rialp-Criado (2010) in EME (China) context. The Senior International Marketing Manager of Chinese Food Stuff Co. establishes the importance of avoiding misunderstandings between business partners through communication channels. However, the manager still views the relevance of proficiency over foreign language skill. Moreover, the importance of effort is highlighted in order to understand a business partner. The findings suggest that for Chinese SMEs after the initial stage of the internationalising process and opportunity development, utilising different modes of communication, for example "sms, emails, phone calls, Skype etc." is critical to resolve any communication challenges and maintain business relationships. It also keeps these managers in contact with their foreign clients. Different modes of communication not only provide managers with an opportunity to explore international markets and develop opportunities but also to understand business partners and their intentions.

On the other hand, Industry Experts 7 and 4 highlighted *institutional influences on communication technologies* in Pakistan. Industry Expert 7 shared his experience and suggested that:

"Yesterday someone [media] came to record my interview on how the government is closing down Tango, Viber and Skype in Karachi - its stupidity and YouTube is still banned in Karachi. Sometimes people say that these technologies are also banned around the world. I know it does not happen in China. They have created their own alternatives. I mean I am managing my portfolio for the international clients on these technologies from the last five years and the government is telling me that they are going to shut it down suddenly; then of course I have no choice but to use proxy. They [media] were saying that some applications are being shut down so what am I going to do? How I am going to manage my portfolio? I said we could use other applications. If they will shut down 20 from the [published] list we will use the remaining 20. The government shuts down mobile phones, land lines, or internet whenever they want and sends us into dark ages for days which affect our business here" (Industry Expert 7).

In EMEs in Pakistan where often communication technologies are banned or blocked because of security and political issues, it creates barriers for entrepreneurs to stay in contact with their international business partners, consequently influencing their international business activities. It is a regular occurrence in countries like Pakistan where Internet technologies are blocked for an unspecified period of time by the government, with or without prior notices. The Chinese government has developed alternative applications for communication technologies, which are helping entrepreneurs to stay connected to the rest of the world. This is despite Facebook, YouTube and Google being blocked in China for some time, and in some cases, until recently. The sudden action of the Pakistani government to shut down communication technologies creates barriers for Pakistani International SME entrepreneurs continuously linked with international markets. Furthermore, Industry Expert 7 also mentions that these types of actions also damage the trust of international business partners and their intentions to collaborate with Pakistani entrepreneurs. Furthermore, these findings provide contextual (from EME perspective) contribution towards nonlinearities in entrepreneurial international business activities.

In conclusion, firm characteristics are embedded in the unique knowledge, international experiences and resources that entrepreneurs gain over time. The present findings contribute to internationalisation process model (Johanson and Vahlne 2015; Vahlne and Johanson 2013) and suggest that international experiences must be seen from individual entrepreneurial level perspective. Furthermore, strategic restructuring of international operations in foreign markets allows entrepreneurs to gain experiences, which can later be leveraged to increase the length, scope and diversity of these operations. These findings further provide the contextual (Pakistani and Chinese entrepreneurs) contribution to current exit and re-entry studies (such as Vissak and Masso 2015; Javalgi et al. 2011; Welch and Welch 2009; Benito and Welch 1997). The findings further argue that small-medium sized entrepreneurial firms are as highly involved as larger firms. As mentioned in Chapter 2 that larger MNEs are more likely to be highly involved in international operations and committed to international business activities.

The present findings refute with Javalgi et al. (2011) and suggest that entrepreneurial firms not only demonstrate higher levels of international involvement but also implement changes in their commitments to increase chances of survival in foreign markets through ongoing strategic re-structuring of internal resources. Hence, it is important to highlight the role of

individual in demonstrating strategic flexibility. Present findings referred to this type of behaviour as entrepreneur's personal ability to engage in strategic flexibility. It is an individual's decision based on planning to adapt to technological forces or respond the changes in demands by the external environment. The findings also revealed that EME entrepreneurs value language as an entrepreneurial resource. Hence, entrepreneurs interviewed for the present thesis spend a considerable amount of time in learning foreign languages. Other strategies applied were hiring language skilled employees to increase the overall reputation of their firm in international markets. Language also allowed entrepreneurs to develop communication capabilities, understanding and trust. However, in situations where foreign business partners lack language orientations it directly contributed towards effecting international business operations. These findings respond to the recent call for research on language and international business operations by Klitmøller and Luring (2016) and Brannen, Piekkari and Tietze (2014) and argue that language, international experiences and international involvement are unique entrepreneurial resources that allow individuals to create sustainable competitive advantages in global markets. It further allows entrepreneurs to select the right markets during the internationalising activities and continuously engage with network partners. The findings argue that for EME entrepreneurs from Pakistan and China working with entrepreneurs from other EMEs, language and communication is associated with nonlinearities in international business activities. The next section presents findings and discussion on product characteristics and its influences on exit and re-entry experiences.

4.2.2 Product Characteristics

Product Innovation or Uniqueness: There was a strong sense of innovation in developing unique products and services for foreign buyers both in Chinese and Pakistani entrepreneurs interviewed for the purpose of this thesis. Furthermore, entrepreneurs were engaged in various service and product related industries. Additionally, the strong sense of keeping firms agile through innovation was found to be a common theme. A number of entrepreneurial innovation-related behaviours were observed such as demonstrating entrepreneur's personal initiatives, network support and overcoming country of origin effect.

As indicated above, ***entrepreneurs' personal initiative*** in innovation was observed in a number of entrepreneurial actions such as with the owner of Leading Enterprises, the owner

of HEC and Garment Manufacturer, through international experiences of Industry Experts 1, 3 and 5, and CEO of International IT Solutions. As illustrated by the owner of Leading Enterprises, the entrepreneur's personal initiative towards product innovation shows:

“The [oil] refinery gave me a contract to supply bombproof electrical panels [...] because I was already working with someone in Germany and they were selling the product only with military approval which can take up to 2 years of approval [...] my supplier did not agree to sell. I was determined so I bought one very expensive piece from China. I call myself street engineer. I slowly started to open it [device] and learn from the design. I build my own device - it took 5 months constant work - and labelled them as [...] got them tested from [...] and sold it to the refinery. That was my innovation and very proud of it but the relationship with German supplier turn sour because he later found out that I developed my own. He was interested in working with the refinery but I did not have time and money to sit and wait. I have a responsibility to my refinery bosses” (Owner of Leading Enterprises).

The finding further suggests that lack of resources and slow movement of networks could lead to demands and pressures on entrepreneurs to take personal initiatives for innovation. In this case, the entrepreneur utilised his personal initiative (behaviour) to speed up the process of innovative related internationalisation. However, he paid the cost of the damaged business relationship. These findings contribute to study of Vissak and Francioni (2013) and enhance our understanding that entrepreneur's personal initiative towards innovation under pressures from external factors contributes to firm survival. Furthermore, the international experience of the owner of Leading Enterprises demonstrates that network partners that are slow to respond to foreign market opportunities are likely to negatively influence the process of the entrepreneur's ability to leverage business opportunities. The entrepreneur's personal initiative demonstrates an overall commitment to internationalisation activities. The entrepreneur felt (affective dimension of commitment) a certain sense of responsibility to his refinery networks. The present thesis suggests that entrepreneurs' personal initiatives towards innovation-related internationalisation should be considered as individual resources utilised to leverage international opportunities. As a consequence they speed the process of foreign market re-entry.

The owner of Garment Manufacturers and HEC Traders is another example of personal initiative being used. However, these activities were embedded in challenges the entrepreneur faced in creating new technologies. She further suggested that:

“I moved from creating business to business and products to products. I was in teaching languages and 2 years later after creating so many new products for my clients in China, UK, USA, Europe and Australia now I am working as migrant agent [...] I always wanted to do something in my life something great [...] you have to look tough if you want to be a Chinese businesswoman [...] I did all this because I was determined to do something in my life [...] but, of course, I faced many failed projects, failed networks and failed expectations but, after all, it was a good learning experience” (Owner of Garment Manufacturers and HEC Traders).

The owner started a number of innovative companies over the years within tourism, textile, car stereos, education, consulting and migration. She was invited by the South Australian migration department on a business innovation visa to advise Australian businesses on product and service innovation. Her international experience suggests that product innovation in smaller entrepreneurial firms is a result of the entrepreneur’s personal initiative. Furthermore, findings suggest that personal initiatives of product innovation are not always smooth paths. Her international experience refines findings of a study by Chandra et al. (2012) and argues that that during the process of product innovation entrepreneurs are confronted by various challenges. These challenges could lead to entrepreneurs leaving international markets (with failed projects). However, if the entrepreneur’s personal initiative to innovate remains constant the firm is likely to reinvent itself to re-enter international markets (Welch and Welch 2009). Hence, entrepreneurs’ strong personal initiative to innovation increases the likelihood of re-entry in foreign markets.

In a similar vein, Industry Expert 3, CEO and Chief Operating Officer of International IT (information technology) Solutions supported the idea that EME (Pakistani) SME entrepreneurs are highly driven by personal initiatives on innovation-related activities which is further confirmed by Industry Expert 3:

“In my opinion smaller firms in [Pakistani] software industry cannot survive without innovation or offering something new to existing foreign customers but also there is industry pressure to innovate. We know that someone out there is creating the next big thing [...] That puts more pressure to take entrepreneurial initiatives. I met a number of entrepreneurs this year and in my opinion, they are driven by two things: fear of failure and chances to make the most of the existing opportunities” (Industry Expert 3).

The CEO and Chief Operating Officer of International IT Solutions agreed on the support of entrepreneurs’ personal initiative and proactiveness in developing innovative products. The

CEO praised the personal initiatives taken by other entrepreneurs within the software industry but also openly criticised the role of an industry-related organisation managed by Industry Expert 3. He stated that:

“[Industry Experts 3 and 5] both has put us forward in terms of networking but not entirely in terms of providing a support with the core of our business [...] I appreciate their role but it is not consistent because of bureaucracy [...] for example [name of the industry association – Industry Expert 3] which has members as part of innovation to help existing and new start-ups. They run events but that not really bring supports to the core of the business. They are only here to hold one competition and showcase some of the products [...] They [Industry Expert 3’s organisation] give us appreciation but, in reality, it’s not fruitful” (CEO of International IT Solutions).

The findings provide insights into the criticism by a leading entrepreneur in EME (Pakistan) in the IT sector on the lack of support by Industry Experts 3 and 5 on the growing needs of innovation of existing entrepreneurial SMEs. He further suggests that if this type of behaviour continues, “it is going to be challenging for Pakistani IT sector SMEs to survive in foreign markets”. The findings refine Benito and Welch’s (1997) study on foreign market exit and suggest that entrepreneurial SMEs cannot be solely held responsible for failure in foreign markets. There is much-needed support that is required by home-based industry associations in acting as support structures for EME (Pakistani) SMEs to develop international market capabilities to avoid foreign market exit experiences.

Chinese industry Experts 1 and 10’s observation further confirmed entrepreneurs’ personal initiative in creating new technologies. Both experts agreed that entrepreneurs’ personal initiatives and proactiveness are further supported by Chinese government’s strong interest in innovation and knowledge economy. Hence, there are funds allocated by the government and other industry associations for research and development (R&D) and product experimentation in the variety of industries. Industry Expert 1 further maintained that:

“I went to China many times but it did not work. Australian wines are hard to sell as premium quality in China. I decided to collaborate with someone in China to come up with Australian wine specifically for Chinese palates [...] Along with my business partner we wanted to create new type of wine for Chinese consumers’ pallets. I studied wine as well for years as this is my personal interest. My work experience in Asia taught me about the larger wine consumer based in Asian markets [...] my Chinese partner had good relations with the Chinese government officials and wine educational institutions [...] we accessed funding and research assistantships to develop a new type of wine for Chinese consumers [...] while meeting these partners I

felt that they have personal interest in coming up with new innovative wine for China but also new ways of marketing these products” (Industry Expert 1).

These findings highlight the role of government and other industry associations’ interests in encouraging entrepreneurs to take personal initiatives in developing innovative products. In the case of Industry Expert 1, he confirmed that after several exits from China he was able to find a business partner who not only had a stronger personal initiative in creating a new type of wine but also seeks support from the other parties. These initiatives allowed the industry expert to contemplate re-entry in the Chinese market. Industry Expert 1 revealed that his Chinese business partner was interested in restarting his business in Australia for the Chinese-Australian consumers. These initiatives not only helped the Australian industry expert to re-enter China but also the Chinese entrepreneur to re-enter the Australian market in the Wine Industry. The findings from the present thesis contribute to conceptual study by Welch and Welch (2009) on foreign market re-entry by providing empirical support in the context of China (Industry Expert 1). These findings confirm that entrepreneurs’ personal initiative along with EME (China) government support to innovation, help SME (partnerships i.e. joint venturing) survive. Government support further creates an environment of trust (Wu et al. 2016).

Moreover, these insights extend a study by Taylor and Jack (2012) on innovation related internationalisation and suggest that during the process of innovation, foreign market exit (because of lower sales) and re-entry (through new innovative products and partnerships) could be a norm to internationalisation processes. Hence, international business researchers must look beyond the initial internationalising activities of EME entrepreneurial SMEs to understand the dynamic nature of internationalisation processes. This means managing the foreign market exit, then later identifying a business partner in China to create funding opportunities for innovation to re-enter China (through joint venturing opportunities). This further created international opportunities through seeking Chinese government innovation related support within the wine industry.

The attribute of the *role of networks in innovation* process is considered as being an important factor during exit and re-entry experiences of EME (Pakistani and Chinese) entrepreneurs. These international experiences were observed in the cases of the owners of

International Sports Services, Global Toy Manufacture and International Jeans Industries. They further reported the role networks played during the product innovation process. It emerged from the findings that EME (both Chinese and Pakistani) entrepreneurs were highly embedded in their network ties. Therefore, innovation is also seen as collective activities. Above-mentioned entrepreneurs, along with the owner of RED Fort Restaurant and owner of HEC Traders and Garment Manufacturers, all at some stage reported the support of network partners (both business and social networks) during the innovation process. However, not all entrepreneurs reported successful international experiences in managing networks and processes of innovation. The owner of International Sports Services reported that:

“I went out to many Western countries to learn how they operate and what are the basic rules and knowledge for this industry. I investigated almost 50 clubs and equestrian centre to gain some understanding. I started importing the material and this is where things become little tricky. Then I had to chase for the good quality of product and go back to some of these suppliers to explain them the level of product I needed to develop the service [...] our service development is mainly includes three types of networks, the innovation not only comes from us we have to make sure that we include others as well [...] as this is a newly born industry here [...] first industry partners members who come from associations, trade shows, second our suppliers of equipment and horses; third volunteers or interest groups to share their knowledge and experience to improve and develop our products and services [...] some of these groups came from overseas to share valuable information with us and enjoyed our facility” (Owner of International Sports Services).

In another instance, while sharing his international experience on the innovation process the owner of Global Toy Manufacturer stated that:

“Not all of my products worked with my clients [...] as a toy manufacturer and designer we have pressure to constantly come up with something new and now to come up with new types of technological toys. In this fast paced industry you can easily make mistakes [...] we launched few toys for European markets but the sales were low so we have to sort of figure out how to get more profit and find new ways of selling but also to come up with what customers wanted and go back to Europe through big online and physical retailers this time [...] my other markets were profitable” (Owner of Global Toy Manufacturer).

The owner of International Jeans Industries commented on the value of foreign market networks in the innovation process. He claimed that:

“It took us a long time to start this business [...] I visited USA many times before getting my first contract to manufacture for [prominent global jeans brand] then as supplier we became the part of their global innovation team but this road to success

was challenging [...] this is a valuable network to come up with new styles of clothing, jeans for men and women, kids design etc.” (Owner of International Jeans Industries).

The excerpts from both International Sports Services and Global Toy Manufacturer owners have different experiences with regards to their respective industries. The experience of the owner of International Sports Services was challenging, working with network partners on sourcing quality material in order to innovate and set up a new service. Despite his numerous overseas visits, things were still difficult. However, on the other side, the owner of Global Toy Manufacturer was confronted with low sales of his new innovative toys through an existing business partner. According to him the issues with lower sales were not the designs of new products but the promotion of innovative toys to their customers in Europe. International experiences of these owners suggest the importance of networks during internationalisation process of the firm as confirmed by Johanson and Vahlne (2015). However, these experiences also suggest that foreign markets exits and re-entries are subject to success or failure of innovative products but also rely on overseas network partners to be fully involved in promoting these products.

According to the experience of Global Toy Manufacturer during the process of innovating new products for the market, one of the European suppliers did not cooperate as expected. This resulted in lower sales (partial exit) as suggested by Vissak and Francioni (2013). Later the entrepreneur contacted one of the giant retailers in Europe to further examine the toy market and re-enter the European market with new products. The new products were developed based on retailers’ market forecast and his personal advice. The present findings label these types of changes as business partner-driven innovation, hence extend the argument suggested by a number of international business studies (Chandra et al. 2012; Javalgi et al. 2011; Chetty and Campbell-Hunt 2004; Luostarinen 1989) that entrepreneurs create new knowledge working with new partners in existing markets. These types of collaborative partnerships provide entrepreneurs with strategic reorientation (moving from the paths of foreign market exit to contemplating successful re-entries). Particularly, the present thesis refutes findings of Chetty and Campbell-Hunt’s (2004) study and suggests that innovation does not always speed up the internationalisation process. Despite innovative products EME (Chinese) entrepreneurs may find it difficult to sell their products overseas due to business network issues in western markets. The excerpt of owner of International Jeans Industries further supports the findings within in the context of network support and innovation. The

entrepreneur felt inclusive and part of the network that is associated with innovation driven internationalisation.

Another behaviour that emerged from the discussions with international entrepreneurs is *overcoming country of origin (COO) effect*. The issues were highlighted both by Pakistani and Chinese entrepreneurs, however more so by Pakistani entrepreneurs within the IT sector. Chinese entrepreneurs highlighted the issues of the country of origin effect in terms of international buyers' perception in terms of providing consistent quality products over time. As the owner of Chinese Food Stuff Co. stated:

“In my first meeting our USA retailer was kept focusing on the quality of product and kept asking me to make sure that quality is consistent because they had to deal with someone who did not follow through the contract in terms of providing fresh and good quality food items. So I said to myself we [Chinese] have to rethink about doing business too and re-evaluate ourselves [...] as we push westerners to rethink about doing business in China but some Chinese have not been very nice to outsiders in providing good quality products” (Owner of Chinese Food Stuff Co.).

While discussing the issues of product quality the CEO of International IT Solutions emphasised international buyers' disappointment with the product development performance of Indian and Pakistani entrepreneurial firms. He mentioned that:

“More so competition is a misconception or the prior experience [with international clients]. This is what the biggest hurdle is more than the competition itself. Normally when somebody approaches us they have this misconception or I would say or something like they have in their mind is if we are going to outsource some company in India or Pakistan or countries like that then it is not going to work out. Primarily the problem is that they have actually dealt with a lot of companies from India and practices in India are not very good or on the same level as in Pakistan, the way software is developed and that is the prime hurdle. First of all, we actually have to convince them that you are not dealing with the same kind of people. We are professional and do not give us all the work at once but just try us out for a couple of months and then see if it works for you and then we will talk more. This is how we developed our strategy in the beginning after exit and this has proven to be successful” (CEO of International IT Solutions).

According to him, buyers in the UK and US have stopped working with companies from India and Pakistan due a number of global events such as 9/11, developer ability to sustain promises and deliver high-quality products and in some cases not properly fulfilling the contract guidelines. Therefore, a number of companies have stopped working with developers here and have moved to countries like Australia, Korea and other emerging countries. Bstieler (2012) argues that new product development of firms is influenced by international context

and internationalisation. During the process of new product development firms face a number of challenges including intense competition (home and host markets) and responding to the diversity of customer needs (Bstieler 2012). The present findings further expand Bstieler's (2012) argument and suggest that entrepreneurial firms are directly responding to the challenges of the negative perception of international buyers. Javalgi et al. (2011) further suggest that firms have exited foreign markets because of global events following 9/11. For this reason, buyers have lost their confidence in developing products with partners from South East Asia. These types of events may have led firms to develop misconceptions about developing their product specifically within the IT sector in Pakistan and India.

According to the CEO of International IT Solutions, a number of firms have faced setbacks in international markets due to the perception of the developpee particularly in the case of developing software in the IT Industry. The present findings propose that product development in the IT sector is a time-consuming process and both developer and developpee have to participate in order to enhance the quality of the product for sustained competitive advantage. Misconceptions have created mistrust between business partners in order to successfully develop and launch products. EME (Pakistani) entrepreneurial firms involved in developing software were left with no business activity after adverse global events as buyers stopped doing businesses with these firms. The CEO International IT Solutions further maintained that in the IT sector for entrepreneurial firms, it is not the competition but prior international experience in product development with foreign buyers that matters. He shared his international experience demonstrating that foreign buyers' experiences of developing high-technology products with entrepreneurial firms in India and Pakistan have been unsuccessful merely due to the effects of 9/11 and growing distrust of silicon valley in our markets. The following statement by Industry Expert 6 provides further insights from an expert opinion in the context of a negative perception of Pakistan's IT industry. He noted that:

“The security [national security] issue is one major area where there is a problem [...] there are people who are still very bullish about Pakistan [...] the issue of killing of Osama Bin Laden and war in Afghanistan has affected the perceptions of our country in global context but these risks should be factored in” (Industry Expert 6).

Bstieler (2012) argues that new product development of EME firms is influenced by international context and internationalisation. We know little about internationalisation challenges faced by EME firms during the process of new product development (Thomas et

al. 2007). These challenges include intense competition (home and host markets), responding to the diversity of customer needs, geographic, legal and cultural considerations (Bstieler 2012). However, the present findings extend the argument of study by Bstieler (2012) and suggest that besides all the other types of challenges EME (Pakistani) SMEs are also dealing with the challenges of perception of international buyers. Therefore, in order to address internationalisation challenges, firms have developed different re-entry strategies to revive their international business activities. In order to respond to exit experience, entrepreneurs firstly have expanded in other emerging markets (as in the case of International IT Solutions) such as in Dubai and Turkey (also due to new government linkages being developed among these markets to conduct international trade activities). Secondly, entrepreneurial IT firms have re-entered previous markets such as UK and US almost after 10 years of no business activity. For instance, as mentioned by the CEO of International IT Solutions, the company re-entered UK and US by asking buyers to offer small contracts (job per basis or selling software as an exporter/contractor) instead of investing with them in high commitment re-entry modes (such as joint-venturing). The International IT Solutions have developed these strategies to convince foreign buyers to try out the company. Therefore taking small positive steps towards business and product development, ultimately changing the negative perceptions of SMEs from South Asian Region. The findings further argue that companies from EMEs are finding it challenging to internationalise and attract foreign clients. International IT Solutions' proactive international strategy of trying out developing new products with foreign clients has "*proven to be successful*".

Product Image, Demand, Recognition and Life Cycle: The concept of *demand and product life cycles* evolved during the interviews while entrepreneurs shared their international experiences in exiting and re-entering foreign markets. Out of 23 interviews with entrepreneurs, only 3 individuals reported influences of product life cycle. Umer Group of Industries, Weaning Industries and NED Importers claimed these influences. The owner of Umer Group of Industries is particularly interesting stating that:

"We have left products from international markets and we stopped dealing with them completely like some chemical products [and] hardware items. I mean some of them were obsolete or sometimes someone launched a counter or completely different product. We have only gone back and bought the obsolete product for example in shoe material. Someone started to manufacture a new type of shoe and he needed that product again so we imported it on demand only for specific customers, just meet their specific demand. So we have this shoe exporter working with us and we supply shoe material to them. He developed a new market overseas but utilising old type shoe

material, a material which was obsolete. So he received an order again after 5 or 10 years and he has demanded it. He came to us because we dealt with the product before and we have worked with the supplier for that specific kind of shoe material. So our customer knew that we have had or dealt with this product with a better quality. Because of change in market or industry dynamics or slowdown in demand, people left the product but the demand for that specific material came back. Our customer knew that since we imported that product with quality and in quantity he relied on us. He also came to us because he knew that he is going to receive the supply regularly. Yes, we have to develop relationships with suppliers and with clients. There has been a time when we could not provide the product that was in demand in the domestic market only because no one was producing it internationally or we just could not find the new supplier for it. In that case, we worked with our client to study their product and suggest something better or something that is available in international markets” (Owner of Umer Group of Industries).

The owner of NED Importers changed his principal company (stopped importing products) and in order to further import products changed his principal from one European country (Italy) and re-entered another (Germany) and maintained business ties within the similar region. Thus, demonstrating foreign market exit and re-entry. He quoted that:

“As the technology changes we have to adopt [...] the material that I am importing now to install is not something that I was importing 5 years ago so there was shift in the technological change and that lowered the demand because within few years everyone was asking for the new products [...] I had two choice: either to demand new technology to be install in our existing products through our principal or start buying from someone else [...] the existing principal was taking a long time to implement changes in the products and I was getting frustrated because I was losing new clients [...] I decided to visit Germany and find a new principal. I showed him my previous experiences and the list of clients waiting for the products to be installed and we started working together” (Owner of NED Importers).

In both cases discussed above there are similarities in addressing the general theme of product life cycle while experiencing the process of internationalisation. The illustration of owner of Umer Group of Industries suggests that the company has been continuously managing supplier and buyer relationships in overseas markets for the last 20 years. The company's international activities are mostly based on developing and maintaining existing and new chemical products with its international suppliers. There have been instances where the company has left an international supplier based on products becoming obsolete in the local markets (Pakistan). For example, as mentioned by the owner of Umer Group of Industries that over time the entrepreneur has stopped dealing with products in international markets because a competitor launched a competing product, resulting in the shift of product demands in the industry. The literature discussed in Chapter 2 (Freeman et al. 2013; Chandra et al. 2012) fail

to address the issues of EME entrepreneurs and their behaviours in making re-entry decisions soon after exit.

EMEs (Pakistan) predominantly have become the suppliers of raw materials to other EMEs (China) and AMEs (US and UK). Therefore, it is important to understand that EME (Pakistani) entrepreneurs are sourcing materials from all over the world and matching supply and demand of buyers and sellers with hundreds of items on their selling lists (multiple products in multiple markets). They make quick and fast decisions to restructure supply and demand situations. Moreover, they are continuously managing ongoing product and demand cycles. Freeman et al. (2013) argue that changes in product life cycles are likely to impact the profits of sales of SME over time (Freeman et al. 2013). The present findings refine those of Freeman et al. (2013) and provide insights into EME SMEs that are managing multiple products in multiple markets. Umer Group of Industries is an example of such companies that manages from low to high commitment internationalisation modes. Low commitment entry modes for example, include importing and exporting of raw materials, chemicals for leather and other chemical industries. High commitment modes include for instance, company's commitment towards developing innovative products and working in joint ventures and strategic alliances (by investing more resources such as time, effort and finances in order to develop new chemical products for the local and international markets). The entrepreneur who is leading an SME that is continuously managing different suppliers and demands of products in multiple countries, demonstrates sophisticated working skills to restructure resources to meet ongoing changing in cycles. Switching between markets and sourcing obsolete products for new buyers or existing buyers is an ongoing business activity for entrepreneurial SMEs. The findings further extend conclusions of Freeman et al.'s (2013) study and argue that SME entrepreneurs from EMEs are able to demonstrated skills needed to respond to ongoing changes in demand and product life cycles (and in some cases leaving and re-entering foreign markets). Interestingly, the concepts of *product image and recognition* did not emerge to have direct influences on entrepreneur behaviour of foreign market exit and re-entry experiences.

Product or Service Attributes: Another theme that emerged while discussing product attributes is the issue related to *product quality* during exit and re-entry experiences. These

issues affected activities of both exporters and importers. The owner of Umer Group of Industries commented that:

“We worked with our good friend and supplier in Egypt for 3 years. We left Egypt and stopped buying rubber sheet and shoe material, I mean there is not much manufacturing there and they were not able to manufacture product according to our specification. That is why we left Egypt. Secondly, we left that market because if we import from Egypt, I mean to say there has to be a benefit in importing from a country that does not do much manufacturing of the shoe material. Their product quality has to be so high that you cannot find it anywhere then you should import from that specific supplier and country. So when the product quality is not significant and we do not have FTA [Free Trade Agreement] available in the country and the same product quality we can find in China with cheap prices including the FTA. We didn't find any other better reason to leave Egypt and go back to China. We left China for Egypt for a close friend. Our business model did not work out so we had to start importing the product back again from China because of price, better quality including FTA. It took us a long time to switch the supplier. It is not an easy process because it can hurt your domestic supply chain and customers” (Owner of Umer Group of Industries).

To support the international experience presented by the owner of Umer Group of Industries, Industry Expert 4 stated that:

“Product inconsistency issues are very common in international markets; well if you are working with suppliers from countries like US and UK you know that they are not going to cheat you in terms of quality of the product and price. Suppliers in those markets have far better-developed product quality standards because they are looking to do business on the long-term basis but if we talk about for example suppliers from China, Vietnam, Indonesia, South America etc. now it is better but still happening; in the past we have faced a number of issues with the payments and the product qualities [...] it is difficult to find good reliable suppliers that are able to provide you consistent quality over the years [...] when we used to work with Chinese suppliers there were always issues and we knew that we had to look for someone new...if you are developing a product you have to work very closely with your suppliers, understand them, give them confidence and share knowledge that is not available out there in the market for you and them to compete together and make profit it takes time, effort and resources it is not an overnight process” (Industry Expert 4).

Bell et al. (2003) and Freeman et al. (2013) indicate that born-global SMEs rapidly internationalise and lock-in clients to do business in overseas markets. The studies argue that these entrepreneurs exit and re-enter international markets due to product related factors. Yet Freeman et al. (2013) and Bell et al. (2003) do not explore whether inconsistencies in product qualities can influence the internationalisation in SMEs (particularly from EMEs). The present findings (experience of Umer Group of Industries) emphasise that inconsistencies in product quality over time can also become significant factors in internationalising SMEs from

EMEs (Pakistan). These issues can further damage relationships between business partners resulting in leaving SMEs vulnerable in international markets. The owner of Umer Group of Industries supports the proposition that product quality issues in international markets are significant if they are consistent over time. The owner worked with a Chinese supplier to provide the raw material for shoes. However, an opportunity to work with a social network partner (a friend from Egypt) came along. The owner decided to pursue the opportunity and leave China. After 3 years and inconsistencies in product quality over time, the owner decided to leave Egypt. He tried to rebuild his relationship with the Chinese supplier to re-enter China.

Calantone et al. (2004) and Cavusgil and Zou (1994) show that maintaining product quality is important for SMEs to do international business with foreign partners. However, the studies ignore the international experiences of SME entrepreneurs in dealing with product inconsistencies within foreign markets. Extending these studies, the insights demonstrate that managing inconsistencies in product qualities are very common and might be faced by SMEs during internationalisation. The industry expert has spent more than 20 years working for medium to large EME (Pakistani) international companies in a number of international markets. He was also involved in working in an international capacity with medium sized companies from China and US. His extended working experience in foreign markets for different international companies as a senior manager in sales, marketing and international operations and being CEO motivated him to start his own company in the construction industry. The company was active for 12 years in different international markets importing and exporting construction materials, however it was shut down due to the owner's personal reasons. 20 years of working background in different international capacity gives him an expert authority on providing advice on internationalisation of EME SMEs over time, particularly bringing working experience both from AMEs and EMEs.

The illustration of Industry Expert 4 further revealed that SMEs that lock in their suppliers in long-term business contracts face more challenges while working with business partners from other EMEs. This is because there are always uncertainties as to whether the partner on the other side is going to fulfil the expectation after the first few orders. Furthermore, countries that are still developing general product quality standards are also facing challenges in keeping international buyers because the price is not always what buyers are looking for. He further acknowledges that his own company left China and re-entered China and during the

switching period the company had to work with suppliers from Vietnam and Europe. It was an expensive decision but they had no choice. However, he later found another supplier in China and then worked closely the second time and made sure that product quality remained consistent. Therefore, the present findings extend Calantone et al. (2004) and Cavusgil and Zou's (1994) assertion by suggesting that product consistencies are developed over time by working with suppliers. Furthermore, if these issues are not manageable, buyers always switch between suppliers while looking for better quality products.

In order to deal with continuous inconsistencies with product qualities, the Owner of Umer Group of Industries formulated a *new re-entry strategy (working with complementary products) after exit*. This emerged during the interview discussion. Vissak and Francioni (2013) suggest that Italian SMEs working in international markets are looking for a supplier who can maintain product qualities. The study found that working with suppliers from EME (Romania) is challenging and it was difficult for the Romanian supplier to maintain product quality. However, the study does not explore the experience of EME (Pakistani) SMEs not only switching suppliers but also switching products. The owner of Umer Group of Industries maintains that their supplier maintained the product quality in the first 2 transactions, and then slowly it started to diminish. He further acknowledges that it is easier to switch a supplier then switch the product. As an international entrepreneur, it is his responsibility to continuously know the product so that he can find the matching product in the international market. In his case, the owner decided to reduce his commitment with a particular supplier and continuously looked for a similar competitive product. The owner found the switching process difficult, as there is only one supplier in the region supplying the required product. He further stated:

“Yes, we have left the product categories. Let's say in our paint market we were dealing with five to six products. We left one product from those five products because the supplier of that specific product could not sustain the quality of the product and that was hurting our local reputation. We left one product with one supplier, for example, Lithopone it is a paint product. When we left Lithopone supplier instead we started selling the counter product with a new supplier in the new market. Every chemical has a chemical process, so it has chemical properties and MSDs (material safety data) so chemicals with the same characteristics and same properties are available. For example, a doctor writes you a medicine. So the issue is not with medicine's name. Every medicine has a formula you can find any medicines of that formula or any company they give you more or less the same benefit” (Owner of Umer Group of Industries).

Interestingly, the EME entrepreneurs further discussed the influences of *intellectual property rights* on foreign market exit and re-entry experiences. The owner of Shanghai Importers recalled his experience of working with a business partner in Australia and stated:

“I was working with someone from Australia [...] I have lived and worked in Australia for quite some time [...] during the first 2 years we worked together on distribution, exporting and importing different construction material between Australia and China [...] we hired a market research company and paid 50,000 to conduct research on construction material in Australia for our product while together we were developing a special product on flexible innovative type scaffolding structures. So I had all the drawings and I shared everything with him because we worked together for some time [...] then I found out he started to work on the same product with one of my competitor in Sydney. I was shocked; our business relationship became bad very quickly [...] I was lucky to get the patents before they could collaborate. My lawyers helped [...] because majority of them were my ideas and he was coming from the business side of it. I was the innovator on this product” (Owner of Shanghai Importers).

The owner of Garment Manufacturers stated that:

“We started with the 12 pieces of small samples. I had a design lady who worked with me for 15 years and we produced many different types of designs [...] we were trying to produce different options for our clients to offer more choices [...] we designed other categories like handcuffs [...] I tried to build up the business in China, unfortunately, we are not Chinese. I am from Taiwan and it’s totally different so we did not succeed in the factory business there because I have my youngest brother to work for me there and we had dealers who are local Chinese. It was hard for myself and for my younger brother to control the business. The popular period we had at least 50 workers in China but they just want to get something or they just wanted to copy the sample for the other small factories [...] during 2002 and 2003 in the market there were suddenly so many competitors [...] because of the copyrights and piracy issues I decided to stop the business in China and went back to trading from manufacturing [...] No we have not gone back to China since then” (Owner Garment Manufactures).

Chapter 2 argues that intellectual property rights influence internationalisation in Australian SMEs. Particularly, a case of an SME that capitalised on its unique product after the founder took proactive actions in getting patents on their innovative products (Taylor and Jack 2012). Some competitors tried to copy the product in the international market (Taylor and Jack 2012). Proactive actions from the founders to patent their product helped the firm survive in other markets. However, the study does not address the international experiences of SME entrepreneurs who reduce commitments in foreign markets due to intellectual property right issues. The present findings extend Taylor and Jack’s (2012) study and argue that if SME entrepreneurs do not take proactive actions to get patents for their products during

internationalisation activities, they may face challenges of de-commitment and inability to increase involvement in international business. The owner of Garment Manufacturers shared her experience of working with a partner from an EME (China) on an innovative product, seeking to rapidly commercialise her product in other advanced markets of the UK and parts of Europe. She approached a Chinese business partner and set up a factory with 50 employees to produce her product. She said that her Chinese business partner copied the designs slowly. He (her business partner) started to sell her designs to other manufacturers and suppliers in China. As a result, there were many suppliers offering similar products to foreign buyers. She did not take any further proactive actions to launch patents for her products. As a result, during 2005, she closed her factory in China (reduced resource commitment) and went back to trading from manufacturing.

The earlier illustration of the owner of Shanghai Importers (*related to intellectual property rights*) protected himself by acting quickly as opposed to the owner of Garment Manufacturer who did not act proactively. During the process of filing for intellectual property rights, the owner of Shanghai Importers serendipitously met a new business partner in Australia who reached out to help support his business, leading to re-entry in Australia. Both entrepreneurs felt emotionally connected to their innovations. While the owner of Shanghai Importer recovered quickly, the owner of Garment Manufacturer reported intense negative feelings towards her international experience. She further noted that:

“The loss made me depressed for years. I worked on those product designs days and nights and it took them only weeks to steal my work [...] I learnt a lot about trust from that experience” (Owner of Garment Manufacturer).

These insights provide a much-needed explanation to foreign market exit and re-entry studies (Vissak and Zhang 2015; Welch and Welch 2009; Benito and Welch 1997). These experiences can be interpreted as consequences of dishonest behaviour among international business relationships. These experiences resulted in entrepreneurs' intentions not to re-enter the foreign market (case of Garment Manufacturer). However, in another instance (in the case of Shanghai Industries) the owner serendipitously discovered a new business relationship while launching protection for his innovation. The findings further emphasise the role of 'serendipitous' discovery after exiting in internationalisation context. Besides product quality and intellectual property rights (patents), other attributes such as *product or service features, brand, after sales services and technological superiority* mentioned in Chapter 2, were not

observed (within the collected data set) to have direct influences of exit and re-entry experiences in entrepreneurial firms from EMEs (China and Pakistan).

In conclusion, the insights into product characteristics provided further insights into how entrepreneurs made decisions around innovation initiatives, managing product quality issues, and their international experiences in managing intellectual property rights. Furthermore, the section on product characteristics provided new insights from an individual entrepreneurial perspective and suggested that when confronted with foreign market exits, entrepreneurs decided to re-enter offering (buying or selling) complementary products. This demonstrates that entrepreneurs are continuously searching for new ways of developing business-to-business marketing strategies. Observations from interviews with entrepreneurs and industry experts suggest that innovation process in SMEs is nonlinear and requires entrepreneur's personal initiatives. Entrepreneurs who demonstrated personal initiatives towards innovation were more likely to contemplate successful re-entries over time. However, not all entrepreneurs agreed on government and business associations' supports on entrepreneurs' initiatives to innovation. For example, Pakistani entrepreneur reported that Pakistani Business Association in the IT sector is slow to respond to entrepreneurs' need to innovate. Conversely, Chinese entrepreneurs and industry experts reported favourable conditions for government support on entrepreneurial innovation.

The findings further argue entrepreneurs' personal strategies and motivations towards innovation, formulating new re-entry strategies and understanding the need to protect intellectual property rights, contribute towards the overall internationalisation process. For instance, the owner of Garment Manufacturer and Shanghai Importers reported international experiences in relation to intellectual property rights infringements by their network partners and the entrepreneur's inability to respond to these situations in a timely fashion, led to a foreign market exit. Moreover, the findings further inform current research on international business that despite doing business favourably over time in foreign markets, both Pakistani and Chinese entrepreneurs reported foreign partners' concerns about the quality of products (dealing with the country of origin effect). To respond to these concerns entrepreneurs developed re-entry strategies such as trial orders before asking foreign partners for big orders. The next section presents findings and discussion on individual global orientation and its influences on exit and re-entry experiences.

4.2.3 Individual Global Orientation (IGO)

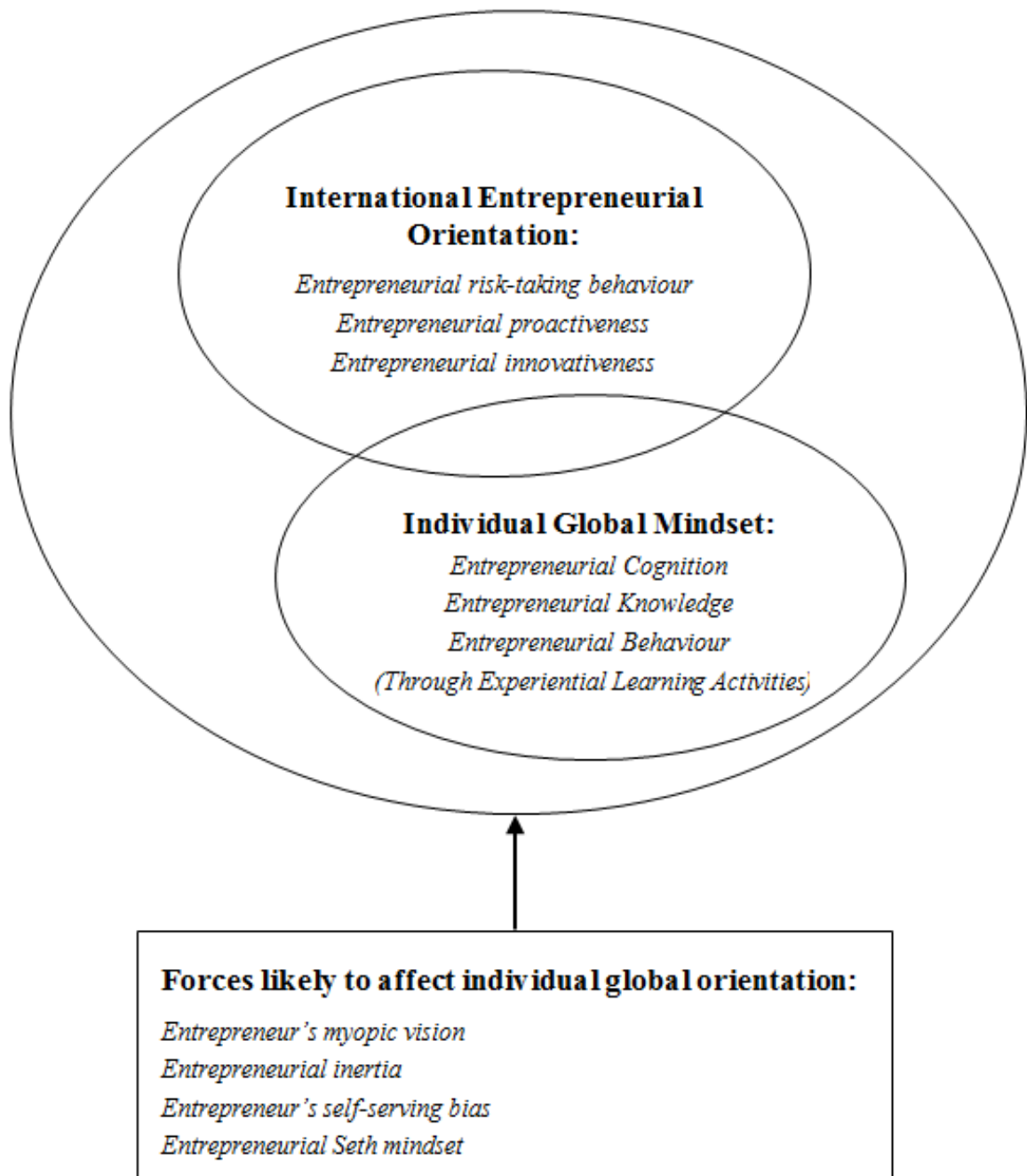


Figure 4-2: Concept of Individual Global Orientation (IGO)

The concept of *individual global orientation* (IGO) was strongly demonstrated both in Pakistani and Chinese SME entrepreneurs. Based on observations collected from the interviews for the present thesis Figure 4-2 suggests the concept of individual global orientation. The concept is further divided into individual global mindset and international entrepreneurial orientation (at individual level). Additionally, entrepreneurial level forces that

are likely to affect individual's global mindset are entrepreneur's myopic vision, inertia, and self-serving bias and Seth mindset. The findings (experiences of entrepreneurs) further argue that the concepts of individual global mindset and international entrepreneurial orientation influence each other and are not separate. Hence, these two concepts make up individual's global orientation. The observations collected from the interviews suggest that success in international entrepreneurial firms is subject to entrepreneurs' creativity, ingenuity, motivations, proactiveness, risk-taking efforts in foreign markets and demonstrating global mindset. However, there are individual forces that are likely to influence overall global mindset. The current state of research in international business ignores the influences of individuals on international entrepreneurial orientation during the process of internationalisation. Furthermore, the literature is not concerned with the role of the individual entrepreneur in context of exit and re-entry experiences. Individual global mindset emerged as a dominant concept through interviews which suggests that entrepreneurs view the world as a potential market place to offer their products or services rather than solely focusing on domestic markets. Three components of individual level global mindset are cognition, behaviour and knowledge, as suggested in Chapter 2.

The present findings suggest the influences of these components in entrepreneurs' experiences of exit and re-entry situations in foreign markets. It was observed that entrepreneurs accessed global mindset through interacting with global networks (customers, business partners, suppliers), understanding know-how of international operations and through the overall internationalisation process. These behaviours demonstrated an understanding of nature and complexities of internationalisation challenges (such as formulating new strategies while experiencing foreign market exits and re-entries) with the intention of creating their firm's global image and understanding the nature of products and industries through experiencing IB activities.

Individual Global Mindset: Both industry experts and entrepreneurs supported the view that individual global mindset is a key driver of internationalisation activities. One of the factors that emerged through the process of interviewing both Pakistani and Chinese entrepreneurs was ***entrepreneurial cognition*** which is likely to be associated with individual global mindset. Entrepreneurs demonstrated the development of global mindset through various experiences such as extensively travelling and living overseas, by learning about international

businesses through cross-cultural management, actively participating in global teams during their professional careers etc. These experiences further enriched awareness about globalisation, curiosity, reasoning and thinking abilities, and an overall understanding of issues related to doing business globally. Entrepreneurs such as the owners of Leading Enterprises, International Jeans Industries, Garment Manufacture and HEC Traders, and Shanghai Importers and the CEOs of International IT Solutions and LED Technologies, studied abroad, worked professionally, or lived overseas before establishing their firms.

However, not all entrepreneurs reported extensive travelling, living and studying experiences before starting their ventures for example the owners of Umer Group of Industries, Hamid Consultants, NED Importers, Pervaiz Industries and Hussain Industries along with some Chinese entrepreneurs such as owners of Chinese Food Stuff Co., Global Toy Manufacture, and International Sports Services. Some of these entrepreneurs gained international experience by increasing their involvement in foreign markets or hiring internationally experienced staff. For example, the owner of International Sports Services hired a Senior Manager and Director of International Operations with previous international experiences to enhance the overall foreign market involvement of his company.

On the other hand, entrepreneurs who demonstrated international experiences of travelling, studying and living overseas became skilled in dealing with people from various cultures, overcoming basic universal language issues, and establishing general know-how of working overseas. For example, the owner of Leading Enterprises graduated from Canada, then lived and worked overseas for more than 10 years in Canada, Libya, Europe and the Middle East before starting his company. He used his previous knowledge of studying, living and working overseas to internationalise. Additionally, his international work experience led to the understanding of international standards in the construction industry. His experience also led to an understanding of market gaps in the construction industry in Pakistan. He created a specialised construction material for the domestic market before taking his firm international. During the interview, he constantly emphasised thinking globally. His previous international work experience included working professionally and also managing a construction company in Libya. These experiences allowed the entrepreneur to remain curious about starting an international business from home (Pakistan). He mentioned that:

“The more I travelled more I learnt about how people think, what they like and how they live also by living with people from different cultures I got to experience their way of negotiating [...] I left home when I was only 17 years old and travelled to Canada with barely any money [...] then I travelled to many other different countries [...] back in my times we worked with teams from Germany, Italy, France, Americans and many other nationalities. That gave me a chance to learn about how to work professionally in different cultures [...] I encourage my son to go overseas, live overseas and start business” (Owner of Leading Enterprises).

The owner of Garment Manufacturer responded that:

“As a child I was very curious. I wanted to travel around the world [...] when I started making money first thing I did is travelled to Singapore because in Asia it used to be the main hub for businesses. I wanted to get some business opportunity from there [...] but I wanted to earn more than my dad and brothers; being the only girl in my family I did not want to be a burden on them [...] I travelled with friends and later thought that I can be a travel agent for Chinese consumers. I developed my interest in arts and history. Through travelling it was easy for me to remember the names of places and dates so I went to Japan, UK, Europe, Asia and US. I thought that I can show the world to people who can't speak English properly from Taiwan and China [...] because of my travelling experience my boss used to put me at the front of any business delegates so that they feel like they are not meeting strangers [...] my travelling led me to further explore business in Europe. I travelled a lot to Europe before doing business there. They are just easy to do business with” (Owner of Garment Manufacturer).

While discussing his international experience of studying and working overseas, the CEO of International IT Solutions commented that:

“I went to University of West London [in UK], completed masters in artificial intelligence and then did another one in telecommunications and that is how my journey started [...] I can sense the person I was before going overseas and after spending years interacting with people internationally it really transforms your thinking and the way you see the world [...] another reason to start this business because I wanted to help the youth of Pakistan by employing IT and computing experts. They are what I call power points of knowledge economy in stimulating creativity” (CEO of International IT Solutions).

Industry Expert 1 highlighted the importance of global mindset as a necessary resource for entrepreneurs. Furthermore, he shared his concerns on entrepreneur not accessing cognitive flexibility in international markets. He explained that:

“I would say that one of the difficult thing that entrepreneur perhaps go through more than managing their firms is achieving flexibility in mindset [...] some resources can

be bought but mindset is a resource; specially global mindset that cannot be bought”
(Industry Expert 1).

The owner of LED Technologies acknowledged the importance of global mindset for Chinese entrepreneurial firms. The entrepreneur has extensive travelling experience before and after setting up his business. The understanding of being a global citizen allowed the entrepreneur to develop the confidence to not only think about competition overseas but also at home. The entrepreneur experienced decreased sales and international partnership issues. The entrepreneur’s understanding and awareness of the issues of foreign market customers and partnerships, allowed him to navigate his international market strategy. As a result, the entrepreneur was able to respond to changing customer demands and increased sales in European markets. He further commented that:

“I think global mindset is very important for Chinese entrepreneurs in order for them to be competitive not only globally but also compete with local businesses in international markets. This is the era of globalisation. If you are not going to keep your eyes and ears open to opportunities then it will be difficult to survive” (Owner of LED Technologies).

The international experiences of above-mentioned entrepreneurs suggest learning is gained over time by being directly involved in various international activities. For example, working professionally overseas, travelling extensively before starting ventures, and studying abroad provided opportunities to work in global teams, develop western style thinking, reasoning and learning about professional management. The findings extend the study by Felicio et al. (2015) and argue that entrepreneurs’ cognition towards being global develops through direct learning and experiences from activities they are involved in over time. These international experiences allow entrepreneurs to develop an understanding of patterns of global thinking through the process of acquiring knowledge. Accumulation of knowledge further allowed entrepreneurs to develop perception, ideas and awareness of being a global citizen. Moreover, the findings contribute to internationalisation process model (for example Johanson and Vahlne 2015) and suggest that individuals who create and manage international firms should be placed at the heart of the model. Each individual entrepreneur is unique in the way they process information and experience. The internationalisation process model in 2013 incorporated corporate entrepreneurship (firm level) within the model however, in 2015, it continued to ignore the effects of individual’s cognition in developing the entrepreneur’s mindset and linking it with the internationalisation of the firm. The excerpts from the owners

of Leading Enterprises and Garment Manufacturers and the CEO of IT Solutions, suggest that entrepreneurs utilised their experiential learning from previous international experiences to change their thinking patterns. Particularly, as the CEO of IT Solutions highlighted, studying overseas contributed towards becoming a global citizen.

These individual experiences develop entrepreneurial cognitions that further allow entrepreneurs to develop motivations to establish international ventures or leverage international opportunities. Mitchell et al. (2002, p.96) motivate researchers to find out “*why they [entrepreneurs] do some of the things they do*”. The present findings respond to Mitchell et al.’s (2002) study calling researchers to identify underlying reasons for entrepreneurial cognition. Based on the observations collected from the interviews, the present findings suggest the underlying motivation for an entrepreneur to proactively engage in global mindset. For example, entrepreneurs demonstrated that in order to increase international influence to further develop and explore international opportunities entrepreneurs are required to increase international involvement. This in turn will demonstrate commitment to internationalisation. Furthermore, past international experiences allow entrepreneurs to configure knowledge structures to piece together previously held but unconnected information to increase personal effectiveness (develop global mindset) (Mitchell et al. 2002). Global mindset is embedded in individual’s experiences of studying, working and living overseas, which in turn is associated with open-mindedness. This may allow entrepreneurs to navigate flexibility in their global mindset which can be translated at international business operations.

The tendency of *self-serving bias* (a cognitive tendency) was observed in two entrepreneurs, who repeatedly ascribed foreign market exit or business failure experiences with external factors. The owner of Leading Enterprises openly voiced the importance working in different cultures, however, observations collected from his interviews suggested conflicting views. During the interview, he blamed his brothers for contributing to the failure of the family business. However, he failed to acknowledge his personal mistakes of possibly mismanaging the company. He reported that:

“I know they [my brothers] did it because it was not easy for them to see me buy new houses or cars [...] I was told many times by others that the family business was not going to work but I just believed in them so much and now you see what is left here. They do not even visit [...] every time he bought me a client he never followed through with his commitment” (Owner of Leading Enterprises).

Instead of professionalising the company as it was expanding overseas the owner of Leading Enterprises continued to rely on managerial skills of his family members. Smaller international firms that are expanding aggressively are required to implement a professional management approach. As suggested by Industry Expert 6, the reason Indian SMEs have expanded in foreign markets is because of professional management approach. The owner of Leading Enterprises ignored this approach and during the interview he rested the responsibility for failure on family members instead of viewing things from a different point of view (taking personal responsibility for his actions). Moreover, the self-serving tendency was further observed during the interviews with the owners of Garment Manufacturers and Shanghai Importers. For example, the owner of Garment Manufacturers reported her extensive travelling experience before venturing to overseas markets, but at the same time her lack of readiness to protect intellectual property rights of the product led to negative consequences (foreign market exit).

It was further observed during the interview that she felt the success over time came from her personal ambitions (through proactiveness) instead of opportunities created through external influences. Furthermore, the failure to meet any business expectations was pointed out due to the result of the dishonesty of partners. These types of tendencies limit entrepreneurial cognitions (fully understanding through the experience and the entrepreneur's ability to reflect upon to these experiences), further limiting learning opportunities to reorient entrepreneurs to revive international business activities soon after exit. The findings extend studies by Welch and Welch (2009) and Vissak and Masso (2015) by suggesting cognitive bias limits entrepreneurs' abilities to incorporate international experiences. Furthermore, these entrepreneurs are likely to contemplate slower re-entries in foreign markets as demonstrated in all three cases. The owner of Leading Enterprises shows that previous international experiences as suggested in entrepreneurial cognition, may not be the true predictor of success or survivability in foreign markets. The current findings refute the assumptions of Johanson and Vahlne (2015) and argue that internationalisation of an entrepreneurial firm is influenced by entrepreneurs' individual cognitive factors. International entrepreneurs who are unable to welcome learning from all types of experiences (including foreign market setbacks) find it challenging to forgive the past. Hence, they take a longer time to set new motivations to revive foreign market activities.

Another factor that contributed to developing individual's global mindset is *entrepreneurial knowledge* (such as level of entrepreneur's professional and technical experience in foreign markets and seeking knowledge through clients and others stakeholders). These experiences contributed towards creating individual-specific competitive advantages within the industries these entrepreneurs were operating. Entrepreneurs interviewed for the purpose of this thesis demonstrated various types of experiences such as information technology, design, production, engineering, sales and marketing, and management. These expert experiences allow entrepreneurs to develop product strategies within their relevant industries. For example, the owners of Mustafa Industries, LED Technologies, International Technology Trading, Shanghai Importers, and CEOs of International IT Solutions and Weaving Industries demonstrated engineering, design and information technology related professional experience.

On the other hand, owners of Bilal Rice Exporters, Global Exporters, RED Fort Restaurant, Hussain Industries, Chinese Food Stuff Co., Speck Exporting, and Garment Manufacturers demonstrated sales, marketing and administration experiences. These entrepreneurs either had direct working experiences within the industry before starting their ventures or indirect experiences relating to their respective industry. The CEO of Cement Industries gained professional knowledge by working in his family business, and Hamid Consultants. When it sold, he started a wheelbarrow business purely based on advice provided by an industry expert. He identified international business opportunities by attending industry seminars on working between China and Pakistan.

Interestingly, entrepreneurs that demonstrated technical professional experiences focused on product changes (product related strategy). For example, in the case of Leading Enterprises, the owner exited and later re-entered foreign markets based on changes implemented on the technical side of product development (innovation related internationalisation process). The case of NED Importers stands out as his working background was related to family textile business. After exiting the family business he bought a licence for an international agency for installing pumps. Then he started to learn about the technical side of the product by proactively attending his agency's international product seminars, where agents get invited to develop know-how on technical aspects of the product as well as marketing and sales skills. After being in the business for more than 10 years the entrepreneur felt confident in selling the product in Europe, Pakistan and Afghanistan. He mentioned that:

“When I came into this business I learnt about it by attending seminars [...] my principal offers these seminars throughout the world for a number of buyers, customers and supplier [...] I attended the seminars in Thailand, Singapore, Dubai, London, Toronto, Egypt etc. So you get to interact with people from all different cultures or professions coming to do business. I made friends and these types of opportunities are rare” (Owner of NED Importers).

Chinese entrepreneurs interviewed for the purpose of this thesis also acknowledged the development of industry-specific knowledge through travelling overseas. The owner of HEC Traders reported on attending a number of industry fairs in the US (Las Vegas Technology Trade Fair) in the late 80’s that led to meeting potential customers and buyers. She suggested, *“It was the first time I met someone from the Middle East who was interested in ordering car stereos [...] I did not know that car stereos were so much in demand over there”*. Furthermore, business-travelling experiences of the owners of Global Toy Manufacturers and International Sports Services exposed them to learning about global markets, global stakeholders and international business strategies. The owner of Global Toy Manufacturer shared his experience:

“I attended industry seminars not only at home but also overseas, going to countries such as Europe, Canada, UK and USA [...] it was possible through the support of our business association here in Jiangsu I was manufacturing and exporting stuffed toys when I started [...] I attended New York Toy Fair and that is where I found toys that Chinese consumers would be interested in buying so I met a businessman from Korea and started to import few toys from him” (Owner of Global Toy Manufacturers).

The CEO of Weaving Industries shared his international experience of re-structuring the internationalisation strategy and based his opinion on knowing how to leverage opportunities over time. After exiting China the entrepreneur found alternative ways for leveraging international opportunity, which demonstrates being a global entrepreneur. His previous industry experience helped him to understand the complex nature of the textile industry in Pakistan and overseas. He mentioned that:

“One time I found that it was cheaper to produce specific kind of cloth from Cambodia and Vietnam than from China so I visited those countries, spoke to some people there in trade associations and we started working together. This is what I think is global mindset is when you see an opportunity you pursue it regardless of how risky it is and where it is. If I have myopic vision instead of global mindset I would have never been able to improve my product or survive in international markets” (CEO of Weaving Industries).

The CEO of International Jeans Industries acknowledged his failure in foreign markets and demonstrated learning from previously withdrawn international markets to revive his business:

“So far doing business internationally has enriched my experience in dealing with people globally. When we started the business back in the 1970s we did not have the ability to see things from a different perspective because I did not have enough experience in interacting with people from around the world. When we left the US for the first time I asked myself what went wrong. After years of reading into the missed business opportunity I realised that timing was an issue [...] US partners have that go get approach. We were not focused on deadlines; we were rather focused on becoming friends first and knowing them as business partners but I believe they just needed to get the job done” (CEO of International Jeans Industries).

Chapter 2 suggests entrepreneurial knowledge as a one of the factors that inculcate global mindset in international entrepreneurs and, in turn, contribute towards developing international entrepreneurial orientation. However, recent studies such as Felicio et al. (2016) failed to address international experiences of EME (Pakistani and Chinese) entrepreneurs. It was observed from the interviews that entrepreneurs often linked their experiences of restructuring/revising or reviving internationalisation strategy with being global. The entrepreneurs further acknowledged the failure occurred during foreign market withdrawal process and they rectified these mistakes over time. For instance, the CEO of International Jeans Industries openly acknowledged his mistakes in understanding expectation of global markets, products and people. His personal knowledge of being a global entrepreneur was not only accumulated through studying or working overseas but also through experiential learning. Additionally, the entrepreneur gained international knowledge through industry-specific trade fairs. Furthermore, entrepreneurs in the present thesis were able to provide reflective observations on the experiential learning process from international markets. Johanson and Vahlne (2013) suggest experiential learning as an important element to internationalisation process of the firm. However, their study does not comment on individual elements of the learning process that contribute to the overall experiences. The present findings suggest the element of reflective observations as demonstrated by the CEOs of Weaving Industries and International Jeans Industries. These entrepreneurs clearly articulated the challenges faced in international markets and were profiled as being global entrepreneurs.

The process of interviews with Pakistani and Chinese entrepreneurs further revealed certain *entrepreneurial behaviours* associated with the global mindset in international experiences,

such as need for foreign market legitimacy and viewing the world as a single market. By achieving legitimacy Pakistani entrepreneurs were able to further expand in the domestic market. On the other hand, Chinese entrepreneurs were less concerned with expansion in the domestic market and more concerned with formulating new strategies to re-entered previously exited and new markets. Furthermore, both Chinese and Pakistani entrepreneurs agreed upon internationalisation as a part of their company growth objectives. For example, the International Operations Manager of RED Fort Restaurant mentioned that:

“After leaving Dubai for some time I discussed with my dad that why not go to Shanghai or Singapore [...] he said Dubai is important market not only for instant growth but we have to see it from long-term perspective. There are more Muslim consumer population, also people from the other parts of the world who would enjoy our authentic experience. Also it gives us entry into the UAE” (International Operations Manager of RED Fort Restaurant).

While RED Fort Restaurant demonstrated entrepreneurial behaviour associated with global mindset during the process of internationalisation, Industry Experts 6 and 7 criticized the global approach developed by Pakistani entrepreneurs as compared to Indian entrepreneurs. Industry Expert 6 highlighted that:

“It is difficult to sell Pakistani rice as compared to the Indian rice [...] our entrepreneurs’ still lack global mindset. Why? Because their [Indian] businessmen have international experiences through media, politics, technology, travelling and international exchanges inculcate global mindset of their general citizen and their government supports their visions” (Industry Expert 6).

However, the CEO of Weaving Industries voiced a different opinion to other industry experts. He suggested examples of successful entrepreneurs who based their motivations on internationalisation to achieve growth by capturing emerging foreign market opportunities and further gaining legitimacy in international markets. He explained that:

“For example [here in Pakistan only limited number of companies like] BATA shoes is Pakistani shoe manufacturer. You clearly see them flourishing in Italian market; Barbecue tonight is in Dubai; Student Biryani is in Dubai and he has even opened shops in Manchester, UK. So because of the global mindset, these businesses are growing and responding to international challenges. If you are not continuously maintaining the global mindset then it can create stagnancy in your business. Yes, but of course, you have to take risks for it. The World is like a global village. Global mindset is very important for entrepreneurs regardless of the size of industry or firm” (CEO Weaving Industries).

While highlighting important issues of growth and expansion the owner of Speck Exporting Agent acknowledged his failures of understanding various stakeholders in global markets. He further suggested that despite withdrawals from foreign markets he is still interested in expanding overseas. He explained that:

“Our growth and business opportunities have come from our international business partners [that is why] we need transparency and openness between us. Yes there have been many failures in understanding people, markets and products. Our way of doing things is different. We look at the world differently. The way we approach a business problem is different as compare to our partners on the other side of the world so for my business it is important to focus globally than locally” (Owner of Speck Exporting Agent).

Chinese Industry Experts 10 and 11 agreed with the statement provided by the owner of Speck Exporting Agent. However, Industry Expert 10 further emphasised that:

“Growth of Chinese SMEs is important and it is happening very fast. But being a global citizen would require Chinese entrepreneurs to be more transparent in their business dealings and commitments” (Industry Expert 10).

The owner of RED Fort Restaurant’s strategy to re-enter Dubai was to not only to capture an emerging international business opportunity through new partnerships, but also to seek growth in the UAE market. These findings contribute to studies by Welch and Welch (2009) and Vissak and Francioni (2013) and argue that entrepreneurs demonstrate strategic motivations to re-enter foreign markets. Furthermore, according to the International Operations Manager of RED Fort Restaurant, the entrepreneur spent time in planning re-entry through new partnership in Dubai. He explained that the company’s main objective was to grow and expand into the Middle Eastern region (entrepreneur’s emotional and religious connection to the Middle East). Therefore, the entrepreneur refused the idea of entering into China and other parts of Asia; as he did not see those as growth markets. The individual entrepreneurial behaviour such as willingness to internationalise (based on emotional connection) to achieve growth objectives, demonstrates individual global mindset. However, the present findings extend the study of Felício et al. (2015) and suggest that entrepreneurs not only foresee growth for their firms during the initial stages of internationalisation, but also over time develop emotional connections with international markets. Hence, regardless of foreign market exits, it is the emotional and religious (being Muslim) connection to the market that drove the entrepreneur’s intention to advance steps towards foreign market re-entry. This behaviour is more common in firms exiting and re-entering foreign markets (based

on their emotional connections to the market). As observed in the case of RED Fort Restaurant the experience of withdrawal increases foreign market knowledge and overall experience, as the entrepreneur had collected some information by working in a previous market. Hence, it is assumed that the entrepreneur would be far more aware of what they would like to achieve through re-entry strategy. What helped the restaurant in re-entering foreign market was gathering data on consumer behaviour in Dubai through a marketing consulting firm (during foreign market time-out stage).

SME entrepreneurs from EMEs have varying levels of understanding and experiences related to managing their international businesses. This is because of the international markets they have ventured into and their interactions with different customers, suppliers and other business partners. Given that the focus of the thesis is EME SME entrepreneurs, it is not surprising that the majority of entrepreneurs acknowledge the importance of understanding differences among cultures, and managing cross-border relationships which are considered a part of global mindset (Nummela and Puumalainen 2004). The findings of Nummela and Puumalainen's (2004) study are based on what entrepreneurs perceived about their global mindset. Their study ignores that over time, the behaviours demonstrated by individual entrepreneurs nurture individual global mindset. The CEO of Weaving Industries is a well-travelled entrepreneur who is managing a weaving and spinning business in the textile industry in Pakistan. Over time, he expanded international operations in the US, Europe, Canada, Pakistan, Vietnam and Cambodia. This demonstrates entrepreneur's individual global mindset through growth and expansion.

The CEO of Weaving Industries has continuously interacted with individuals from diverse cultures of the East and West to do international business. This demonstrates an openness and awareness to different cultures to successfully operate under the expectation of culturally diverse business partners. The present findings extend a study by Nummela and Puumalainen (2004) and suggest that entrepreneurs develop global mindset over time through behaviours, for example, being open to continuous learning through their collective experience during internationalisation. These experiences are then used over time to develop a competitive advantage overseas as well as with domestic competitors. The CEO of Weaving Industries learnt about being culturally aware, leveraging international opportunities, taking risks in advanced markets such as the US and Europe. He then applied these experiences to approach

international clients in other countries through industry associations, for example, Vietnam and Cambodia. Additionally, these experiences and entrepreneurial skills (global mindset) allow EME (Pakistan) SMEs to differentiate themselves from other local SMEs when competing globally.

The present findings further extend the argument by Nummela and Puumalainen (2004) and suggest that a country's context and level of exposure to international exchanges with other countries breed international entrepreneurial mindset. This includes factors such as "media, politics, technology, travelling". The CEO of Weaving Industries further stated that Indian entrepreneurs are in a better position to compete globally as compared to Pakistani entrepreneurs because of their overseas linkages developed through global exposure, ongoing exchanges between the governments and international business activities.

Industry Expert 6 emphasised the role both government and entrepreneurs play in inculcating global mindset. He suggested that Indian entrepreneurs are taking cues from the Indian Government on identifying international business opportunities, and collecting information on which markets to expand and grow through internationalisation. However, this is not generally the case with Pakistani entrepreneurs. The CEO of Weaving Industries suggested a list of entrepreneurs that have internationalised in foreign markets and demonstrated expansion and growth strategies over time. He pointed that their (Pakistani SMEs) success came from individuals behind these organisations for instance, success of Bata, Student Biryani and other textile companies. The findings refine a study by Vissak and Francioni (2013) and suggest that individual entrepreneurial behaviours could be improved by experientially learning about the foreign markets. In some cases despite foreign market withdrawal, disengagement and decreasing involvement, entrepreneurs remained focus on expansion and growth for underlying reason of strategic global vision for their ventures.

These findings argue that international citizenship behaviour (transparency in business dealing) is an important behaviour that Chinese entrepreneurs are required to demonstrate. The overall findings argue the importance of international behaviour of entrepreneurial SMEs from EMEs (China and Pakistan). They further refine internationalisation process model (for example see Johanson and Vahlne 2015; Vahlne and Johanson 2013) and suggest that

behaviour of individual entrepreneurs is vital to the firm. These types of behaviours direct how entrepreneurs deal with foreign market stakeholders and how they see the world. Furthermore, individual level entrepreneurial motivations such as seeking legitimacy in the foreign market, capturing emerging international opportunities, and achieving growth objectives, drive entrepreneurs to increase their involvement and commitment in these markets. Moreover, these objectives can be achieved through active foreign market experimentation and increasing resource commitments.

The process of interviews with Pakistani entrepreneurs and industry experts revealed certain style of mindset in traditional (family run) international entrepreneurial SMEs that is labelled as *Seth mindset* (by respondents) with autocratic management style. Pakistani Industry Experts 3, 4, 5 and 6, criticized this mindset. However, this type of mindset was not observed in Chinese entrepreneurs. Chinese Industry Expert 1, 10 and 11 did highlight that Chinese entrepreneurs must take responsibility to be honest, transparent and overcome mismanagement when working with foreign partners. Pakistani family business owners interviewed for the present thesis belong to companies such as Cement Industries, NED Importers, Bilal Rice Exporters, Hussain Industries, Pervaiz Industries and Mustafa Industries and Leading Enterprises. The owner of Leading Enterprises claimed that:

“My business is to remain in my family, as being an entrepreneur is in our blood. I have told all three of my sons to start something. My daughter is in the UK and she is starting a migration business. It will keep the decision making and capital within the family [...] you have to continuously watch what your employees are doing” (Owner of Leading Enterprises).

Furthermore, owner of Hamid Consultants shared his experience in managing the family business. He mentioned that:

“My motivation to start this business is to provide for my family and family comes first. It has taken a long time to start this business but you know in the end when by kids grow up they won’t have to worry about getting jobs. They can join the family business” (Owner of Hamid Consultants).

To confirm Pakistani owners’ management styles Industry Expert 6 commented that:

“They [Pakistani entrepreneurs] do not want to give responsibility and authority to their subordinates or to their employees because they are not doing it; they cannot expand. This is a common phenomenon across businesses in Pakistan. India has had

this huge jump because of professionalisation of management. So in Pakistan there are very few examples you can see that companies have sort of hired the managers and let them to do it. The growth of Pakistani SMEs is subject to the amount of sons that the old man can produce. It's the fact on the ground. They do not trust their people [employees]. There is some change yes: Tasha Exporters is run by its managers [...] but sometimes involvement of the family comes in so they end up losing a lot of competent managers. Pakistani businesses across any sector are closely run by families. Unless they can change that it is not going to happen. They must change their Seth mentality to expand and grow globally” (Industry Expert 6).

Moreover, Industry Expert 5 confirmed that:

“We need breakout growth of SMEs in Pakistan. We have to move away from slow traditional growth patterns in international markets and that is going to require experimentation from established entrepreneurs along with government support [...] I think this is changing slowly as youth is coming towards entrepreneurship, for example now business schools have proper entrepreneurship programs” (Industry Expert 5).

However, companies such as International IT Solutions, RED Fort Restaurant, and International Jeans Industries remained family businesses, but with professional managers (either family members with both industry experience and education, or non-family members with work experience) working at various levels. In the case of International IT Solutions the CEO hired his brother in a formal company role as Chief Operating Officer based on his brother's 15 years of IT industry experience. The CEO said that:

“The reason I hired my brother not because he is a family member but also because he brings 15 years of IT industry experience of working with Google [...] my brother was educated and worked in the US before joining this company [...] we make all decisions about international business together” (CEO of International IT Solutions).

The owner of RED Fort Restaurant expressed his opinion:

“We are family business for generations and I get that being a family business can create clashes and this did happen back in the days when my dad was alive so he made the best decision to give everyone a piece of his business to all of us [his brothers] but we still make sure things remain in the family. My nephews are running different businesses and this is all under one umbrella [...] but what we have done to break the bad business cycle is to make sure our kids get foreign higher education and look what they have done with the business. We did not know what is branding. We are one of the most successful business despite many failures [...] we make the decisions together as a family about business” (Owner of RED Fort Restaurant).

The excerpts suggest that international expansion of Pakistani SMEs as compared to neighbouring SMEs is due to a number of factors. For example, entrepreneur's willingness to breakout of traditional internationalisation paths and demonstrate international expansion; hire professionals for managerial and director roles, allowing them to make business decisions and experiment. International experiences of Indian companies are far more successful than Pakistani companies based on how entrepreneurs run their organisations. Some EME SME (Pakistani) entrepreneurs still hold certain social and cultural values. Covin and Miller (2014) highlight the role of national culture in entrepreneurship. The study suggests that social and cultural values of entrepreneurs influence the way they and their firms behave in international markets. Additionally, national culture influences the attitudes within the firm, which in turn influences how these firms are managed abroad (Covin and Miller 2014).

The present findings suggest that EME (Pakistani) SME entrepreneurs are finding it difficult because they have not left their social value of practising an autocratic management style. These entrepreneurs must change their values and managerial attitudes to be successful global players. Grounded in upper-echelon logic, Covin and Miller (2014) observe entrepreneurs as key managers in the organisation who act as the brain for their organisations (SMEs). Their managerial attitudes, vision and orientations are important to explore. The beliefs, preferences and behaviours of these entrepreneurs/key managers determine the nature of international business activities in SMEs. These factors are critical in SMEs' (new ventures) decision to enter into new international markets (Covin and Miller 2014). The current findings further extend the conceptual argument by Covin and Miller (2014) by emphasising that EME SME entrepreneurs pose managerial attitudes and behaviours for example, providing limited empowerment and responsibility to their employees. The underlying reason is the autocratic management style practised by these managers. Employees are expected to follow the instructions given by their bosses and leaders. The current findings further suggest that EME SMEs' (Pakistan) managers are less empowered to make decisions. Therefore, during the times of the founder's personal (firm's internal) crisis, EME (Pakistan), SME employees found it difficult to manage the IB activities. Unclear management style, lack of delegation of authority explained the entrepreneur's behaviour and attitude over time (Miller 1977).

The importance of managerial attitude and behaviour of EME (Pakistani) entrepreneurs was highlighted by Industry Expert 3. The current findings confirm the conclusion of Thai and

Chong's (2008) study and argue that EME SME entrepreneurs' managerial style is deeply rooted in their national culture. However, in the case of Pakistani entrepreneurs, it is the Seth mindset rooted in business culture. Due to differences in social classes and hierarchies, employees are reluctant to perform the tasks belonging to the people of higher social ranks (Thai and Chong 2008). Additionally, employees' typical expectation is to follow directions and share fewer responsibilities as compared to their bosses. Hence, founders are left on their own to manage firms (Thai and Chong 2008). However, the current findings suggest that it is the EME (Pakistani) SME entrepreneurs' "Seth" [Urdu word for founder or owner of the company] mindset in the companies which affects the performance of Pakistanis businesses. Behind a certain management style, there is the entrepreneur's attitude, behaviour and mentality that influences the way companies are managed. The industry experts argued that family business entrepreneurs need to be careful in managing global businesses; they have two major factors to consider; in EME there is business complexity that comes from instant growth, and family complexity from larger extended families. Industry Expert 5 further argued that the question is: "Can the entrepreneur catch up with these two complexities and remain successful?" An entrepreneur with a fixed mindset would find it challenging hence, professionalisation is important.

Industry Expert 6 compares two EMEs SMEs, Indian and Pakistani companies, in terms of entrepreneurial attitudes and thinking. Both countries share colonial British history, which influences the way people perceive social hierarchy. Indian firms were able to implement Western management style and "professionalisation" to survive and generate equity in AMEs (UK). Thus, these entrepreneurs were able to change the way business was perceived by their forefathers especially in family-run EME SMEs. Furthermore, these companies presented themselves as profitable ventures at home by changing their thinking, attitudes and behaviours towards management styles before venturing into foreign markets. Change in management practices made these firms sensitive to international challenges. He further mentions a clear difference between two different EME SMEs (India and Pakistan), which are geographical neighbours, but entrepreneurs' management styles have changed the way companies survive in international markets. Additional differences are the way companies have approached international market partners and raised equity funding in other AMEs. For example, a number of Indian companies were able to successfully venture abroad because of the sense of sharing responsibility and ownership among employees. Both Pakistani and Chinese industry experts agreed upon that for family firms "family business trust" is one of

the key important elements. Family businesses in domestic markets leverage their family business trust to access institutional resources to expand overseas.

The concept of *entrepreneurial inertia* was observed in cases during the process of interviews, particularly in entrepreneurial firms that initiated later re-entries in foreign markets. The owners of RED Fort Restaurant, Garment Manufacturer and Hussain Industries and the successor of Leading Enterprises all contemplated slower foreign market re-entries and demonstrated entrepreneurial inertia. For example, the owner of Hussain Industries mentioned that:

“After my orders were cancelled from the US I started to sell and focus here in Karachi and Lahore instead of in the overseas markets and sold it to the people in association. It was all working very well so I did not see the point of taking more orders from the US [...] I believed one time mistake was enough in the US market so in order to go back I had to formulate new business plan and also to meet the right people who offer sustainable or long-term contracts” (Owner of Hussain Industries).

The findings enhance our understanding of entrepreneurial inertia in context of internationalisation. Entrepreneurial inertia creates a slow response in entrepreneurs towards international business opportunities. These experiences refine international business studies such as Dow, Liesch and Welch (2013), Johanson and Vahlne (2015), Welch and Welch (2009) and Freeman et al. (2013) and suggest that entrepreneurial inertia is likely to create slow response towards foreign market re-entries. Due to foreign market withdrawal and failures entrepreneurs, may resist future internationalisation as past failed experiences could contribute towards avoiding risky decisions associated with internationalisation. As demonstrated by Freeman et al. (2013) born-global firms make quick foreign market re-entry decisions based on pressures from the external environment. However, this may not be the case in family-based traditional firms from EMEs. Due to exponential growth at home, entrepreneurs are likely to ignore internationalisation opportunities and focus on exploring business opportunities in their domestic markets. Furthermore, entrepreneurs interviewed for the present thesis also took time in developing resources and capabilities during the time-out stage before re-entering foreign markets. Entrepreneurial inertia is associated with the transition stage between the state and change. Hence, entrepreneur’s actions of ‘wait and see’ or ‘no further action to proceed with internationalisation’ strategy demonstrates transition stage in state of change variable of the firm. Instead of implementing change entrepreneurs

decide to work in the familiar market (domestic market) and further demonstrate strong domestic market orientation as more opportunities were being offered at home.

The international experience of Hamid Consultants confirms the findings of Dow, Liesch and Welch (2013). Foreign market disengagement of the owner occurred at the initial stages of internationalisation. The entrepreneur's limited foreign market knowledge and international experience were associated with the decision to discontinue re-entry. After three years of domestic business activity, the entrepreneur decided to re-enter the foreign market (US) with a business partner. During the time-out stage entrepreneur demonstrated no interest in international business activity due to past experience. The next section presents findings and discussion on international entrepreneurial orientation (from individual perspective) and its influences on exit and re-entry experiences.

International Entrepreneurial Orientation: Innovativeness in both Pakistani and Chinese entrepreneurs was observed in various ways. The present findings observed entrepreneurial innovativeness beyond merely introducing unique or radical product innovation (see section 4.2.2 *product characteristics*). It further includes development of new re-entry strategy as part of the innovation process for entrepreneurs to leverage internationalisation effectiveness. All entrepreneurs except Hamid Consultants at some stage of internationalisation either entered a new industry or offered new products in existing industries. A number of industry experts (5, 6, 8, 9 and 11) emphasise ***entrepreneurial innovativeness*** of internationalisation strategy (for product innovation refer to ***product characteristic*** section). Both Chinese and Pakistani industry experts advised entrepreneurs to think globally and change personal business innovation strategy as the environment changes. As Industry Expert 9 mentioned:

“If you [a Pakistani entrepreneur] cannot offer finished specialised consumer product to the global markets then why not join global supply chain of larger firms, procuring and sourcing materials for them [...] one of my client was working in textile. I insisted him to attend carbon recycle trade show in Europe. He is mainly in textile business after attending this show. He came back with ideas to recycle plastic and sell it to larger overseas companies, which are sourcing recycled materials from third world countries. It was an opportunity for him to join global supply chain as he was making less money on textile business due to competition” (Industry Expert 9).

While on the other hand, Industry Expert 6's statement further confirmed the state of global mindset needed by entrepreneurs. He commented that:

“Pakistani entrepreneurs need to change the way they think about doing business globally. Unless the SME sector become a part of the value chain of big businesses [...] the external environment is changing rapidly and SMEs should be flexible and catch up with this changing environment [...] of course it has to come from the entrepreneurs. If the mindset is fixed and not flexible it is going to be a problem. What we have seen the past 10 to 12 years that independent retailers are gone and dead [...] global consumers cannot subsidise SMEs by paying the higher price. So the mindsets of an entrepreneur and institutions on understanding the new rules of SME business game has to change so that we can talk about SME growth like China is doing [...] They [the big retailers] do not want to work with small guys whether small guy [SME entrepreneur] can deliver. Okay, the small guy can deliver but he cannot deliver the quantities. They want standardisation across all the retail outlets and these SME guys keep complaining and complaining. They have to go to see the wall which says that if you are the part of a value chain of a big supplier you will not survive or else you become big yourself which means becoming a vertically integrated unit” (Industry Expert 6).

Both Industry Experts 9 and 6 agreed that entrepreneurs need to change their mindsets to achieve internationalisation effect (by becoming part of global supply chain management of larger firms) as described by Felicio et al. (2016). Present findings demonstrate the opinions of industry experts on EME (Pakistani) entrepreneurs. The experts suggest that EME entrepreneurs need to gain a better understanding of ongoing changes in the global environment in the context of their business. In order for SME entrepreneurs to refresh their internationalisation strategy (bring innovation to existing strategies) the change in behaviour and understanding about the dynamics of global business is necessary. Industry Expert 9 particularly voiced his concerns by suggesting that change in behaviour would involve accepting new ideas and ways of doing business. The present findings extend a study by Welch and Welch (2009) which argues that small firms are often driven by a key decision maker and their behaviours are embedded in their past international experiences. Hence, these decision makers are required to take personal initiatives (*proactiveness*) to further grow and expand in international markets. Both Chinese and Pakistani entrepreneurs are required to demonstrate personal initiatives within their industries and leverage international business opportunities to become global businesses.

Initiating change in internationalisation strategies to adapt to the external environment would allow these entrepreneurs to seek unique competitive advantages in foreign markets, hence demonstrate innovativeness in formulating internationalisation strategies.

Almost all of the entrepreneurs admitted *risk-taking* during the course of internationalising activities. Entrepreneurs demonstrate risks by entering risky markets or being involved in high-risk projects. The owners of Leading Enterprises, Global Exporters and NED Importers mentioned entering, exiting and, demonstrating an intention to re-enter Afghanistan and Independent states such as FATA on the borders of Pakistan and Afghanistan. These entrepreneurs claimed Afghanistan to be high risk but also highly profitable markets. The owner of NED Importers said that:

“Pakistani businessmen are always taking risks. In these conditions [political and economic turmoil] I had to install pumps in Bajaur [FATA, Pakistan-Afghanistan]. I lost all my money there - I mean really who travels to those communities? [Now] we never go to Quetta either; I mean if any of my employees go into those areas they will definitely get killed. We decided not to go into Pashtuns and Khyber interior [Afghanistan side of the border] to install pumps anymore; that is the area in Afghanistan. We did business with them for a long time but there were always payment issues: you know someone who knows someone who will clear the payment in cash. It was a lot of work and figuring out things informally. It is very important for us to take care of our principle [Agent] because they do not know if we had a strike or there is a call for strike by [political party] etc. [...] I mean in Pakistan everyone is taking risk like we invest money in the stock markets and say that it will be fine but Westerners approach risk differently. I believe we have learnt a great deal about managing risks in international markets [...] now I can even give advice to other companies based on my experiences on working in Afghanistan” (Owner of NED Importers).

The successor of Leading Enterprises shared his international experience of working in Afghanistan. The entrepreneur was forced to leave Afghanistan by an international agency. However the Human Rights Commission invited him to organise medicines (including pain killers and other related medicines) for charity, which allowed the entrepreneur to re-enter through Human Rights Commission in Islamabad. He mentioned that:

“I was buying injections and painkillers from a Taiwanese distributor because there was significant demand for the product here but I heard through a friend that because of the war medicine is much more in need especially painkillers. So I contacted my friend, who runs charity between Quetta and Karachi. I organised medicines on 50% discount. I was not making a profit [...] the reason was because I wanted to help those kids and women across the border. They are like my sisters and brothers [...] some international agencies did not approve it so we had to contact Islamabad for further

approval they approved it but we were kicked out again [...] it is very difficult situation over there. My objective was not to earn cash or make money on it but socially I felt responsible” (Successor of Leading Enterprises).

The CEO of Weaving Industries suggested that:

“I enjoy taking risk a lot, because I am already taking risk in my everyday life here. Taking international risk is interesting because you have to educate yourself a lot about industry, pricing, managing people etc. It takes a lot more from you than just gaining knowledge to take risk in international markets where you have never been before” (CEO of Weaving Industries).

Industry Expert 6 raised his concerns about business risk, terrorism and international business:

“Companies are doing businesses all over the world. If tomorrow Wal-Mart is going to find Somalia profitable they will enter regardless of any type of risk [...] risk in our markets [Pakistan and Afghanistan] is different. When companies are able to calculate terrorism risk they will be able to survive in our markets [...] yes Citi Bank left Pakistan but because they just did not see any further business here [...] my job is to advise foreign business and governments on entering into Pakistan and I was speaking to British Commissioner the other day. They all want to do business in Pakistan so regardless of risk most of them are already here” (Industry Expert 6).

Figueira-de-Lemos et al. (2011) argue that firms strive to take calculated risks, meaning they are attempting to take lower risks in foreign markets. The revised model argues that SMEs are not able to manage risks due to lack of knowledge about international business activities. European SMEs leave international markets due to their inability to obtain knowledge about foreign markets. These SMEs’ managers are continuously making decisions to increase or decrease either tangible or intangible international commitments (Figueira-de-Lemos et al. 2011). Thereby, internationalisation is seen as the process of outcomes and adjustment to changes in SMEs’ internal and external environments (Figueira-de-Lemos et al. 2011). The model refers to the firm level outcomes thus ignoring the individual entrepreneurial experience accumulated in managing risks in overseas markets. It presents the idea that more knowledge accumulation in firms regarding risk management causes a greater perception of the lack of knowledge. The present thesis refutes findings of Figueira-de-Lemos et al. (2011) and argues that perceptual knowledge gaps can be overcome through continuous learning from experiences over time. Therefore in some cases, international opportunity development and exploitation is more important than fear of risk. Internationalisation should be seen as a

process of entrepreneurial decision-making because in SMEs from EMEs it is the individual entrepreneur dealing with managing risks and adjusting to the changes in external and internal environments.

The current findings suggest that in the case of NED Importers the owner demonstrates risk propensity. The company took an unplanned decision and attempted to expand into a risky market of Afghanistan (Federally administrated tribal/FATA region of Pakistan-Afghanistan). Before entering to Bajaur (FATA) the entrepreneur assumed that his knowledge of working in Pakistan and knowing social networks that are linked to Pakistan and Afghanistan would help in the completion of the project. However, even after gaining knowledge about working in Afghanistan, the social network did not help the owner in recovering payments from their Afghani business partners. The decision resulted in incurring unnecessary costs and restrains the financial resources (internal resources) as a result of changes in the external environment. The owner made the decision not to pursue any further international opportunity in Afghanistan despite continuous business opportunities being offered. He further mentioned that the experience of working in Afghanistan taught him a lesson on managing risk in business opportunities and relationships. Consequently, he made the decision to implement complete exit from Afghanistan (reduce commitment) based on a country-specific situation, overall international business experience and accumulated knowledge. Similarly, the CEO of Weaving Industries mentioned that managing risk during the internationalisation process is not only comes through gaining market knowledge but it also comes through overall international experience.

EME (Pakistani) SME entrepreneurs are not only learning about managing risk in their external environment through gaining international experiences but are also learning it through domestic challenges (including economic and political turmoil). As CEO of Weaving Industries mentioned, facing risks in everyday life increases entrepreneurs' awareness about continuously collecting information from their external environment. Being continuously aware of the risky situation at home contributes towards entrepreneurial alertness in managing business in turbulent international environments. Both the owner of NED Importers and the CEO of Weaving Industries linked managing risk in the domestic business activity to risks involved in turbulent environments overseas. Moreover, experiences of Pakistani industry

experts revealed that companies interested in entering Pakistan must consider calculating terrorism as part of the risk.

The findings have implications for international business studies such as Vissak and Masso (2015), Freeman et al. (2013), Javalgi et al. (2011), Welch and Welch (2009), and Hadjikhani et al. (2014). The experiences of entrepreneurs interviewed for the present thesis suggest that entrepreneurs are likely to exit (forced) markets with high political and economic risks and, through institutional agreements, are able to re-enter these markets. None of the Chinese entrepreneurs reported international experiences of entering or exiting high-risk markets such as Afghanistan. However, the entrepreneurs reported varying levels of risk-taking behaviours. Also, Pakistani entrepreneurs reported venturing into high-risk projects. For example, the owner of International Sports Service mentioned that:

“When I started this business I am the first and only one here trying to convince the Chinese government that this project is going to make us profit [...] and how we need to stand as global competitor in sporting services so that people from all over the world can visit and experience our services [...] yes I was very confident but deep inside you feel that if government is investing in it it's not the capital that they are giving its their trust because the project itself is so huge so I was thinking if I fail there will be no more loan from the bank that is why I frequently visited what was happening in overseas markets in this industry” (Owner of International Sports Service).

These findings suggest that risk-taking behaviour, along with experience in entrepreneurs, creates motivations to feel fearless and aggressive in exploiting international business opportunities. The findings contribute towards studies such as Wales, Gupta and Mousa (2011), Covin and Slevin (1989) and Lumpkin and Dess (1996) and suggest that EME (Chinese) entrepreneurs are more likely to associate international risk in the context of stakeholder's distrust. Hence, entrepreneurs may create planned international business strategies to further avoid negative consequences.

In conclusion, literature and concepts discussed in Chapter 2, take the view of exit and re-entry research from firm level perspective. By interviewing Pakistani and Chinese entrepreneurs on international entrepreneurial orientation the present thesis seeks to explore individual knowledge and behaviour on exit and re-entry experiences. The current state of research rests on firm level analysis of exit (for example see Benito and Welch 1997) and re-

entry (Welch and Welch 2009) experiences. However, they ignore individual level changes in motivations, behaviours and knowledge acquired through these international experiences. As suggested by Welch and Welch (2009, p.568):

“[...] the definition of re-internationalisation that we propose in this article is confined to organisational rather than individual level of analysis. In other words, it considers companies that have withdrawn from international operations but maintain domestic business activity before re-engaging in international market activity”.

Furthermore, recent studies such as Vissak and Zhang (2015), Vissak and Masso (2015), Vissak and Francioni (2013) also consider firm level analysis hence ignoring entrepreneurial individual level drivers of exit and re-entry experiences. The present findings suggest that entrepreneurs from EMEs particularly in smaller firms, are the heart and mind of their organisations. They are the prime decision-makers and their motivations, behaviours and knowledge (both technical and general) drive internationalisation process in foreign markets. The emphasis is on how these entrepreneurs think and feel about foreign market experiences and formulate further strategies to survive in these markets. As demonstrated in the case of the owner of Leading Enterprises that his experience of exiting from the international market and closure of the business was a traumatic experience that affected his health. Additionally, the experience of the owner of HEC Traders and Garment Manufacturer was led by a time-out stage of seven years. During that period of no business activity (seven years) the entrepreneur reported depression and a feeling of loss, as she could not re-start international business because of her economic and family circumstances. After seven years of no business activity she migrated to Australia and started her migration business.

The findings further revealed forces (such as entrepreneurial inertia, self-serving behaviour, entrepreneur's myopic vision and Seth mindset) that are likely to be associated with entrepreneurs' international experiences. Seth mindset was particularly observed in Pakistani entrepreneurs, while industry experts urged the need for entrepreneurs to change this behaviour in order to expand and grow their firms internationally. This section furthermore provides much-needed attention to international entrepreneurial orientation at an individual level and presents entrepreneurial international experiences in risk-taking, proactiveness and innovativeness. This includes the role of entrepreneurial inertia during internationalisation process over time, refining Dow, Liesch and Welch (2013) and extending its role in exit and subsequent re-entry experiences. Additionally, present findings respond to the call for

research by Covin and Miller (2014) to understand international entrepreneurial orientation from the individual-level rather than firm-level perspective. The section reveals that some concepts overlapped, for example product uniqueness (the entrepreneurial initiative to innovation) explored in product characteristics section and innovativeness in international entrepreneurial orientation. The next section presents findings and discussion on influence of business and social networks on foreign market exit and re-entry experiences.

4.2.4 Influence of Networks on Exit and Subsequent Re-entry Experiences

All entrepreneurs (Pakistani and Chinese) place emphasis on developing, maintaining, monitoring and nurturing networks during the process of internationalisation, in particular, developing foreign market exit and re-entry strategies through network level experiences. However, some entrepreneurs such as the owners of RED Fort Restaurant, Bilal Rice Exporter, International Jeans Industries, NED Importer, Chinese Food Stuff Co., Shanghai Importers and the CEO of International IT Solutions, relied significantly on networking in developing re-entry strategies. In addition, both Pakistani and Chinese industry experts highlighted their experiences in managing networks in foreign market operations during the interviews. As a result, *importance of networks* emerged as a theme during the course of the interviews. Industry Experts 1, 4, 8 and 10 voiced their concerns regarding the importance of understanding the value of networks during the internationalisation process in entrepreneurial SMEs. As Industry Expert 1 suggested:

“There is no business in China without knowing the right people and right circles of business networks. Many people have failed to do business in China or finding it difficult because they are unable to overcome the barriers of networks [...] This has happened in cases of Australian wine industry. The people are not only failing because of the products, but also because they just do not know how not to be opportunistic, instead focus on building long-term friendships. Being straight forward, business minded, opportunistic and less culturally oriented is not going to work with Chinese business relationships [...] You got to become the part of their Chinese circles I tell these entrepreneurs you do not know who knows who” (Industry Expert 1).

While highlighting the importance of differences between social and business networks Industry Expert 4 comments are consistent with that of Industry Expert 1, when he commented:

“In my industry business happens between friends. We do have proper agreements and documentation, but for example I go to Karachi Gymkhana where I meet my friends [...] Over the years I have made very successful business deals, met foreigners”
(Industry Expert 4).

Industry Expert 8 shared his experience of dealing with a Chinese business partner and failed business transactions. He explained:

“I think as much as it is about knowing the right people but also what is important is knowing the trusted people who you can share your ideas and trust with your money and products [...] Cheating in business is very common. It happens all the time as we hear cases like my friend was buying products on Alibaba [www.alibaba.com]. He sent money as requested but the products were never delivered and no accountability!! [...] He is not alone I have been cheated by business partners in China before as well, so it used to be very common” (Industry Expert 8).

Excerpts of interviews with Industry Experts 1, 4 and 8 provide insights into the importance of the role of networks during internationalisation over time from EMEs. These insights confirm the argument suggested by Johanson and Vahlne (1977; 2015) that networks provide firms with resources to gain knowledge about factors that drive the internationalisation process. Furthermore, networks are sources of interpersonal trust between customers, sellers and buyers and are important in reducing uncertainty. The present findings highlight that in EME context not all types of networks can be classified as resources. For example, Industry Expert 8 reported that there is a risk of doing business with Chinese suppliers. As institutions and new businesses (online businesses) are emerging due to exponential growth, there is a need for the government to create a trusted environment (through business networks) and enforce business policies.

As suggested by Industry Expert 1 in China, entrepreneurs should appreciate the effort that is required to be an insider and become part of the social circles of other business partners in EME (China). His experience further demonstrates that in order to be successful, entrepreneurs are required to think about long-term orientations and understand the cultural sensitivity of these networks. In particular, the reported experience of Industry Expert 4 suggests that there are blurred lines between social circles, being friends and business partners. Ellis (2011) concluded that these blurred lines of social and business networks help entrepreneurs to establish stronger trusting bonds and identify international business opportunities. The present finding (illustration by Industry Expert 4) confirms the conclusion

of Ellis (2011) through the experience shared by Pakistani entrepreneurs. It further suggests that entrepreneurs are part of formal paid membership societies such as ‘*Karachi GymKhana*’ where they get introduced (by their friends, entrepreneurs or influential socialites) to visiting foreign business entrepreneurs. Hence, opportunities are created through social interaction to share ideas and further business opportunities in informal settings.

Just as Industry Expert 1 highlighted the relevance and importance of business networks, Industry Expert 8’s experience confirmed the argument on the importance of networks but also provided additional information. The experience of Industry Expert 1 was used to probe for further information while interviewing Industry Expert 8. He provided evidence of broken trust in fake transactions through a Chinese online website. These international experiences provide further insights into network dynamics and suggest that not all relationships are trustworthy in foreign markets. The present findings extend the argument of the study by Welch and Welch (2009) and suggest that dishonesty in foreign market transactions is, as might be expected, likely to create feelings of distrust between partners and damage business commitments. Entrepreneurs with intentions to contemplate foreign market re-entries after dishonest transactions must find new, experienced and well-known partners to maintain consistencies in future commitments.

Through his international experience, the owner of Pervaiz Industries highlighted the role of ***network engagement***. In his experience, it is not enough to develop network partners; it needs to go further. He said:

“Knowing people is not enough. Over the years if I have been successful it is not only by knowing people. It is also through being active in keeping my ears on their challenges, issues, and providing them with solutions [...] We are known to be a good company [...] People do the same in return for you. Let’s say when I had to deal with manufacturing issues in my textile business some of my big clients came to rescue us from European markets [...]” (Owner of Pervaiz Industries).

The owner of Speck Exporting Agent shared his international experience and mentioned that:

“You have go out meet people, respect what they are doing and sell them your dream while they are selling you theirs and keep them feel energetic about your business and about your dream” (Owner of Speck Exporting Agent).

The international experience of the owner of Pervaiz Industries emphasises another important issue in international business research: entrepreneurial network engagement. The findings suggest that developing an entrepreneurial network is not enough. Entrepreneurs are required to engage with their network partner through various strategies to identify international business opportunities. As observed through the experience of the owner of Pervaiz Industries, the entrepreneur developed strategies to satisfy the needs of other partners by offering solutions to their challenges and problems through proactive actions. These insights extend the internationalisation process model (Johanson and Vahlne 1977; 2015) and suggest that ongoing network development is embedded in various internationalising outcomes. For example, during the process of foreign market exit activities, network engagement provides entrepreneurs with confidence to share challenges with network partners. Engagement is further based on reciprocity as demonstrated in the case of the owner of Pervaiz Industries, and this allows entrepreneurs to manage the dynamic nature of their relationships. However, the internationalisation process model (for example, Johanson and Vahlne 2015) is static and ignores the dynamic nature of internationalisation activities and the effect of dynamic entrepreneurial actions on these activities. Hence, these findings provide much needed explanation about how entrepreneurial network engagement over time can result in the survival of a firm through market exit to re-entry.

Network engagement activities provide entrepreneurs with opportunities to directly seek out mentors. Hence, another concept that emerged while discussing the importance of networks was mentioned by the CEO of International IT Solutions; the role of *mentorship* in providing much needed support in responding to challenges and identifying ongoing international business opportunities. This type of relationship was found to be unique to this CEO. He shared his experience thus:

“I work with an experienced entrepreneur and consider him as my mentor. I feel privileged being a part of his network. We do not do business directly but I learn a lot about industry and generally doing business from him [...] During the times when I needed the most advice and during tough times when we were just establishing and also when I didn’t know how to arrange capital, he created opportunities to meet new partners [...] also advising us on what seminar to attend and who to network with and advise us on entering new markets or meeting new people but as my company grew I needed more and more advice on managing capital to new product development, developing new strategy [...] or where else to invest and sometimes just staying positive during the difficult times” (CEO of International IT Solutions).

Chapter 2 presented the view that that entrepreneurs acquire experiential knowledge through social networking opportunities. For example, the study conducted by Michailova and Wilson (2008) suggests that experiential knowledge is gained through various socialisation tactics such as individual formal, collective non-formal, serial and sequential tactics, etc. The present findings confirm the argument of Michailova and Wilson (2008) and demonstrate that knowledge acquired by the CEO of IT Solutions was obtained through proactively seeking a mentor with international business experience. The motivation behind seeking a mentor in a foreign market arose because learning was considered an important strategic objective for the CEO. The opportunity to learn became available through network engagement efforts by the CEO.

The present findings suggest that additional elements to learning and experiential knowledge can be obtained through managing foreign market exit moves towards developing a re-entry strategy. As the CEO of International IT Solutions became confident in making his own internationalisation decision, his need for knowledge and learning changed over time. However, Michailova and Wilson (2008) asserted that firms at later stages of internationalisation have a lesser need to maintain experiential learning and knowledge. The insights provided by this CEO further refine the argument by Michailova and Wilson (2008) and suggests that the type of knowledge (or information) which these entrepreneurs are seeking at this stage is different compared to the knowledge that is required at the initial stages of internationalisation. Their study assumes linear paths to internationalisation and ignores foreign market exit and re-entry experiences. The current findings show that mentors cannot only provide support during the initial stages of internationalisation but also during the later stages. In fact, entrepreneurs are likely to be more dependent on their mentors to seek support and advice during the process of strategic re-structuring for foreign market exit and re-entries.

Home-based network collaborative strategies were put in place in order to capture emerging foreign market opportunities reported by the entrepreneurs in this thesis. The owners of Global Exporter, RED Fort Restaurant and Chinese Food Stuff Co. agreed on the usefulness of utilising home-based networks in responding to overseas windows of opportunity. Formulating these strategies allows entrepreneurs to revise their international business strategies to further increase the speed of re-entry. According to the owner of RED Fort

Restaurant, he utilised business networks at home to acquire the Mitsubishi dealership for his family group business after ceasing further business with another international automobile dealership. The Owner of Chinese Food Stuff Co. shared her experience of collaborating with a social tie at home to further her prospects of re-entering international market. She stated that:

“Well the reason I left USA and focused on selling at home because I was not getting response from USA and at the same time getting good business here [in China]. But I knew how important USA is to me because the industry for Chinese food was growing very fast, so instead of moving the market alone I contacted a friend at home to come and invest in my company and to re-start distribution again the year I left. Her capital helped my company to set my business again but this time I contacted the distributor of her choice because she had more experience in USA market and because she was as an investor in my company [...] it is always safe to choose a business partner that will give you better advice on foreign market challenges” (Owner of Chinese Food Stuff Co.).

The owner of Global Exporters shared his experience of collaborating with a business partner at home within a growing ceramic industry to explore international business opportunities. He said:

“I saw the market gap in tiles designing. No one was designing the edgy tiles here [...] but I did not know anyone to get advice. I visited Italy and attended industry seminars, met people, made some friends here and there and in Pakistan to learn that how they are designing the tiles. I spent almost a year working on the designs from scratch and had to learn what others are offering. My previous visits to Dubai and other countries helped me understand who to approach to get advice within the industry. Because I was already working in construction industry it was easier to meet people, but personally I did not know anyone directly [...] then I collaborated with someone in Pakistan to manufacture the design [...] the local industry is smuggling tiles from other neighbouring countries which is hurting our industry. People are copying designs; we have to be very careful. I am selling locally as well as internationally now” (Owner of Global Exporters).

Chapter 2 asserted that an SME entrepreneur must learn from their ongoing internationalising activities in dealing with international business relationships (Welch and Welch 2009; Gabrielsson et al. 2008). However, the literature is not concerned with strategies that entrepreneurs may develop to respond to changes in ongoing business networks. Thus, the owner of Chinese Food Stuff Co. responded to a foreign market exit by collaborating with a business network (friend) at home and by adding her resources to develop a new re-entry strategy (through joint venturing). Furthermore, she also decided to switch distributor based on her business partner’s advice. These findings extend the findings of Vissak and Francioni

(2013) and Benito and Welch (1997) by suggesting that collaborative strategies with network partners provide entrepreneurs with strategic moves following foreign market exit to seek re-entry in previous markets. Hence, entrepreneurs would rather work with effective networks and avoid the liabilities of ineffective networks. This was demonstrated by Global Exporters when, after leaving Dubai the entrepreneur decided to learn more about the overall industry and thereby understand what the market gaps are that could be addressed. The entrepreneur stayed within a similar industry because he felt that he knows more about it and did not see any benefit in switching the core business activities. During the time of exit he continued to attend sessions and industry seminars that engaged with potential customers, industry experts and competitors, both at home and in the foreign market to further develop potential partnerships. According to him as soon as he met the right business partner he was able to explore opportunities in foreign markets.

However, the owner of NED Importers reported his international experience to be somewhat negative in dealing with foreign business partners. He highlighted evidence of ***forced termination of a business relationship*** and stated:

“Yeah they [the principal] are very strict. It is very easy for them to destroy 15 years of friendship and business relationship by just sending the agency termination letter [...] and gave contract to someone else in Pakistan. I visited them in Europe to renew the contract as an agent. The new partner promised them [principal] more business growth but I have worked with the principal for 15 years. I know my market. I know the opportunities and the challenges. I had to come back from Europe without renewal of my contract [...] Then I started working on another project [...] They do keep eyes on us through the government; for example checking on our travel trips etc. [because of national security issues]. I did not know the reason for termination letter; then I found out they found someone else in Lahore to work for them. As I predicted that it did not work out because he over-promised and under-delivered. After 2 years I was invited to their Asia sales seminar by new marketing manager and was awarded the contract again. Since then we have been working together from last 10 years”
(Owner of NED Importers).

Conversely, the owners of Shanghai Importers and Garment Manufacturer shared their experiences of ***active termination of business relationships***. Their international experiences were the consequences of intellectual property right infringements. The owner of Garment Manufacturer noted that:

“[...] because of the copyrights and piracy issues I decided to stop the business in China and went back to trading from manufacturing [...] No we have not gone back to China since then” (Owner Garment Manufactures).

In addition, the owner of Shanghai Importers illustrated his international experience in actively terminating a business relationship based on negative business outcomes and commented that:

“It was clear to me that I needed to stop working with this guy who was stealing my ideas and also finding new customers in Australia behind my back [...] I could not trust him at all, so I needed to move on and protect my business” (Owner of Shanghai Importers).

While discussing the termination of business relationships, Industry Expert 7 shared his international experience in managing dynamics of business relationships. He stated:

“With my business experiences I have learnt that if something is not working with a business relationship, terminate it and move on [...] If you do not see an opportunity and do not see your partner working for your cause you have no reason to stay and waste your commitment. Your suppliers, your customers and other people are relying on you. This is about when you are at initial stage of the business; but when you feel you have invested so many resources it is hard to terminate business relationships” (Industry Expert 7).

The international experiences of owners of NED Importers, Garment Manufacturer, Shanghai Importers and Industry Expert 7 provide insights into the influences of negative business outcomes in networks. In the case of NED Importers, the principal forcefully terminated the relationship. This suggests the dependence of EME (Pakistani) entrepreneurs on big European manufacturers. The previous international marketing manager of the principal's company decided to terminate the entrepreneur's contract as they found another business partner in Lahore, Pakistan. These findings refine the conclusions of Payan et al. (2010), Tahtinen and Vaaland (2006) and Good and Evans (2001) studies and suggest that international business relationships evolve over time through foreign market exit and re-entries. These changes include forced termination of contracts and changing priorities of principal-agent relationships.

On the other hand, some entrepreneurs decided to pro-actively terminate their business relationships based on inconsistent commitments from their foreign partners (intellectual property rights infringements). This thesis contribute to the findings of Mitrega and Zolkiewaki (2011), Javalgi et al. (2011), Manolova et al. (2010) Zhou et al. (2007) and

suggest that relationship dissolution is not always a liability for international businesses. Entrepreneurs implement these actions to protect themselves: for example in the case of Shanghai Importers. The international experience of Industry Expert 7 further confirms the experiences of the owners of Garment Manufacturers and Shanghai Importers. According to this expert, in some cases active termination of a business relationship is needed. However, his experience further suggests that foreign market exits are also proactive decisions by EME (Chinese/Chinese of Taiwanese descent) entrepreneurs. If partners demonstrate opportunism, using new knowledge and resources to compete (i.e. create advantages for themselves and gain power), instead of being cooperative, this is likely to end up with an experience of distrust.

The concept of *relationship reactivation* also emerged through interviews with entrepreneurs. A number of entrepreneurs reported agreement in re-engaging with business partners in previous markets. For example, the interview with the owner of Leading Enterprises revealed that:

“In my opinion, no relationship ever dies, never. I used to sell textile pieces to this guy I met in Libya. He went to the US and we did some business for some time. I came to Pakistan and started [construction company]. Him and I kept in touch for years because we were friends since we met in Libya [...] years after when my construction business started to slow down [...] I contacted my friend in the US and he motivated me to do something again, so we started selling textile pieces and it’s going okay” (Owner of Leading Enterprises).

Another illustration of how entrepreneurs pursue foreign market re-entry through a previous business relationship is the international experience shared by the owner of Mustafa Industries who said:

“Going back to Malaysia was made possible through the same person I contacted before [...] there were few business issues when I entered the first time. I worked with them on selling cooking oil. The sales were low because we did not target the right customers. Then we found out we needed to change the branding and get halal certifications then I contacted the same guy then re-entered Malaysia also I developed product more close to consumers taste and preferences I found him very knowledgeable” (Owner of Mustafa Industries).

The international experience of the owner of Mustafa Industries suggests that this entrepreneur was unable to generate sales and turn a profit in the first 2 years of foreign market entry into to Malaysia. He then decided to focus on domestic business activity for

some time to free up his resources (capital) from the Malaysian market and invested them in the domestic market as the cooking oil brand was already well established at home. However, the entrepreneur understood the value of his foreign business relationship despite exiting the foreign market. While he focused on his domestic business venture (invested further capital to expand domestically), he maintained a relationship with his foreign business partner. Later, he redeveloped and implemented changes in his foreign market brand and product certification and re-entered Malaysia.

Alajoutsijarvi et al. (2000) suggest that managers need to be careful when dissolving international relationships as these actions can have further negative consequences if relationships are not dissolved in a proper fashion. The owner of Mustafa Industries demonstrated proactive behaviour in dealing with changing circumstances and gradually adjusted his business to focus on the domestic market. Later, he re-entered Malaysia with an improved international brand and product with the previous partner. In his words:

“I trusted his advice and his experience but at that time there was so much demand in domestic market that ideas of implementing changes in brand and products needed to take the back seat” (Owner of Mustafa Industries).

These findings refine existing re-internationalisation theory (for example, Vissak and Zhang 2015; Javalgi et al. 2011; Welch and Welch 2009) and suggest that relationship reactivation behaviours are a common occurrence in entrepreneurial firms from EMEs. The underlying reason is that buyers and sellers from both (advanced and emerging) markets are interested in capturing growing international business opportunities. However, reactivation of relationships is based on positive past experience of business partners. Furthermore, it is the entrepreneurs' proactive actions in managing these relationships that are likely to trigger re-entry. As in this last case, the entrepreneur formulated his re-entry strategy based on his partner's advice. These international experiences provide entrepreneurs with learning opportunities that later could become firm-specific assets (experiences) in dealing with the complexities of international relationship management (reactivation). The experience of the owner of Leading Enterprises described a more or less similar experience, in which it is apparent that relationships in EMEs are blurred; business partners become friends and relationship-specific opportunities allow an entrepreneur to restart businesses in the international context.

During the process of interviews, both entrepreneurs and industry experts further reported the *involvement of social networks* during the course of internationalisation. Social networks in these entrepreneurs' opinions included family members, relatives and friends. Interestingly, almost all entrepreneurial firms, both Pakistani and Chinese, allowed their social networks (directly or indirectly) to be involved in advising about business activities. For example, in the case of International IT Solutions, the Chief Operating Officer is the owner's brother; RED Fort Restaurant is a family business and all of the upper echelon of management is family members and relatives. All Chinese businesses also involved family members; the owner of Garment Manufacturer worked with her brother in launching textile designs. Furthermore, owners of Speck Exporting Agent, International Technology Trading and Global Toy Manufacturer reported approaching social networks at some stage to receive advice or support during internationalisation. Moreover, Industry Experts 3, 8, 10 and 11 mentioned the importance of developing good friendship circles during international work experiences. As stated by the owner of Garment Manufacturer:

“When I left the previous business I wanted to make money; that’s why I asked my brother to help. He worked with the American company called Gap. He offered me to work on something textile related but I told them I do not have much money to invest in the textile business. He said to try to make the small one and start your new business. So I discussed with him about the different textile materials. I asked him how about leather lingerie. For the start, I made 12 pieces and contacted 60 lingerie shops in the US. I was lucky to get one store reply [...] they requested me to make some changes in the product. I did not have the right designer or sampling ladies to work for me. It took time. I told them [buyers] I need another month to get the sample done; luckily my younger brother’s ex-girlfriend works with the biggest lingerie factory in Taiwan and she tried to design the new product for me. Then I made a fortune from the lingerie business” (Owner of Garment Manufacturers).

The owner of Mustafa Industries further highlighted the direct involvement of social networks in initial stages, and over time, during internationalisation. He stated:

“I received my first order [textile order] through my cousin. He was working with a client in the US at the time. Also, I had some contacts with my friends here [in Pakistan]. I used to go to the market and search for people who do printing; then I bought design and stencils to draw designs on textiles. I learnt this business through a friend of mine before I could actually think about starting my business [...] I asked my relatives to give orders that were previously working with us. My relatives then asked their buyers to give me orders” (Owner of Mustafa Industries).

The owners of Chinese Food Stuff Co. and Hamid Consultants emphasise the involvement of family members and friends, as evident from the excerpts below:

“In my opinion, family and friends are always here to look after me [...] they will never give me bad advice, they are there to help me through the difficult times like as I just told you that my friend helped me in organising money to try my business back again in US [...] So I see a lot of trust between us” (Owner of Chinese Food Stuff Co.).

“The one reason to include family in business that I see is my way of saying thank you and returning favour for their support. I want to see them grow and do something great in their lives too [...] Also I promised my mother before her death that I will take care of my younger brothers and sisters” (Owner of Hamid Consultants).

The international experience of the owner of Garment Manufacturer and her brother suggests that entrepreneurs from EMEs (China) heavily rely on these family networks to identify international business opportunities. These networks bring ‘pre-established’ trust for entrepreneurs. According to this respondent, at the time of initiating textile business her brother was working as a full time employee and based on an identified opportunity, he joined his sister on a business venture. Additionally, on his advice she contacted his ex-girlfriend to seek further advice on product design. Through her brother, the owner of Garment Manufacturer reconnected with his ex-girlfriend to access knowledge regarding product designs. The findings suggest the importance of the role of social networks for an entrepreneur to move from foreign market exit (exiting from previous business ownership) to re-entering a foreign market. Furthermore the findings refine the studies of Sasi and Arenius (2008) and Benito and Welch (1997) by suggesting an additional type of network: social network – family members,; that are able to provide directions to entrepreneurs in exploiting foreign market opportunities after exit. The insights provided by the owner of Mustafa Industries suggest that Pakistani entrepreneurs are also highly embedded within their social networks. His social network directly contributed to identifying foreign market opportunities after exit.

The findings contribute to the Welch and Welch (2009) study on re-entry experiences of entrepreneurs and suggest that (1) after exit, entrepreneurs change business activities and re-enter international markets. The decision to implement change in business activities is based on information gained by being in foreign markets previously. (2) In order to implement these changes, entrepreneurs rely on their social networks (working in international markets). These

two assertions extend foreign market re-entry theory and argue that the entrepreneur's personal networks are associated with increased likelihood of foreign market re-entry.

Additionally, an entrepreneur's personal and social networks help in increasing a positive perception about foreign market opportunities after exit. Their support further works as a mechanism, which entrepreneurs can leverage during difficult times. Experiences shared by the owners of Hamid Consultants and Chinese Food Stuff Co. provided support for the influence of social networks on international business activities. These findings refine existing international business theory (Johanson and Vahlne 2015) and suggest that entrepreneurs not only experience trust but also a sense of responsibility and emotional commitment towards these networks: these commitments are expected to be reciprocated. For example, within the EME context, social networks do not have a restrictive role in the internationalisation process. Therefore, the present internationalisation process model must address the direct influence of social networks on an entrepreneurial firm's internationalisation process.

However, not all entrepreneurs reported positive experiences arising from the involvement of family members in international business activities. As the managers of Leading Enterprises further opened up about their experiences in dealing with family members, there arose some discussion about the *dishonesties of social networks*. The successor of Leading Enterprises provided insights into the influences of social networks (family members) on foreign market business failure. He commented on the failure and foreign market exit:

"It were my uncles who made the wrong business commitments; they used to bring contracts for my dad and then my dad was left alone to take care of everything from marketing to finance to human resources [...] He tried to share responsibilities but it did not work out because his brothers never took the business activities serious [...] He felt that keeping business in family is much safer but I do not think so [...] My uncle had authority to access cash from company account and he gave himself bonuses and increased his salary or took money for leisure activities; this is the consequence of no formal control on funds. I bet it does not happen in good companies" (Successor of Leading Enterprises).

The experience of Leading Enterprises has implications for international business literature in the context of social network theory and internationalisation. First, his experience in managing social networks suggests the dark side of these types of networks that has been

ignored in international business literature (Ellis 2011). Second, the findings revealed that foreign market exit as a consequence of business failure can be associated with dishonesty in family networks and further the entrepreneur's inability to continue to 'listen to the right people and failure to select competent people'. Prominent studies on the influence of social networks and internationalisation such as those of Ellis (2011) and Zhou et al. (2007) have studied the influence of these types of networks in international opportunity identification in the Chinese context. The present findings provide insights into the Pakistani context and suggest that perhaps some entrepreneurs find it difficult to keep family and business separate. The motivation behind these actions is to save 'face' and 'reputation' of the overall family; an important element in high-context cultures. The dependence and dishonesty of family networks could create liabilities for growing international SMEs from EMEs (Pakistan). The present thesis refers to this as *liability of family ownership*. Industry Expert 6 further highlighted that:

"In family firms, especially in traditional slow moving family firms, internationalisation could be a biggest challenge because of inexperienced family members making important decisions: that is why these firms make slow, careful, cautious decisions when going overseas but also there is increased likelihood of failure [...] As I mentioned before, the growth and expansion in these firms is subject to the number of sons an old man [the entrepreneur] can produce [...] So you see the quality of experienced managerial skills is low" (Industry Expert 6).

These findings extend foreign market exit theory (for example see findings of Benito and Welch 1997) and suggest an additional factor that is likely to influence an entrepreneur's decision to survive in a foreign market. The illustration by Industry Expert 6 further confirms the experience of Leading Enterprises. This expert suggests that opportunistic behaviour is likely to be common when the goals of social networks (family members) are not aligned with the overall firm's international expansion goals. Inexperienced family members are unable to envision the long-term objectives of the firm as the entrepreneur can. As the entrepreneur of Leading Enterprises himself envisioned:

"My vision for the company was to set it up for the next 100 years, expand into construction technology, crude oil and working on big construction projects [...] All they [his brothers] were after was quick cash. When you are building a big company you have to sacrifice. I wore one sweater for 4 years saving money for this company [...] this company is my sweat, blood and tears [...] I started this company from scratch when I was 28, but it was handed over to them: that is why they had no respect for anything" (Owner of Leading Enterprises).

Entrepreneurs also rely on social networks because of ‘pre-established trust’ that is embedded in family bonds and commitments (to save face or reputation by employing family members in managerial positions). As in the case of Leading Enterprises the trust was broken by not taking responsibility consistently and by accessing company funds for personal use, while the entrepreneur was struggling with health issues and taking little for himself from the business.

In summary, the findings suggest that networks evolve during the process of internationalisation. The process of managing these networks is not static or deterministic as suggested by the literature in Chapter 2 (for example the internationalisation process model Johanson and Vahlne 2015). Networks (both social and business) are dynamic and failure to meet expectations and commitments are the norm due to changing needs and priorities of partners. However, entrepreneurs who learn to manage the dynamics of networks are better at strategically re-structuring these relationships to manage foreign market exits and re-entry moves. The findings further suggest that international entrepreneurs are dependent on networks to seek valuable resources. However, if treated with distrust, international entrepreneurs are likely to terminate these relationships to seek others that meet their expectations. Experiences in managing life cycles of relationships provide entrepreneurs with learning opportunities to understand the complexities and nature of managing and monitoring international relationships. Therefore, entrepreneurs should understand the importance of both social and business networks in order to survive in foreign markets. Furthermore, current findings extend the study of Freeman et al. (2013) by arguing that home-based collaborative network strategies, with social and business networks, are associated with faster foreign market re-entries. The next section presents findings and discussion on external environmental factors and its influences on exit and re-entry experiences.

4.3 External Environmental Factors that Influence Exit and Re-entry Experiences

Section 4.3 identifies and evaluates the findings for Research Question 2:

How do external environmental factors influence entrepreneur behaviour in exit and re-entry experiences, with specific reference to Pakistan and China?

4.3.1 Global Environmental Drivers

The process of interviews suggests that entrepreneurs were aware of the global issues and how these issues were influencing their abilities to internationalise. The findings discussed demonstrated entrepreneurs' views of external environmental factors and subsequently influenced their overall international experiences. For example, both Chinese and Pakistani entrepreneurs demonstrated similar levels of understanding of global environmental drivers. Interestingly, Industry experts interviewed for the present thesis played a vital role in advising entrepreneurs on managing international business strategies. The process of interviews revealed that various global factors (*Asian financial crisis*) influenced internationalisation strategies for entrepreneurial SMEs. While sharing her international experiences the owner of Chinese Food Stuff Co. commented that:

“After we entered Malaysia through the distributor and I went into manufacturing and buying more stuff to put everything together for the order then I started hearing Asian crisis happened. Then there were rumours that this will go worse and everyone of course started to reserve giving any new orders or customers were not buying expensive wines etc. I had some products like Chinese wine and other food items with Malaysian distributor then we heard it not as bad in Malaysia as other surrounding countries. It was a very slow start. I had to take stock back and move into small stores but then slowly the sales started to pick up” (Owner of Chinese Food Stuff Co.).

The findings present the international experience of the owner of Chinese Food Stuff Co. and demonstrate the influences of the Asian financial crisis on lower sales. Chapter 2 discusses influences of global factors on exit and subsequent re-entries of larger MNEs (for example see Javalgi et al. 2011; Santangelo and Meyer 2011; Turner 2012). International experience of the Owner suggests that to some extent SME entrepreneurs also experienced the effects of the Asian financial crisis. Additionally, the influence of the *global financial crisis (GFC)* of 2008 was reported among the firms working in the US and some parts of Europe. For example,

Industry Experts 5, 6, 10 and 11 all reported influences of GFC on international trade and fluctuation of exports and imports activities. Furthermore, owners of Umer Group of Industries, Global Toy Manufacturers, the owner and Senior Marketing Director of International Jeans Industries, and the CEO of Weaving Industries all reported their international experiences of recovering from the effects of GFC. The entrepreneurs further reported a decrease in sales during the period of GFC. However, as Industry Expert 5 pointed out:

“Majority of our exports are focused on two main markets in the world: the US and Europe. Now China is trading intensively with Pakistan on textile to compete globally [...] smaller entrepreneurs working mainly for the US and Europe were hit by the crisis [global financial crisis]. Because none of the retailers and distributors were either buying inventory or ordering any further we were already in the mist of political, economic and Afghan war crises. Also Benazir Bhutto was shot here in Pakistan and you must have seen the riots on the street so the GFC came at wrong time. During that time Pakistan had worst international trade loss as compare to India, Nepal and Bangladesh and then it took us some time to recover from it” (Industry Expert 5).

Industry Expert 6 commented:

“GFC played a role in disturbing our export markets such as the US and European markets [...] it was time during which number of companies signed joint ventures to think about the long-term opportunities and sharing resources and find smart ways of engaging with customers [...] in my opinion it is the rule of the market when it starts to slowdown you see joint ventures, mergers and acquisitions happening for firms to reinvest in their businesses. This is what happened with a number of Pakistani exporters working in the US market. Like Textile Exporter [Pakistani Exporter] merged resources with a Chinese Exporter to use their networks to enter Africa and other markets instead of only focusing in the US market” (Industry Expert 6).

While sharing his international experience the owner of Global Toy Manufacturer mentioned:

“Not that it directly impacted us but it certainly created the feeling of uncertainty and risk, but in the US market the sales were low compared to 2005 and 2006” (Owner of Global Toy Manufacturers).

On another note, Industry Expert 7, who has overseas work experience in major Asian and North American markets, expressed his opinion:

“In terms of international trade world’s focus has been China and India. As much as the North American and European markets are creating global factors, countries like China, Pakistan, India, Afghanistan here in South East Asia have become some of the exponentially growing markets. Yes, we come with a bag of troubles too [...] you see

all the foreign brands in India and Pakistan. They are doing better business in our markets than in their home countries [...] as financial crisis has slowed down the trade growth emerging economies are going to pick up the trade again [...] we have been offering international trade opportunities for so many years now” (Industry Expert 7).

The findings confirm conclusions drawn by studies of Javalgi et al. (2011) and Akhter and Choudhry (1993) and suggest that sudden changes in the global environmental drivers are associated with disruption of normal international business activities. However, both studies have observed the effects of global shocks on larger MNEs. The present findings provide new information and insights into how EME SME entrepreneurs responded to the global shocks. Their experiences suggest that changes in the global environment put demands and pressures on entrepreneurs to revise their internationalisation policies, in some cases postponing their international business decisions until the situation is recovered. As demonstrated in the case of the Owner of Chinese Food Stuff Co., the entrepreneur redistributed some of her inventory (luxury food items) from the large Malaysian distributor to speciality food retailers, with discounts, to further increase the sales. Her strategy was to sell the items at the base cost just to break even and reserve from earning profits.

However, experiencing the GFC for Pakistani entrepreneurs was more intense than for Chinese entrepreneurs. As mentioned by Industry Expert 5, Pakistan was going through the political and economic turmoil. While reporting the changes in global drivers, Chinese entrepreneurs and industry experts solely focused on the effects of GFC and reported changing their international business strategies to increase overseas sales. However, Pakistani entrepreneurs reported the killing of Benazir Bhutto in 2007 and in their opinion its effects were experienced for the next 2 years. They also reported the effects of the ongoing Afghan war and changing conditions in national politics including experiencing GFC during the same period of time. Pakistan and China share international geographic borders. Hence, their conditions make a unique case for international business theory. The experiences of Pakistani entrepreneurs and industry experts’ excerpts refine the findings of studies by Vissak and Masso (2015), Javalgi et al. (2011), Welch and Welch (2009) and Ruzzier et al. (2006), and suggest that Pakistan is a unique case for the world economy. As the country is becoming highly integrated into the world economy through its major industries, Pakistani entrepreneurs are required to continuously manage the changes in international and domestic economic and financial cycles. Experiencing ongoing environmental shocks from 2001 (start of Afghan war)

until 2008 – 2010 (effects of GFC and domestic politics), resulted in missing out on windows of international business opportunities. This suggests that these entrepreneurs are building certain behavioural capabilities such as building resilience towards understanding and managing the effects of global shocks and disruptions.

Entrepreneurs' experiences of moving through the periods of intermittent global events further entail that they have demonstrated the overall higher commitment to an internationalisation of their firms by managing restructuring of their resources during the crisis and recovering from the shock by re-engaging with their global customers. The CEO of Weaving Industries expressed that responses to these ongoing changes were not planned in advanced; they had to live through these shocks and slowly respond to the changing needs not only of their customer, but the environment as well. The internationalisation process model (for example see Vahlne and Johanson 2013) does not account for how intense changes and disruption in external environmental issues can expose entrepreneurs to risks of unplanned strategic re-structuring. Furthermore, ongoing turbulence in the external environment requires entrepreneurs to be more creative in their ways of responding to the exogenous changes and become more customer-centric. Additionally, in some cases as suggested by Industry Expert 6, due to ongoing turbulence a Pakistani textile exporter merged with a Chinese textile exporter to further explore markets with increasing international business opportunities. Industry Expert 7 further provided; a rich description to the context of global drivers and acknowledged EME are directly contributing towards global environmental drivers and in his opinion despite financial crises American and European brands have flourished in EMEs. Conversely, some EME entrepreneurial firms have struggled to maintain growth in advanced market economies (AMEs).

4.3.2 Host-Country Environment

With regards to their international experiences during the periods of exit and re-entry, some entrepreneurs reported the influences of host-country environment (*War*). Furthermore, industry experts suggested advice for entrepreneurs experiencing challenges and barriers in contemplating re-entries after exits. For example, the owners of HEC Traders, Umer Group of Industries, and NED Importers shared their international experiences of working in challenging host-country markets. All entrepreneurs acknowledge that working in these

markets have provided them with a view on the complexities and challenges involved in conducting international business activities. The owner of HEC Traders commented:

“I was working with a customer during 1993 and 1994 just before the Gulf War. At that time for Car Speaker Business we tried to develop another line for Home Hi Fi Stereo Speakers and when we went to Las Vegas for Commercial Electronics Show we found there a particular special item called Karaoke that is a mixer machine you can sing and follow the titles. We started that business, I mean including Car and Hi Fi speakers and we tried to find out another product to find the fit between the two products to sell it as a set. I received about 200,000 something orders from Kuwait for speakers and Karaoke. Unfortunately, because of the war the order was cancelled the second time and some of the material was purchased from Japan for example Chips and IC [Internal Circuit] but because war happened I lost a really good client” (Owner of HEC Traders).

Furthermore, the owner of NED Importers shared his experience of working in Afghanistan during the periods of war. He mentioned that:

“We cannot go into Pashtuns and Khyber interior [Afghanistan side of the border] to install pumps; that is the area in Afghanistan. If you go there you will be killed! And that is the fact. We could not even think about going over there at that time so I told my employees not to work on anything further in Afghanistan and also I did not take any projects [...] after four years or so I went back and did some small work but still have to be very careful and only look for government orders” (Owner of NED Importers).

Industry Expert 9 suggested his experience on advising Pakistani entrepreneurs working in Afghanistan. He highlighted that:

“War in Afghanistan has impacted our ability to not only conduct business internationally but also it has stopped any business activity whatsoever that was happening between Pakistan and Afghanistan before as soon as the war started [...] my advice was for Pakistani entrepreneurs working in Afghanistan was to come back home and forget about trade [...] this was ministry level advice to all Pakistani businessmen” (Industry Expert 9).

The findings of a study conducted by Javalgi et al. (2011) suggest that larger MNEs have exited foreign markets due to war or remained in the war zones with no business activity. Once the war is over the managers decided to re-start international operations through new re-entry strategies, engage with the new governments and later explore business opportunities (Javalgi et al. 2011). However, their study ignores the decisions of SME entrepreneurs. Larger MNEs may have the benefits of engaging in political and institutional ties, and re-enter with

accumulated knowledge and resources (Javalgi et al. 2011). However, this may not be the case in SME entrepreneurial firms. The present findings suggest that host-country environmental factors are unique and embedded in the context of each host market. International experiences of the owners of HEC Traders and NED Importers suggest that war in countries like Afghanistan and the Gulf War, created instability in the regions that pushed away a number of entrepreneurs in completing any market re-entries (soon after exit). These experiences demonstrate that war increases risks and uncertainties for establishing any entrepreneurial intentions to pursue foreign market re-entries. For example, the owner of HEC Trader never returned to Kuwait or any other Middle Eastern country. The Gulf War changed her perception of the market and she avoided any further contact. Wars and other related political unrest in host-country markets drive SME entrepreneurs to switch to other markets. For instance, in the case of HEC Traders, the entrepreneurs decided to sell the products to buyers in Europe and other parts of Asia. However, the entrepreneur expresses her disappointment on missing out on an international business opportunity to work with potentially wealthy customers. Just after receiving the order from a Kuwaiti customer the entrepreneur contacted her supplier in Japan to start manufacturing the units. She later had to help the Japanese manufacturer in redistributing the products.

The international experience of the owner of NED Importers suggests the recent experience of engaging international business activity in a war zone. After exiting Afghanistan the owner decided to re-enter Afghanistan after a few years and due to the influences of war, the company decided to contemplate slower partial re-entry (with a new strategy): only focusing on government projects to make sure that there are no customer payment and security issues. Industry Expert 9 supported the view of the owner of NED Importers. He explained that home-country government persuaded Pakistani entrepreneurs on exiting Afghanistan just before the announcement of war. The findings suggest the involvement of home-country government on entrepreneurial movements. These excerpts refine the studies of Javalgi et al. (2011) and Kahiya (2013) on foreign market exits and suggest that entrepreneurs managing SMEs take time out to reflect upon their past experiences and learn from these to develop further foreign market re-entry strategies. Moreover, in some cases, home-country governments get involved by warning their entrepreneurs regarding any changes in host-country markets (such as wars) that demonstrate the active role of institutions and governments in a foreign market exit.

4.3.3 Home-Country Environment

Upon inquiring why Pakistani SME entrepreneurs are continuously facing challenges of exiting foreign markets, the concept of *lack of institutional strategy on exports stimuli* was observed. A number of Pakistani entrepreneurs particularly, entrepreneurs who do not have ties with larger business groups or political ties such as the owners of Leading Enterprise, Global Exporters, Hamid Consultants, NED Importers, CEO of International IT Solutions and Industry Experts 6 and 7, raised concerns regarding the lack of institutional support on international trade policy. While expressing his opinion on the exporting strategy of the Pakistani government, Industry Expert 6 criticized the approach of government officials and suggested that:

“In the last 10 years or 8 years there has been huge growth rate that was all consumers driven; it was not manufacturing or export driven. So for the moment when the government pulled the plug out on the interest rate suddenly everything collapsed. Growth has to be manufacturing led or export led in countries like Pakistan. If they are consumer led consumer, spending led, then there is a limit to how far you can go. So most of the growth that came in was in televisions and domestic appliances that were imported. Most of the growth came in cars that are mostly imported components and parts. There was no real investment in manufacturing in Pakistan” (Industry Expert 7).

Industry Expert 6 further agreed on the lack of government support and compared current export stimuli strategy with other competing countries within the region. He mentioned:

“Well the issue is that we got to understand the composition of our population. Our population is mostly unskilled or have very basic skill levels. So if Pakistan wants to go into the export markets it needs to work in industries where it require a lot of unskilled labour. Basically means garments, textiles and things like that where you can put in hundreds and thousands of people working on textile machineries and manufacturing garments. Our problem basically is that as opposed to Bangladesh we don't have LDC [least developed country] status so all exports from Bangladesh, which basically manufactured the same products as we do, have a tariff preferential advantage once exported into the US as well as when it is exported to Europe. So we are at disadvantage over there. Plus another major thing is we do not have a lot of surplus advantage meaning exportable surplus. Then the power crisis, the energy crisis push us back being in the region where we are right now” (Industry Expert 6).

Views of industry experts demonstrate the importance of export orientation from home-country government in order to stimulate international trade among smaller exporters. Freeman et al. (2013), Kahiya (2013), and Crick (2004) provide insights into how home-country factors create barriers for international exporters in selecting foreign markets.

However, these studies have ignored issues and complexities of EME home-country factors. The present findings refine arguments by Freeman et al. (2013), Kahiya (2013), and Crick (2004) and suggest that the Pakistani Government has focused majorly on consumer led growth through international banks. However, the growth and expansion has been limited in the manufacturing and exporting sector. These findings demonstrated a lack of the Pakistani Government's focus on export led strategies.

The industry experts further compared statuses of other countries within the region, such as Bangladesh which is also competing in foreign market export-led growth. Industry Expert 6 highlighted the role of competition in attracting foreign market buyers for sales of textiles and textile related products. Excerpts of Industry Experts 6 and 7 add to the insights within the field of international business research and provide insights into EME contextual factors. Additionally, these views suggest that international trade governance needs a dramatic shift and long-term vision to promote foreign market focused exporting strategies. Over time these factors have created internationalisation barriers for Pakistani textile exporters as evident from the experiences of the owners of International Jeans Industries, Pervaiz, Mustafa, Hussain Industries and the CEO of Weaving Industries. However during the interviews, Chinese industry experts and entrepreneurs reported on the Chinese Government focusing on manufacturing led international expansion. Industry Expert 10 pointed out that:

“Chinese government has good international trade policy in place and free trade agreement with inside and outside Asia and countries are interested in revising these FTAs because they see China as economic leader [...] and it actually let Chinese entrepreneurs to freely move trade internationally [...] now you see the new policy in place from last 5-10 years is to focus on building knowledge economy [...] and it was also created through FDI from the US and Europe” (Industry Expert 10).

This view agrees with that of Industry Expert 9:

“What you are about to see that China is outsourcing manufacturing and moving towards creating knowledge economy. Any project related to innovation gets attention from the government [...] the Chinese government has attracted innovation companies to manufacture and assemble in China. Not only that, investing massively in technological universities, brands and labs is further new opportunities for entrepreneurship” (Industry Expert 9).

These findings demonstrate that the Chinese Government is investing in innovation related international trade among Chinese entrepreneurs. Furthermore, the government has a clear

policy in place for international trade. These findings refine international business studies such as Freeman et al. (2013) and Kahiya (2013), in context of EME, and suggest that China has created a healthy government policy for SMEs to engage in international entrepreneurship and trade. As opposed to Australia and New Zealand, discussed in studies by Freeman et al. (2013), Kahiya (2013), EME governments are creating stable trade environments through free trade agreements to assist entrepreneurs to thrive.

The process of interviews further revealed that particularly for Pakistani entrepreneurs, *environmental turbulence (political turmoil)* created barriers to fulfil commitments with foreign business partners. For example, an owner of an import and export business indicates that the home-country environment plays a vital role in the internationalisation of SMEs. He attributes the disruption (exit) of his international business activities to the dispute between the two local political parties in Karachi, which are Awami National Party (ANP) and Muttahida Qaumi Movement (MQM). He describes that the political dispute made it challenging to physically carry out the day-to-day business activities, as indicated in the following experience:

“ANP had their hold outside Karachi and MQM had their hold inside Karachi. So [when] we had to visit ports like Port Qasim [...] we would pass through colonies and communities of Pathans, who used to disturb us as there were a lot of thieves and thugs in those communities. In those days, they used to shoot anyone who is not Pathan [...] We never really felt secure to visit Port Qasim and other ports, such as Kemare and Karachi Port” (Owner of Umer Group of Industries).

While highlighting the influences of national security on international trade Industry Expert 6 commented:

“It’s not conducive for foreign buyers to travel to Pakistan because when you have somebody coming in, he wants to come in and spend a week or two and most of the foreign governments keep sending out these travel advisories that basically means that people cannot travel to Pakistan. A travel advisory issued by the US government would mean that if you have an insurance policy it is no longer valid in Pakistan and God forbid if something happens to you; your insurance claim is not valid. Yes, so this is something which is there. So there is a huge cost that Pakistani businessmen normally have to face is to travel to Dubai and deal with their buyers. Foreign buyers only come into Pakistan when there is a 10% price differential between Pakistan and India or Pakistan and China. Pakistan has to be 10% cheaper to attract buyers into Pakistan” (Industry Expert 6).

The owner of Global Exporters explained that he decreased his involvement in the business following a robbery that took place at the port when he was retrieving goods that arrived for clients. This is presented in the following statement:

“We worked around the clock to clear clients’ shipments. So whenever our client’s shipments used to arrive, we had to be there at the port to clear the shipment...One time, while I was coming back from a small port near Kemare Port at about 3:00 a.m. in the morning., I was robbed of 30,000 to 40,000 Pak rupees cash, my mobile and other important documents at gun point. So after that incident, I decreased my personal involvement in these operations and I stopped visiting ports at night. I even stopped visiting ports in the daytime because of the law and order turmoil. That disturbed our international client base...we grew very fast as a company but the law and order situation in Karachi did not let us grow as fast as we could have. It was very disappointing” (Owner of Global Exporters).

Welch and Welch (2009) conceptualise that after leaving international markets, firms may concentrate on their domestic markets. The study also recognises that the downturn in the home-market can lead to change in international orientation of the firm (Welch and Welch 2009). However, the study ignores what domestic factors might lead to the change in internationalisation patterns of SMEs. A study based on New Zealand SMEs also supports that the lack of domestic government policy and price inflation are barriers to internationalisation paths of SMEs (Kahiya 2013). However, none of the studies in international business indicate the influences of internal security and political turmoil in the home-country as influencing factors to internationalisation patterns of SMEs. The current findings demonstrate that in EME context, it is the institutional level challenges, for example politics between different political groups that may affect the daily business activities of SME entrepreneurs. Moreover, the internal national security can also pose a personal threat to entrepreneurs because of their ethnic and political backgrounds. Consequently, that may lead to a complete shutdown of a business with exit from both international and domestic markets. Industry Expert 6 also confirms that security issues with EMEs (for example Pakistan) are becoming barriers for international trade activities between the countries. Therefore, EMEs (Pakistan) are receiving less attention from international investors in terms of inward and outward activities. Larger firms that have continued to work with Pakistan are expanding their business operations but this is not the case in SME sector.

These findings refine the argument by Freeman et al. (2013) that financial down turn in the home country justifies Australian SMEs re-structuring resources to enter into new foreign

markets and locations. However, in the case of Global Exporters, the home-country challenges (political and institutional level issues) led to total withdrawal from the international markets, resulting in changes in the internationalisation patterns. The owner of Global Exporters emphasises that due to the regular political unrest and robberies, the company's management decided to shut down its business operations, both domestically and internationally, hence reducing commitments and leading to exits both from domestic and international markets. Furthermore, Freeman et al. (2013) suggest that Australia's domestic economic factors are associated with challenges of internationalisation activities of Australian firms. However, the present findings extend Freeman et al. (2013) study and highlight the role of conflicts between the political parties, ethnicity of the entrepreneur and security issues as challenges faced by EME (Pakistani) international SMEs.

The findings contradict the argument of Santangelo and Meyer (2011) that it's the MNEs from AMEs that are switching commitments (increase or decrease) in host-country EME (China) due to the external environments. Conversely, for EME SMEs it is the home-country turbulence leading to the change in commitments (decrease in case of global exporters). Vahlne and Johanson (2013) suggest that commitment is emotionally grounded action which allow network partners to build stronger network structures, resulting in creation of stock of knowledge. The present findings highlight that the owner of Global Exporters not only reduced the firm level commitment but was also forced to reduce his personal level commitment to the business. This was due to personal threats pose by law and order turmoil, resulting in emotional distress and disappointment. Withdrawal from the international markets disrupted the relationships with foreign clients resulting in a weaker network position.

The thesis contributes empirically to the studies of Welch and Welch (2009) and Bell et al. (2003), which indicated that international SMEs (including international new ventures) have a higher dropout rate in the early stages of internationalisation. In the case of Global Exporters, the company was started in 2006 and had to close within a year of its establishment. Additionally, Welch and Welch (2009) argue that some firms undergo an international time-out stage with change in nature of activities and varying duration and degree of international orientation. The findings confirm Welch and Welch's (2009) study and argue that the owner of Global Exporters decided to transform the company in the year 2013. Previously, Global Exporters was in the business of shipment or consignment clearance. The owner changed the

nature of international business activities after 4 years of time-out stage into the imports and exports of rice and rice machinery. He further shared his experience:

“They [home-country factors including security issues] do affect us of course but the more you focus on that the more you get distracted” (Owner of Global Exporters).

The CEO of International IT Solutions explained that personally he has never paid attention to the domestic situation of Pakistan. He mentioned that:

“So many people ask this question that how can you survive in this kind of environment but [to] you give you an example we have overseas clients occasionally visit us. They come to Islamabad [and] they [do] come to our office” (CEO of International IT Solutions).

However, during the election period between 2012 and 2013 it was difficult for him to invite the clients, CEOs and managers of overseas companies, including the clients from UK, to Pakistan because of internal security issues. This is primarily because his clients’ family members and friends are concern about them visiting Pakistan. Although once they visit, they get an entirely different picture of the situation in Pakistan. The company has its offices in the UK, Dubai, Singapore and the US. and having offices physically in those markets affects the reputation of the firm. Additionally, the clients have visited the head office in Islamabad (capital of Pakistan close to Punjab) that is reportedly facing less security issues than Karachi this is further confirmed by Industry Expert 4:

“[...] in Karachi there is a huge issue of law and order affecting international SMEs and there is less energy crisis as compared to [what SME cluster is facing in Punjab] the SME clusters in Punjab” (Industry Expert 4).

Industry Expert 7 confirms that internal security issues in Pakistan created obstacles for businesses that wanted to start international business activities to and from Pakistan, as indicated in the following statement:

“We are not getting any foreign investors in Pakistan. There is hardly any FDI coming into Pakistan [...] the security issue is one major area where [this] is a problem” (Industry Expert 7).

In recent times, the Prime Minister of Pakistan, Mr Nawaz Sharif, has taken a personal interest in trying to tackle the security issues faced by the business community, which includes importers and exporters. This is evident in the following statement from the press

release issued by Mr Zulfiqra Thaver, President of the Union of Small and Medium Enterprises (UNISAME):

“[Mr]Thaver said UNGC [United Nations Global Compact] is impressed by the steps taken by the PM and his team and also the provincial government in Sindh to curb gangsterism, land mafia, street crimes, kidnapping for ransom and abstracting money from industrialist by force and the results are obvious. He said there is no doubt that the PM is deeply concerned and his visit to Karachi and his actions and instructions to the Sindh government proves his sincerity. The situation has improved since then and the business community is thankful to the PM and his team and also the chief minister Sindh Syed Qaim Ali Shah and his team for lending support to the plan. The UNGC pointed out that crime in Karachi has reached a level where it has become imperative to take action without discrimination and with an iron hand” (UNISAME press release 1, 2013).

Mr Zulifaqr Thaver further highlights the role of law enforcement agencies in maintaining law and order situations in Karachi. UNGC said that an important part was having UNISAME express confidence and the expectation of positive results from the efforts taken by the government. Moreover, the collaboration between institutions and semi-institutions is encouraged to have no tolerance for corruption to make sure that small businesses feel secure and confident to conduct everyday business activities. The CEO of Weaving Industries commented that:

“[...] it is very difficult to manage business here. I mean we are doing business here in Karachi from last so many years but the extortion money has reached skyrocket. We have no other choice but to pay to these blood sucking political parties to fund their political operations through extortion money. They knock our doors every month. There is always a threat that if you do not pay you will be shot right away. They do not care who they are shooting. Opposite to my office, they decided not to pay for one month and I know one more person, our meat vendor, decided not to pay as well both of them were shot. It is very sad; we do not want this to happen with us. Government does not care if you are a small business. We have 2 clusters I mean SME clusters in Karachi and Punjab both clusters are facing issues at different level [...] Like here in Karachi you cannot visit the port to ship your products easily but in Punjab there is no electricity” (CEO of Weaving Industries).

The findings suggest that home-country turmoil created challenges for Pakistani entrepreneurs in managing daily business activities. These experiences demonstrate factors such as effects of inconsistencies in politics and government institutions in managing a peaceful environment for entrepreneurs to grow and expand. These challenges further create unnecessary barriers for Pakistani entrepreneurs to fulfil commitments to international business partners. The findings contribute towards internationalisation process model (such as Vahlne and Johanson

2013) and suggest influences of home-country affects that are associated with nonlinearities in internationalisation. However, Freeman et al. (2013) did not report the direct influence of political turmoil on affecting daily activities of entrepreneurs.

Pakistani entrepreneurs further reported the influences of the *infrastructure and energy crisis*, particularly in cases of textile entrepreneurial SMEs. For instance, in the view of Industry Expert 7, the energy crisis and infrastructural issues have resulted in Pakistani textile entrepreneurs moving international operations to Bangladesh and Sri Lanka. Energy crises in industrial sectors both in high SME cluster cities (in Pakistan, Karachi and Lahore) have created feelings of distrust between entrepreneurs and the government. As a result of ongoing energy crises, entrepreneurs are unable to meet demands for orders from international buyers (entrepreneurs are unable to reciprocate foreign market commitments). As mentioned by the owner of Pervaiz Industries:

“I would be lying if I say I did not think about moving my business [to] Bangladesh because first it is much cheaper and I do not have to worry about dealing with factory’s load shedding because in the last 4 months it has been challenge working through completing orders on time. My client was worried if we will be able to meet the deadlines” (Owner of Pervaiz Industries).

To further confirm experiences of Pakistani entrepreneurs, Industry Expert 7 commented that:

“Energy crisis is one of the biggest issue right now. We are operating IT business here. We have organised different sources of energy to run our serves but our need for electricity is for 24 hours. We cannot run our operations like that” (Industry Expert 7).

Industry Expert 4 further confirmed issues of Pakistani entrepreneurs and commented that:

“Many factories working for export orders in Punjab are going out of businesses because of energy crisis and infrastructural issues [...] once they make orders and deliver them to the Karachi port then we have issues of security. After Benazir Bhutto’s assassination energy crisis things became worst. Things were much better for Pakistan during time of Musharaf” (Industry Expert 4).

However, Industry Expert 6 expressed different views:

“Energy is available in Pakistan; there is no shortage of energy. I can understand energy might be an issue for smaller companies because they cannot afford it [...] the

big boys [larger Pakistani firms] are buying from the market but they are not moving to Bangladesh” (Industry Expert 6).

Chinese entrepreneurs and industry experts mentioned changes in infrastructure. For instance Industry Expert 11 suggested that:

“You may already know that as China is emerging so the need for infrastructural issues is changing and the need for power. I mean electricity, roads, high speed internet, transportation and better access to the shipping ports. The need for technology is changing; we have seen changes in manufacturing technology over the last few years [...] and it is governments’ responsibility to keep up with the growing demand for technology and energy” (Industry Expert 11).

The findings suggest home-country environmental issues (energy crisis and other infrastructural issues) have direct influences on entrepreneurs’ ability to commit to foreign partners. Vissak and Masso (2015), Vissak and Zhang (2015), Vissak and Francioni (2013) studies have continued to ignore influences of home-country environmental issues (particularly issues of energy crisis) on international business activities. The findings of the present thesis demonstrate that managing energy crisis (continuous fluctuations of energy at factories) leave entrepreneurs vulnerable. The crises have further forced entrepreneurs to reduce foreign market commitments. The present findings further respond to the call for research on exit and re-entry by Surdu and Mellahi (2016) and argue that home-country environmental turbulence does not allow entrepreneurs to create long-term mutual and reciprocal commitments with foreign business partners.

4.3.4 Industry Characteristics

The process of interviews revealed changes in industry-wide regulations within the textile industry in Pakistan. Both owner and senior marketing director of International Jeans Industries reported that new regulations imposed by Disney on various governance standards (in the context of health and safety issues of employees and other workplace standards) influenced the export market activity of many textile units in Pakistan associated with Disney. The senior marketing director mentioned:

“We have done everything to meet the requirements but I believe the new standards came after what happen in Bangladesh and Disney implemented them the without any notification. The trade development authority is in the process of identifying which ones to blacklist and at the moment we are waiting let's see what happens because we

do not which standards are being implemented” (Senior Marketing Director of International Jeans Industries).

The marketing director further suggests that textile exporters in Pakistan have not updated the human resource governance standards for many years now. He stated that conditions of some textile exporters do not meet the basic standards and it is the industry-wide problem. The interview with the owner of International Jeans Industries concluded that as a result of lower standards Pakistan's economy is losing business of millions of dollars and it is the responsibility of ministries and trade associations to enforce these laws and regulations to bring quality in human resource development in textile sector of Pakistan. According to the owner, more than 45 medium-sized exporters are likely to be affected by the implementation of new standards. The findings contribute to a study by Javalgi et al. (2011) and suggest that foreign market exit and loss of international business is associated with the changes implemented by international buyers (such as Walt Disney) on sellers' country industry (Pakistan's textile industry). Furthermore, these restrictions further communicate country's lack of attention in developing growth industries.

In conclusion, the findings of research question 2 argue that entrepreneur's view of the external environment is important. Changes in the global events such as global financial crisis and Asian financial crisis influence entrepreneurial firm international sales. Particular, entrepreneurs with international exports in the US market were most affected by lower sales after the global financial crisis of 2008. These experiences of entrepreneurs add to the study by Javalgi et al. (2011) and demonstrate that unforeseen event in global markets such as the financial crisis could lead to disruption of international activities. However, entrepreneurial firms from EME (particularly Pakistan and China) had the opportunity to scale down operations and focus on the domestic market until conditions were better to revive international activities. The findings further revealed influences of wars (Afghan and Gulf war) for Pakistani and Chinese entrepreneurial firms. War in host-market influenced entrepreneurs' perception about the markets. In some cases, entrepreneurs avoided any further contact with these markets based on the past experiences (forced exit from host-markets). Moreover, Pakistani entrepreneurs reported disruption of internationalisation activities based on ongoing changes in home-country environmental factors such as lack of institutional strategy on exports stimuli, environmental turbulence (political turmoil), infrastructure and energy crisis. These findings contribute to the international business literature mentioned in

Chapter 2 and mentioning that factors such as political turmoil affect daily activities of entrepreneurs.

4.4 Overview of Refined Conceptual Framework

The present thesis explores how firm-specific and external environmental factors influence entrepreneurial behaviour from EMEs in exit and re-entry experiences with specific reference to Pakistan and China. Chapter 2 illustrates dominant theory in international business which is the internationalisation process model by Johanson and Vahlne (1977; 2015). It further highlights the role of exit and re-entries studies ascribing to alternative processes of internationalisation (for instance, Vissak and Francioni 2013). The findings of this thesis extend our knowledge and understanding of international experiences of Pakistani and Chinese entrepreneurs. The findings of Research Question 1 are based on four major levels: namely firm characteristics, product characteristics, individual global orientation and network level factors that make up the construct of firm-specific factors from an individual entrepreneurial perspective. External environmental factors are based on an individual entrepreneurial view of the following factors: host-country, home-country, global environmental drivers and industry characteristics.

The thesis suggests that a number of entrepreneurial level factors are associated with the likelihood of exit and subsequent re-entry (entrepreneur's action/intention). It further identifies various motivations that allow entrepreneurs to contemplate subsequent re-entries into foreign markets. These include capturing emerging international opportunities, increasing sales in previous markets (improving financial prospects), international expansion, and seeking resources with new partners to re-enter previous markets. These motivations allow entrepreneurs to increase the likelihood of re-entry. Factors such as, energy crisis, lack of infrastructure, and political turmoil in home-markets impedes their decisions to re-enter (deliver international consignments on time) or creates barriers to survival in foreign markets. Additionally, exit-specific factors create impediments for entrepreneurs to further commit to foreign partners. In some cases entrepreneurs interviewed for the present thesis overcame these impediments to contemplate re-entries. The findings of this thesis further reveal that in order for entrepreneurs to commit to their foreign partners it is necessary to implement strategic moves. These strategies allow entrepreneurs to not only implement changes in

international commitments but also to restructure resources which increase the likelihood of foreign market survival. Finally, exploring the exit and re-entry behaviour in context of internationalisation by relying only on firm-level analysis would not provide much deeper insights into entrepreneur's behaviours on the process. Figure 4-3 below is overview of refined conceptual framework of behaviour of SME entrepreneurs in exit and re-entry experiences. Hence, the model concludes that in entrepreneurial SMEs individual-level factors are more important than firm-level during exit and re-entry experiences. This is the refinement of conceptual framework presented in Figure 2-2 presented in Chapter 2.

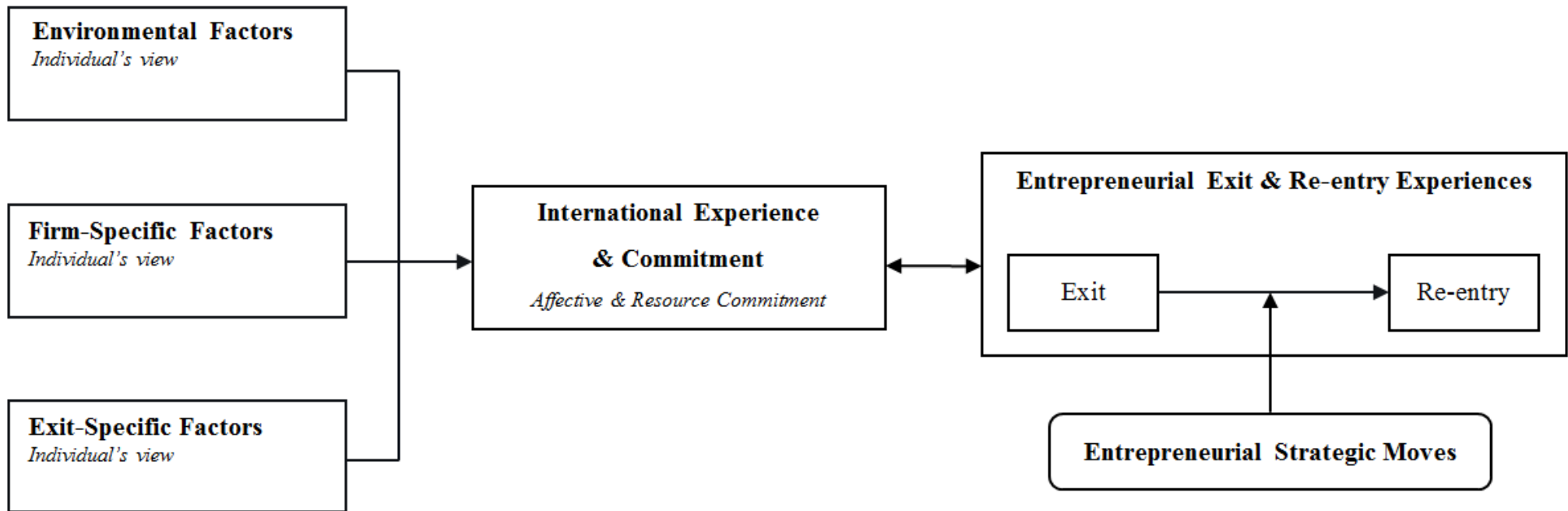


Figure 4-3: Refined Conceptual Framework of Behaviour of SME Entrepreneurs in Exit and Re-Entry Experiences

4.5 Chapter Summary

Chapter 4 presents the analysis of findings and discussion of two research questions and responds to the need to add the voice of an entrepreneur/key decision maker in the field of international business by exploring their international experiences in the context of exit and re-entry. The present thesis responds to the call for research by studies such as those of Vissak and Masso (2015), Vissak and Francioni (2013), Javalgi et al. (2011), Welch and Welch (2009) regarding EME firms experiencing foreign market exits and subsequent re-entries. Hence, the findings of this thesis draws attention towards exploring exit and re-entry experiences with specific reference to Pakistani and Chinese entrepreneurial firms operating in international markets. Research question one concludes that an entrepreneur's firm-specific factors; for example, an individual's language orientation and communication capabilities, personal initiative to innovate, overcoming country of origin effects, working with complementary products to increase sales in foreign markets, risk-taking behaviour, personal knowledge and individual cognition, are associated with an increased likelihood of subsequent foreign market re-entry experience. Factors that are associated with a decreased likelihood of entrepreneurial re-entry are as follows: influences of intellectual property rights, entrepreneurial inertia, myopic vision, Seth mindset and self-serving bias. On the other hand, the findings of research question two conclude that an entrepreneur's view to the changes in external environment matters as the entrepreneurial firm's foreign market exit and re-entry experiences are dependent upon changes in the external environment, such as financial crisis, the war in host-country markets, and home-country environmental factors (lack of institutional strategy on exports stimuli, environmental turbulence/political turmoil, lack of infrastructure and energy crisis). These factors pressure entrepreneurs to implement changes in their commitments to internationalising activities.

The present thesis refers to these types of actions as the entrepreneur's strategic moves in responding to changes in the external environment and firm-specific factors. These strategies allow entrepreneurs to optimise overall international experience, resources and networks in order to create individual-specific and relationship-specific advantages, hence suggesting that individual-level factors in EME SMEs are more important than firm-level factors during exit and re-entry experiences. The findings and discussion conclude that the voice of an individual entrepreneur/key decision maker should matter in the field of international business.

Chapter 5: Conclusion

5.1 Introduction

Paucity of research on exit and re-entry of entrepreneurial firms from EMEs (with specific reference to Pakistan and China) motivated this research. IB (international business) researchers provide understanding into foreign market exit and re-entry phenomenon of international entrepreneurial firms (such as Vissak and Masso 2015; Vissak and Francioni 2013; Javalgi et al. 2011; Santangelo and Meyer 2011; Welch and Welch 2009; Benito and Welch 1997). However, these studies have continued to ignore the role of individual entrepreneur during exit and re-entry experiences. The present thesis responds to exit and re-entry studies in IB context which exploring influences of firm-specific and external environmental factors on entrepreneurial experiences. As highlighted in Chapter 2 Literature Review, this thesis explores two research questions to further our understanding of entrepreneurial exit and re-entry in foreign markets. Following are the broad research problem and research questions that were identified in Chapter 2 (Literature Review). The identification of research gaps in Chapter 2 and 3 lead to following broad research problem:

What factors influence SME entrepreneur behaviour in exit and re-entry experiences?

Research Question 1 and 2 are:

How do firm-specific factors influence entrepreneur behaviour in exit and re-entry experiences, with specific reference to Pakistan and China?

How do external environmental factors influence entrepreneur behaviour in exit and re-entry experiences, with specific reference to Pakistan and China?

Chapter 4 provided findings and discussion on two questions with specific reference to Pakistani and Chinese entrepreneurs' exit and re-entry experiences. Chapter 5 concludes the present thesis; it also presents refined conceptual framework (Figure 5-2) of behaviour of SME entrepreneurs in exit and re-entry experiences, managerial implications, limitation of the present thesis, and directions for future research along with predictive model entrepreneurial re-entry in foreign markets (Figure 5-3). The findings of research question 1 suggest firm-specific factors that are associated with entrepreneurial foreign market exit and re-entry experiences. Research question 2 explores entrepreneurs view on external environmental factors associated with exit and re-entry experiences. The following section concludes the present thesis and theoretical discussion Figure 5-1 presents the structure of Chapter 5.

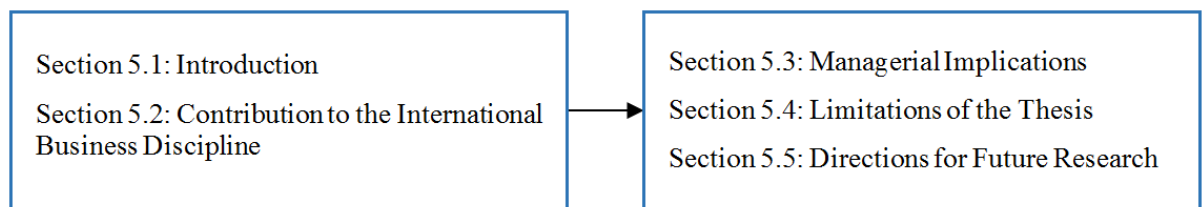


Figure 5-1: Structure of Chapter 5

5.2 Contribution of Thesis to the International Business Literature

This thesis takes a view that individual key decision maker/entrepreneur's interpretations of firm internationalisation are vital to the international business literature. The findings of this thesis make a contribution to international business literature by adding entrepreneur/key decision maker to increase our understanding of internationalisation process. Additionally, by emphasising the role of entrepreneurial action in internationalisation process entrepreneurial SMEs originating from EMEs (with specific reference to Pakistan and China) particularly during exit and subsequent re-entry experiences. As noted by Michailova and Wilson (2008) and Andersson (2000) that entrepreneur's international experience is one of the major sources of their firm performance. The findings of present thesis argue that international experiential learning is superior when an entrepreneur/key decision maker experiences foreign market exit(s) and subsequent re-entry(ies). Hence, foreign market experiences provide individual entrepreneurs with opportunities to learn, reflect upon and find new ways of channelling international strategy and commitments. Entrepreneur's future actions are embedded in past

international experiences in dealings with products, networks and markets. Therefore, subsequent re-entry experiences are subject to exit-specific factors.

The finding strongly emphasised in the present thesis is that an entrepreneur's international experience contributes towards understanding the complexities of the internationalisation process. These international experiences include moving through exit to subsequent re-entry intentions/decisions to contemplate strategic moves and respond to external changes. The findings further refine the studies by Welch and Wiedersheim-Paul (1980) and Benito and Welch (1997) and suggest that foreign market exit activities, including failure, increase entrepreneurs' knowledge hence, influences the behaviour towards subsequent internationalisation activities. The increase in knowledge is only possible when an individual utilises reflective experiential learning strategy and acknowledges previous mistakes. Past international experience of an entrepreneur is individual-specific, hence contemplating future re-entries are experience dependent. The findings argue that in SME entrepreneurial firms the 'actions of individual decision-makers matters'. Foreign market involvement, expansion, growth and response to limited windows of opportunities are based on how an individual either proactively acts or reacts towards them. The present thesis extends internationalisation and international business theory by offering the following contributions.

Entrepreneurial firm-specific factors include overcoming smallness (small to medium firm size) and resource poorness by allocating balanced resources to key markets. Consequently, firms that expanded rapidly in foreign markets found it challenging to survive in those markets, due to their inability to allocate resources (and were forced to reduce commitments). Another important element that drives exit and re-entry experiences in EME entrepreneurial SMEs is entrepreneurs' ability to overcome foreign language and communication barriers. The findings suggest that language (being bi-lingual) is considered a resource. Reconfiguring language as an international human resource strategy allowed entrepreneurial firms to increase low sales in an existing market. Lack of effective communication strategy between business partners is associated with loss of reputation, understanding, establishing trust, and creating product development procedures. As a consequence, entrepreneurs are forced to connect with new partners in new international/previous international markets. Effective communication strategy during the exit process is important to later revive international

business activities. Otherwise, ineffective communication strategy could restrict future possibilities to re-engage with previous foreign market networks.

The findings refine international business studies and suggest that on product level, entrepreneurs are required to demonstrate stronger personal initiative to innovate to strategically move through exit to subsequent re-entry. The findings extend foreign market exit and re-entry theory and suggest that entrepreneurs' inability to manage intellectual property rights at early stages of entry resulted in bad experiences. Entrepreneurs interpreted these international experiences as dishonest behaviour among the business relationships. Due to the loss of patents, entrepreneurs were forced to leave international markets with no intentions to re-enter previous markets. Moreover, the present thesis refines international business theory by suggesting that entrepreneurs working with multiple products in multiple markets are continuously searching for complementary products (in chemical industries) and findings new ways of increasing sales in existing markets.

In addition, existing international business literature explores international entrepreneurial and global orientations at firm level, however it ignores individual-specific attributes that could contribute towards entrepreneurs' international experiences. The present findings contribute to international business theory by suggesting that experience is embedded in individual's cognitions, knowledge and behaviour. Accumulation of knowledge by living, working and studying overseas allows entrepreneurs to gain cognition (perception, ideas and awareness of being global citizens). Furthermore, entrepreneurs leverage these experiences in developing certain motivations and open-mindedness. Working and living overseas, provide certain orientations for entrepreneurs to navigate different internationalisation paths by being proactive in engaging with overseas networks. Moreover, individual's global mindset may allow entrepreneurs the flexibility in their global operations where entrepreneurs move by strategically restructuring global resources.

Individual global orientation was strongly demonstrated both in Pakistani and Chinese entrepreneurs. International entrepreneurial orientation such as taking risk after exit is likely to be associated with intentions of future re-entries. Entrepreneurs have been encouraged to calculate terrorism as a risk associated in influencing international business activities. Furthermore, entrepreneurs avoid taking risks in host-country markets such as Afghanistan,

which are known high-risk markets. The underlying reasons are entrepreneurs' inability to claim payments from business partners in these markets (including ongoing war).

The findings of the present thesis further argue that entrepreneurs experience the tendency of self-serving bias. Where entrepreneurs may regard failure to the changes in external environment or network partner but regard success to their personal ambitions. Entrepreneurial behaviour such as the need for legitimacy in foreign market is associated with entrepreneurs' efforts to revive international business activities. The findings entail that entrepreneurs' foreign market exit experience increases knowledge. Additionally, entrepreneurs use this knowledge to reconfigure new re-entry strategies. Particularly, in case of Pakistani entrepreneurs, Seth mindset with autocratic management style was observed. Entrepreneurs managing with Seth mindset provide employees with limited empowerment and responsibility. Industry experts in the present thesis argue that entrepreneurs need to empower their employees to professionalise their firms.

Moreover, the findings highlight the role of entrepreneurial inertia. The findings contribute to a number of international business studies by Dow, Liesch and Welch (2013), Johanson and Vahlne (2015), Welch and Welch (2009) and suggest that family-based traditions firms may make slow and cautious decisions to re-enter markets. These decisions are based on past disappointing experiences/failures in foreign markets. Furthermore, entrepreneurs may seek opportunities in domestic markets and intentionally avoid taking risks in foreign markets, hence contemplating late or no intentions to re-enter previous markets.

The findings further argue that understanding networks and personal relationships in international markets is necessary for entrepreneurs. Over time networks allow entrepreneurs to develop various strategies to re-engage in international business activities and explore new opportunities in previous markets. The findings extend international business and network theory and suggest home-based collaborative strategies allow entrepreneurs to renew international business activities with confidence. These networks have prior experience of either working in previously left markets or have the right resources for entrepreneurs to capture emerging opportunities. Negative experiences with both business and social networks also play a vital role in exit and re-entry experiences. For example, forced termination of business partnerships, opportunism, in some cases entrepreneur's active termination of an

international relationship based on unfavourable conditions/experiences are associated with foreign market exits.

Foreign market relationship reactivation is another element of international business relationships where entrepreneurs seek foreign partners. Dependent upon their favourable past experiences with these network partners, entrepreneur may re-internationalise through similar networks in previous market. Additionally, dishonesty of social networks and the nature of family business ownership refines internationalisation process model. It suggests that for family run firms it is important for entrepreneurs to not only respond to increasing international complexity of internationalising activities, but also to manage growing complexities of families. These experiences are not uncommon in EME entrepreneurial firms. However, inability to manage these functions of family firm ownerships is likely to make it challenging for entrepreneurs to fully engage with international business activities. It is important to keep in mind that entrepreneurs in EME SMEs are sole decision makers in the majority of international business activities.

Entrepreneurs' international experiences are further dependent upon the critical changes in external environmental factors. The findings presented in this thesis emphasised the role played by the Asian financial crisis and the global financial crisis. Entrepreneurs responded to these changes by scaling back on their investments. Furthermore, entrepreneurs were unable to increase sales, as particularly for Pakistani entrepreneurs, home-country issues, the Afghan war and the global financial crisis had similar timing. This was not so for the Chinese entrepreneurs. However, Chinese entrepreneurs dealt with managing stocks and inventory, which delayed shipments as creditors, and the buyers in US were unable to make payments in time. Additionally, both Pakistani (Afghan war) and Chinese (Gulf war) entrepreneurs faced war in various host-country markets, which was associated with foreign market exit. These findings contribute towards the dynamic nature of external environmental factors in international business theory.

Moreover, findings of the present thesis contributes towards an important study on exit and re-entry by Javalgi et al. (2011) and suggests that these experiences are also influenced by any turbulence entrepreneurs experience in their home-country markets. The findings suggest strong association between home-country turbulence such as lack of institutional strategy to

export stimuli, political turmoil, infrastructural and energy crises. These issues leave entrepreneurs vulnerable and create feelings of distrust between entrepreneurs and the local government. These unfavourable conditions limit entrepreneurs' ability to meet production demands of foreign buyer and further restrict them from creating mutual long-term commitments. The present findings argue that entrepreneurs need to apply heuristics approach to internationalisation. Meaning that be aware about solving problem in foreign markets, learning from experiences and findings new ways to capturing emerging opportunities. Hence, thinking about the following questions such as: what are the alternative courses of actions after exit (strategy old or new)?, what are the events that could follow from exit to subsequent re-entry in foreign markets?, what is the likelihood of each event (exit and re-entry)?, what is value of an event like re-entry?

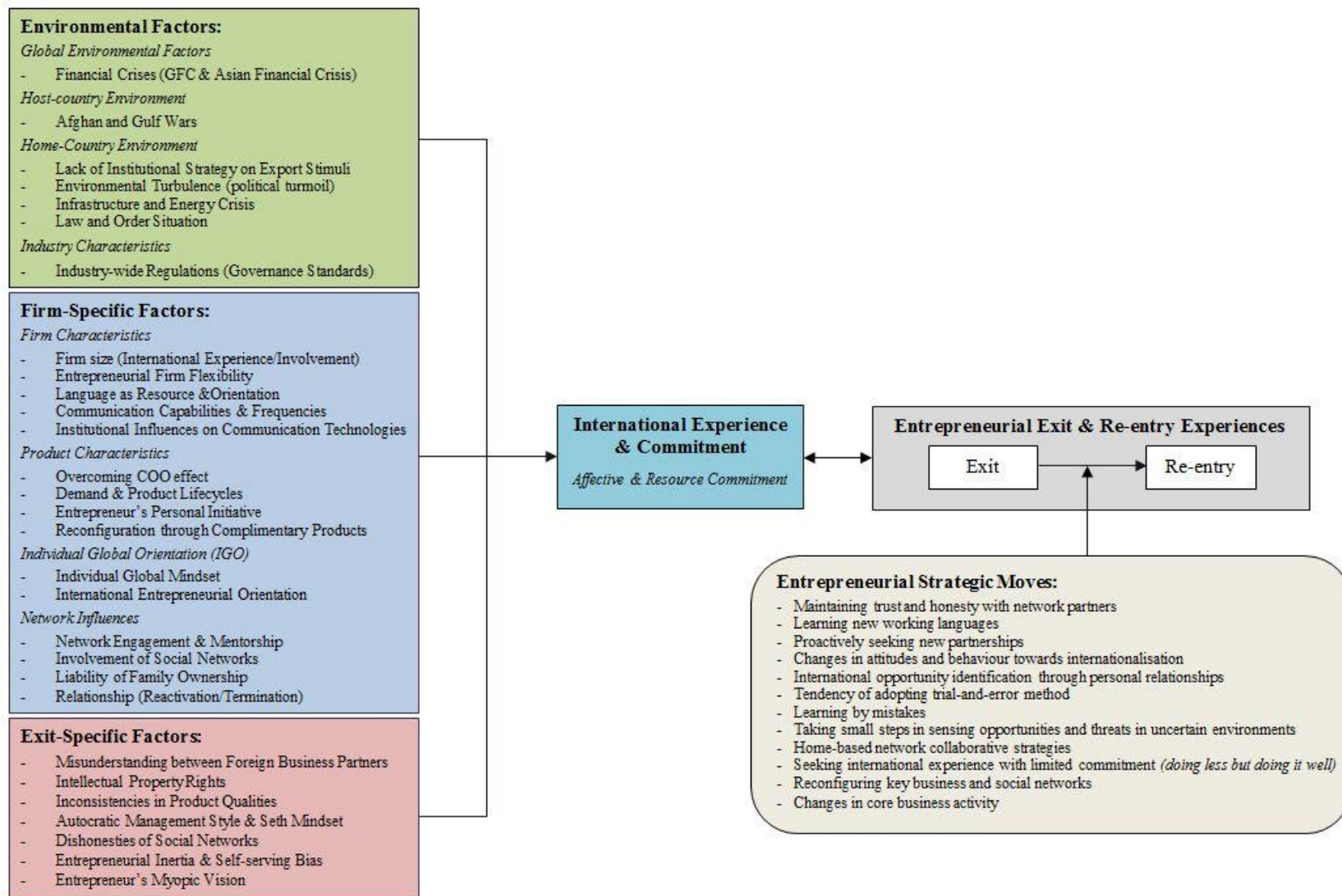


Figure 5-2: Refined Conceptual Model of Behaviour of SME Entrepreneurs in Exit and Re-entry Experience

5.3 Managerial Implications

International entrepreneurs/key decision makers of entrepreneurial SMEs can learn a lot of lessons through experiences of foreign market exits and subsequent re-entries. International markets are dynamic and external environmental factors are continuously changing. Hence, it is important that entrepreneurs equip themselves with resources, capabilities and networks to allow for flexibilities in order to expand and grow in overseas markets. International entrepreneurs from EMEs have not only experienced shifts in economic and political changes in home-markets but have also experienced these situations in host-markets including the recent financial crisis of 2008. These ongoing global challenges have alerted many entrepreneurs with regards to external environmental turbulences, uncertainties and risks associated with internationalising activities.

Keeping the above-mentioned challenges in mind entrepreneurs must increase their awareness of not only external environmental factors, but also valuable opportunities that are likely to emerge as a result of these changes. Furthermore, entrepreneurs need to understand the complexities of internationalising activities and account for consequences of taking risks and working in uncertain markets. One of the consequences of internationalisation could be experiencing foreign market exit (complete or partial). Hence, foreign market exit should not be considered as a failure but rather as a part of the overall internationalisation experience. As a result of ongoing changes in the external environment entrepreneurs proactively or reactively implement changes in resource and network related commitments. Foreign market exit experiences should be considered as learning opportunities as they are likely to allow entrepreneurs to figure out what went wrong and how to rectify mistakes. Additionally, these experiences allow entrepreneurs to implement changes in internationalisation strategies and explore new/old foreign markets with renewed international opportunities. For entrepreneurs willing to re-engage in internationalisation activities in global markets (especially for entrepreneurs looking to get involved after a long period of no international business activity) it is essential to find new and unique ways of doing business to capture emerging international opportunities.

The findings of the present thesis suggest both Pakistani and Chinese entrepreneurs need to increase awareness of ongoing global threats and opportunities and be better educated about

different international operational modes. As a result of foreign market exit experience, entrepreneurs may approach subsequent re-entries with different operational modes. For example, entrepreneurs that were previously engaged in higher commitment modes such as international joint ventures/ strategic alliances may consider lower commitment modes (exporting/exclusive retailers) to maintain the international market presence until sufficient international opportunities are available to seek higher commitment modes. Entrepreneurs must also plan strategically to avoid foreign market exit experiences at embryonic stages of internationalisation. Hence, getting highly involved in pre-internationalisation phases of their firms is likely to prepare entrepreneurs with strategic restructuring responses. Moreover, the degree of involvement will allow entrepreneurs to acquire knowledge to seek entry in the right markets with the right resources, capabilities, product fits, network partners and necessary safeguards needed in potential markets (such as seeking patent for their innovations at early stages of internationalisation process) to avoid foreign market exit costs.

Changes in internationalising activities can create opportunities both for entrepreneurs and employees to find alternative ways of learning foreign market knowledge and renew existing international business strategies. The external environmental factors are rapidly changing entrepreneurs who cannot underestimate the dynamic nature of timing in foreign market re-entry. The first step that is required in entrepreneurs' leadership is to be candid and honest about mistakes and let this flow throughout the organisations. The entrepreneur's ability to acknowledge and communicate failure is not only needed inside (among employees) the firm but it is also needed outside the firm (within reliable networks to seek opportunities to rectify past mistakes). The second step that is suggestive through findings is to build valuable and resourceful interpersonal relationships; be a part of a network that accepts change and gives open feedback for international business success.

This thesis argues that international networks both of Pakistani and Chinese entrepreneurs are an important source in identifying international business opportunities. Trust with these partners needs to be managed at interpersonal level; managing honesty and reputation further allows entrepreneurs to create credibility. These attributes are additional to positive performance prospects. Entrepreneurs also need to understand that establishing trust takes time. This thesis further informs us that well reputed network partners and trusted relationships are more likely to re-engage in international business activities. The second time

round during the re-engagement process, entrepreneurs and network partners need to be clear about their intentions, build bridges, take responsibility of past actions, and listen to and trust each other's advice. Entrepreneurs with family business ownership in EMEs (Pakistan and China) have responsibility to provide added attention to the inclusion of family members and relatives within their international businesses. Furthermore, increasing awareness of professionalisation management is likely to be associated with enhanced international performance. The findings of this thesis further inform that rapid growth and expansion of Indian entrepreneurial firms (with family ownerships) in global markets is a consequence of implementation of professional management strategies. Additionally, they demonstrated the ability to maintain strong social and business networks. On the other hand, Pakistani entrepreneurs have been unable to break through global markets due to influences and involvement of family members and unprofessional management.

Depending upon the situation and intensity of foreign market exit, entrepreneurs are likely to create strategic moves (either reactive or proactive). It is important to understand that during the phase of foreign market exit, reinforcing stronger socialisation tactics is required to collect valuable information to implement subsequent re-entry strategy. Therefore, attending international trade shows, consulting workshops, clustering seminars and other industry interactive activities would provide opportunities to develop networks and a sense of finding new ways of solving current business problems.

Implementing changes in international strategy after foreign market exit experience increases the likelihood of re-entry. Changes can be implemented at operational, product, market, network and business activity level. Entrepreneurs in the present thesis demonstrated all forms of behaviours after exiting and before subsequently re-entering international markets. Entrepreneurs who engaged implementation strategy (soon after exit) were able to enhance overall international experience. In some cases these entrepreneurs increased their international involvement in high performing lead markets. It is interesting to note that in cases where entrepreneurial firms found it difficult to survive through outward activities, switched to inward internationalising activities. This switch suggests the entrepreneur's ability to sense long-term opportunities in home markets (reverse internationalisation). However, some entrepreneurs in the present thesis did not return to outward international activities after experiencing early foreign market exit. Therefore, experience suggests that

entrepreneurs' unpreparedness and fear of failure result in inertia towards internationalising activities. Foreign market exit and re-entry experiences suggest that entrepreneurs need to understand firm level production capabilities and capacities. Hence, they should not commit to something that cannot be delivered on time. These nonlinear commitments and delays in fulfilling international orders (shipments/consignments) may jeopardise the state of firms' reputations/entrepreneurs' personal reputations. These delays in deliveries may send a negative message to foreign network partners about entrepreneurs' personal commitment to a business relationship.

The findings of this thesis further suggest SMEs have limited resources to sustain global niches. Hence, it is important for entrepreneurs to understand the importance of the global supply chain and become part of it. Joining the supply chain of globally larger firms will not only provide these entrepreneurs with opportunities to revive internationalisation activities but also increase sustainability for their businesses. The findings further revealed that industry experts strongly recommend Pakistani and Chinese entrepreneurs not only invest in understanding the changing face of globalisation but also act upon these changes to capture international opportunities. Moreover, exploring possibilities of engaging with home-market internationally based networks (or networks with previous international experience) could enhance performance prospects of entrepreneurial SMEs that left foreign markets. Joining internationally oriented industry clusters at home would provide additional opportunities to re-enter previous markets with stronger resources.

While a majority of Pakistani entrepreneurs expressed interest in refocusing their internationalising strategies towards China, there was less focus towards US and Europe. The Chinese entrepreneurs expressed interest in focusing on knowledge-intensive innovation related activities. These behaviours suggest certain institutional policies be put in place to implement changes on a broader national level for entrepreneurial activities. From a policy perspective, industry experts and governments representatives need to provide stable environments (stabilising regional wars/Afghan war, political turmoils and intermittent economic shifts) for entrepreneurship to thrive. Furthermore, international trade barriers with neighbouring countries as in the case of Pakistan with India need to be relaxed. Recent trade investment of China in Pakistan and Afghanistan should provide entrepreneurs with future opportunities to increase operational and infrastructural capabilities to meet the demands of

global consumers. The reopening of/investing in regional markets through government support will allow Pakistani entrepreneurs to benefit from the exponential growth of EMEs (such as India and China). It will further allow Chinese entrepreneurs to find new ways of saving supply chain costs of international trade and add strategic assets to their portfolios.

The present thesis advises policy makers in trade associations, consulting firms and government advisory boards to invest time and effort in understanding the ongoing challenges of existing international entrepreneurial SMEs. In recent years, there has been a boom in supporting new venture creation and entrepreneurship both in China and Pakistan. However, it was observed from the interviews that more funding was directed towards start-ups and new business ideas of entrepreneurial firms than creating support systems for existing international SMEs. As one of the industry experts suggested:

“In the midst of everyone to become an entrepreneur and start some sort of business activity we are forgetting those who are already facing hurdles and issues with their existing businesses [...] the government organisations such as SMEDA [small-medium enterprise development authority in Pakistan] should direct loans and funding towards businesses that have shown good progress over the years [...] pumping more funds into these SMEs means you are making sure that the growth sector is alive across textile, IT and other high speed manufacturing industries. I have seen more funds directed at preferred industries. Government needs to allocate funds and expertise towards agricultural sector as much as towards IT” (Industry Expert 4).

5.4 Limitation of the Thesis

Despite theoretical and practical implications for the present study, the findings should be interpreted cautiously due to its limitations. One limitation of the study is context: Pakistani and Chinese entrepreneurial firms. As examined in Chapter 1: Context, Pakistan and China were the ideal locations as China is growing exponentially and investing within and outside Pakistan. Furthermore, the institutions in these markets are emerging, especially in the case of Pakistan where entrepreneurs are struggling to strongly support international business activities with the domestic institutional policy. The war in Afghanistan and ongoing challenges of managing international reputation together with shifts in economic cycles, are the contributing factors for entrepreneurial firms to experience exit and re-entries. Moreover, due to external environmental uncertainties entrepreneurs in the present thesis have demonstrated flexibilities in learning and restructuring their internationalisation strategies.

This thesis is qualitative in nature, hence only aims to explore the nature of international business activities specific to Pakistani and Chinese entrepreneurial firms. Therefore, researchers must be careful in generalising the findings of this thesis. The external and internal issues of these countries are unique and provide much-needed new information, insights and interpretation to the field of international business and internationalisation process model. Furthermore, as suggested in Chapters 1 and 2, the field of international business and internationalisation has largely ignored the behaviour of firms originating from emerging market firms other than India and China. Therefore, findings and discussion presented in Chapter 4 must be interpreted carefully as they apply specifically to Chinese and Pakistani SME entrepreneurs.

This research adopts a constructive paradigm to explore how entrepreneurs go about restructuring foreign market strategies. The qualitative methodology was applied because of the exploratory nature of the problem and knowledge gap presented in Chapters 1 and 2. As suggested in Chapter 3, this is due to the challenges of collecting quantitative data in EMEs (delays in response rates, lack of updated information and incomplete databases). For the purpose of this research, interviews were conducted with entrepreneurs/decision makers, industry experts and government representatives. A major limitation of the qualitative methodological approach is that it can only provide analytical generalisations, not statistical generalisations (Yin 2009; Creswell 2013). The findings presented in this thesis are based on 23 interviews with entrepreneurs and 10 interviews with industry experts and government representatives. Therefore, a limitation of these interviews is that they are subjective and prone to self-serving responses and errors. Moreover, some interviews were translated from Urdu, Cantonese and Mandarin while some were directly delivered in the English language.

The findings generated from these interviews must be carefully interpreted as they report international experiences of the interviewees and are specific to the context of exit and re-entry in foreign markets. Interviews conducted with government representatives could be subject to bias or political opinions. In order to overcome that, the interviewer asked questions repeatedly in different ways to get closer to the reality of true opinion. A number of strategies were employed to address the rigour and quality of the thesis through credibility, dependability, confirmability and construct validity (Yin 2009). Some of these strategies include engagement in the field, providing descriptions and utilising triangulation techniques.

For example, multiple sources such as industry experts, government representatives, web pages, news blogs, newspapers and industry reports were used. Additionally, the researcher recognises that it would be helpful to obtain further in-depth information on China, through Industry Experts, regarding the influences of domestic and industry level factors on entrepreneurial internationalisation strategies. However, the time constraints of this research project did not allow the researcher to spend more time in the field.

5.5 Directions for Future Research

Future research could add a new dimension by focusing on the role of host-country governments, including the embeddedness of political actors in the firm's business and social networks. Hence, exploring if host-country networks are associated with foreign market exit and re-entry experiences. An examination of their influence on exit and re-entry would provide in-depth insights and contribute towards a theoretical development that political actors play a critical role in other EMEs. For example, information through political actors may facilitate network connections for re-internationalisation or even de-internationalisation if a relationship with a political actor or business partner becomes a liability. Finally, other theoretical frameworks could be included to develop a multi-theoretical framework to understand entrepreneurial re-entries such as dynamic capabilities, networks and knowledge. To support future research and to emphasise the theoretical contribution of the proposed model, a number of assumptions in support are provided.

First, literature and in particular recent studies, emphasise the importance of exploring the influences of firm-specific and external environmental factors associated with exit and re-entry experiences (Vissak and Masso 2015; Sui and Baum 2014; Welch and Paavilainen-Mäntymäki 2014; Vissak and Francioni 2013). In response to this recent literature, the present thesis draws upon on a number of well-emphasised theoretical underpinnings. In the main, they included the IP model (Johanson and Vahlne 1977; Johanson and Vahlne 2015), with particular emphasis on alternative approaches to internationalisation such as studies by Hadjikhani et al. (2014), Santangelo and Meyer (2011), Javalgi et al. (2011), Welch and Welch (2009) and international entrepreneurship theory (Kiss et al. 2012). To a lesser extent the present thesis also acknowledges the important contributions made by social network theory (Ellis 2011). Second, it emphasises recent literature on SMEs (with specific reference

to Pakistan and China), which suggests that they play a vibrant role in the world economy, especially those originating from and entering EMEs (Kiss et al. 2012). For this reason, the present thesis emphasises the importance of responding to recent calls for further investigation into the factors, motives and characteristics that condition their emergence, and the phenomena of exit and re-entry in Pakistani and Chinese entrepreneurial firms, which should drive future theoretical and empirical research (Mikhailitchenko 2011).

Predictive Conceptual Model for Future Researchers: A great deal of research has been published on firms entering international markets, however limited attention has been given to special behaviours such as foreign market exits and re-entries (Benito and Welch 1997; Bonaccorsi 1992; Turner 2012; Santangelo and Meyer 2011; Bell et al. 2003; Welch and Luostarinen 1988; Hadjikhani et al. 2014; Luostarinen 1989). The purpose of this section is to provide directions for future researchers with predictive conceptual model and propositions to further explore re-entry conditions and situations.

The present thesis suggests future researchers to further explore dynamic internationalisation model of entrepreneurial exits and re-entries in foreign markets. The rationale behind this suggestion is to expand the internationalisation process model by integrating two aspects: 1: entrepreneurship (particularly entrepreneurial actions) as suggested by Vahlne and Johanson (2013) and 2: psychological and personality factors that influence entrepreneurial re-entries, as constant changes in international activities are achieved by managers or key decision makers. Furthermore, internationalisation process model (Johanson and Vahlne 1977), revised versions (Johanson and Vahlne 2015; 2003; and Vahlne and Johanson 2013) are built on the assumptions of bounded rationality. Moreover, these models do not respond to individual decision-makers' psychological states and conditions that shape entrepreneurial action and ultimately influencing the internationalisation process (Maitland and Sammartino 2015). Therefore, the present thesis proposes that along with exploring the changes in internal factors and network alliances, psychological states and personality traits shape the way entrepreneurs cope with failure (including stigmas of failure) and later re-enter international markets. Understanding these micro-foundations is important to model heterogeneity in entrepreneurial actions, particularly re-entry in foreign markets (dimensions, likelihood strategy and timing).

Hence, the present thesis proposes future researchers explore the following propositions:

Proposition 1: Changes in core business activities provide incentive for entrepreneurial firms to re-enter foreign markets.

Proposition 2: Channel member reconfiguration is associated with entrepreneurial firm's re-entry in foreign markets.

Entrepreneur's Psychological State: In some cases firms re-established their operations based on new modes of re-entry (Javalgi et al. 2011). It is believed that these new actions and managerial intentions were executed based on past learning from mistakes as mentioned by Welch and Welch (2009); learning-by-doing during internationalising activities. However, the Javalgi et al. (2011) study ignores the importance of entrepreneurial psychological states in executing re-entry. The internationalisation process model state of the firm is based on dynamic and operational capabilities (Vahlne and Johanson 2013). If we were to embed entrepreneurial action into the condition of the firm, then internationalisation process model's argument cannot ignore the importance of the entrepreneurial state of mind that is needed to maintain this and respond to changes in its internationalising activities. Only through the process of exploring influences of entrepreneurial mindset is the true understanding of an entrepreneurial firm possible. The strength of entrepreneurial psychological state and conditions to respond to external impediments, pressures and changes, would be associated with the faster execution of re-entry strategy. This means that entrepreneurs bounce back from failures (Shepherd et al. 2016; Wolfe and Shepherd 2015).

The executions, transformations and implementations of entrepreneurial actions could be rooted in certain psychological states such as in managing comparative optimism (Ucbasaran, Shepherd, Lockett and Lyon 2013), entrepreneur's passion and resilience towards failure and demonstrating energy in overcoming previous exit-specific conditions to revive internationalisation activities. IP model suggest that firm builds commitments to foreign markets incrementally and commitment is emotionally grounded (affective). However, it ignores psychological commitment (personal commitment) of an individual towards goal attainment (in this case internationalisation). For instance, entrepreneurs that left international markets due to various external factors may like to re-enter based on their personal commitments or motivations to capture emerging opportunities. Entrepreneurs with higher psychological commitments may demonstrate higher behavioural consistency to contemplate

re-internationalisation despite failures international markets. Furthermore, adding the concepts of Anne Huff's approach (Barr, Stimpert and Huff 1992) of strategy and mental models in strategic de- and re-internationalisation research stream will benefit the international business research. The present thesis encourages researchers to further explore the following proposition:

Proposition 3: Entrepreneurial psychological state is associated with re-entry in foreign markets.

Entrepreneur's Personality Traits: The present thesis encourages future researchers to explore the role of entrepreneurial personality traits in internationalisation context ("entrepreneurship matters" Vahlne and Johanson 2013). The IP model proposes a sense of incorporating entrepreneurship in order to understand how entrepreneurs reduce uncertainty through learning and acting. Entrepreneurs have a certain "will to act" in a way to improve the current state of their firm (Vahlne and Johanson 2013, p.199). However, IP model ideas are limited to exploring corporate entrepreneurship and ignore the influences of individual entrepreneurs on overall internationalisation decisions and commitments.

According to Davidsson (1989), an entrepreneurial need for achievement is associated with their willingness to grow their ventures. The willingness to change and pursue growth is rooted in entrepreneur's behaviour (Davidsson 1989; McClelland 1965). Research on entrepreneurial personality agrees on certain personality traits that entrepreneurs possess in order to achieve goals (Davidsson 1989; McClelland 1965), implement change (Herrmann and Nadkarni 2014), and demonstrate certain goals, desires and aspirations (Miller 2015). The primary mechanism, which allows entrepreneurs to develop the intent to achieve goals, is through motivation (Penny, David and Witt 2011). Omri and Becuwe (2014) suggest the lack of research on association between personality traits such as The Big Five and internationalisation process. The present thesis proposes future researchers to explore ideas and concepts on entrepreneurial personality traits in internationalisation context (foreign market re-entry). This could be done by looking at how personality traits help entrepreneurs to develop strategies to overcome stigmas associated with the previous exit and consequently re-enter foreign markets. It is important for researchers to establish linkages between

entrepreneurial personality traits and the conduct of their businesses (Miller 2015). When it comes to understanding a strategic change in firms, Herrmann and Nadkarni (2014) suggest that personality traits of top decision makers matter, as these traits shape the way these decision makers communicate their vision and goals to the rest of the organisation. Change is suggested to be one of the most important elements in the IP model (Johanson and Vahlne 1977; 2015). Entrepreneurs respond to the changes in the external environment based on how they perceive information (Andersson 2000). Furthermore, the change aspect of internationalisation is proposed to be associated with entrepreneurs taking proactive decisions to implement strategic change and continuously restructure their international paths such as entering, exiting and re-entering foreign markets.

Personality research associates these individual capabilities with “The Big Five” personality traits of conscientiousness, extraversion, agreeableness, neuroticism and openness to experience (Herrmann and Nadkarni 2014). Zhao and Seibert (2006) suggest that entrepreneurial personality traits such as The Big Five are central in the theoretical development of entrepreneurial research. However, we are yet to explore how these traits influence internationalisation strategies of entrepreneurs particularly in overcoming foreign market failure (Khelil 2016) and exit and re-entry situations. The personality traits research has been adapted in the context of strategy research (for example see Herrmann and Nadkarni 2014). Personality traits influence firm performance and strategy implementation (Herrmann and Nadkarni 2014). However, these factors do not explain the extent of the entrepreneurial action. Therefore, more research into the personality traits such as The Big Five model is needed to establish its wider application to various consequences of internationalisation (Omri and Becuwe 2014). The IP model integrates the “will” of an entrepreneur, which is embedded in entrepreneurial behaviour (Davidson 1989). Key decision makers [entrepreneurs] carry certain motivations in order to exert their will, such as a need for achievement, need for control and change in order to grow their ventures (Herrmann and Nadkarni 2014). By change Herrmann and Nadkarni (2014) refer to need for strategic change in entrepreneurial firms. Hence, the present thesis encourages future researchers to explore the following propositions:

Proposition 4: Entrepreneurial personality trait, extraversion, is associated with foreign market re-entry soon after exit.

Proposition 5: Entrepreneurial personality trait, conscientiousness, is associated with less likelihood of overcoming from stigma of failure to re-enter foreign market.

Proposition 6: Entrepreneurial personality trait, agreeableness, is associated with foreign market re-entry.

Proposition 7: Entrepreneurial personality trait, openness to experience, is associated with foreign market re-entry (with different re-entry strategy after exit).

Grit: The present thesis further advises future researchers to explore concepts and ideas from personality research (grit), for example, exploring an association between overcoming stigma of failure to re-enter soon after foreign market exit. The body of research on internationalisation activities of the firm considers an influence of entrepreneurs' personal characteristics (such as age, education, skills, experience and knowledge) in international business activities (Crick 2003; 2004). For instance, it is proposed that the entrepreneur who 'overcomes stigma of failure experience, likely to be associated with "grit" personality type'. As these individuals stay on their courses of actions, they demonstrate the ability to overcome setbacks (psychologically) and also apply various strategies to overcome stigmas of failure (coping and empowering). Additionally, grit personality type individuals are likely to overcome social costs associated with failure quicker than who do not (Duckworth et al. 2007). The underlying reason behind overcoming social and psychological costs associated with failure because gritty individuals are learning oriented and less likely to repeat past mistakes.

As suggested by Duckworth et al. (2007) gritty individuals stay on the courses of their actions. Hence, quitting plans (entrepreneurial career exit after failure as suggested by Ucbasaran et al. 2013), shifting goals and starting over repeatedly (while making mistakes over and over again) are not the strategies followed by these types of personality traits. It has also been observed that gritty individuals worked longer hours than their counterparts; this increases the likelihood of goal success (Duckworth et al. 2007). Hence, the present thesis encourages future researchers to explore that gritty entrepreneurs who experience stigma of failure are likely to overcome these situations soon after exit to follow their goals with new strategies (to revive international business activities). These individuals are more focused

towards the rational aspects of task (passion is suggested to be an empty feeling without task performance) rather than only on emotional aspects of it.

“One possibility is that the propensity to pursue long—term goals with perseverance and passion may be determined in part by beliefs about one’s capabilities, attributions of positive and negative events” (Duckworth et al. 2007, p.1100).

It is suggested that grit in entrepreneurs is as important as being creative or talented (Duckworth et al. 2007). Furthermore, Duckworth et al.’s (2007) work highlights the role childhood experiences can play in inculcating grit in individuals. Entrepreneurs who may have demonstrated energy, drive and entrepreneurial spirit at an early age have always found a way to work hard with desires to prove themselves. Therefore, based on above discussion it is proposed that:

Proposition 8: Grit is associated with likelihood of overcoming stigma of failure to re-enter soon after exit.

There are several other suggestions for future research direction. First, the refined model developed in this thesis could be tested quantitatively. In addition, the definition and conceptualisation of de- and re-internationalisation could be clarified. Second, the predictive model and propositions could be used to develop a questionnaire and tested in a quantitative survey so that statistical generalisations can be made. Third, these qualitative and quantitative studies could be done in specific industries across emerging as well as developed economies or in multiple industries across these economies. These studies would help to develop measures for the various constructs in the conceptual model.

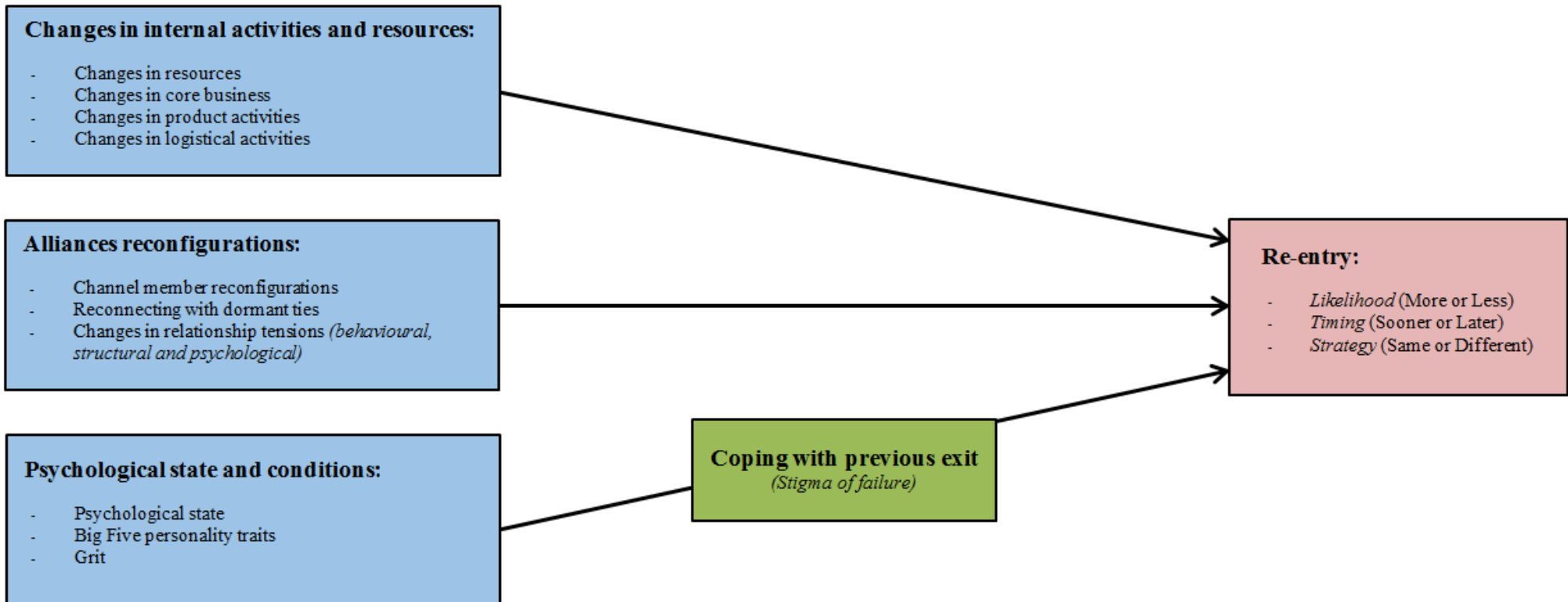


Figure 5-3: Predictive Model of Entrepreneurial Re-Entry in Foreign Markets

In conclusion, the present thesis provides much-needed insights into the behaviour of international entrepreneurs internationalising from Pakistan and China. Internationalisation is an important decision for entrepreneurial SMEs. Additionally, the entrepreneur/key decision maker of an SME represents the heart and mind of his/her firm. Therefore, the decision to go international is initiated and influenced by the entrepreneur/key decision maker particularly in SMEs, which are known for having limited resources, networks and past internationalisation experiences. Entrepreneurial firms internationalising from EMEs (such as Pakistan and China) are not only exploring international opportunities but are also overcoming various domestic market challenges to sustain their overseas operations. As the dynamics of international trade, politics and economics are changing, economies such as Pakistan and China are increasingly becoming an important part of the world economics. Therefore, it is important to include the voices of international entrepreneurs internationalising from key EMEs.

Both Pakistan and China are positioning themselves at the centre of international trade, economics and politics. While on one hand, these economies are creating opportunities for international businesses to expand trade ties, changing the structure of global economics and politics. On the other hand, both economies have faced a number of intermittent political, economic, social and technological challenges in the last few decades; for instance, in the case of Pakistan, challenges include the neighbouring war in Afghanistan, domestic terrorism, and stagnant economic growth, infrastructural issues; and in the case of China, the recent slowdown in the economy including institutional challenges. Furthermore, due to the ongoing exchanges between Pakistan and China with the rest of the world in a context of international trade and overcoming regional issues, both economies have continued to build strong geostrategic alliances to open doors for international opportunities. It is expected that entrepreneurs from these types of markets are likely to play an important role in international business. Hence, it is important for international business researchers to explore the behaviour of entrepreneurs internationalising from these economies. The present thesis makes an original knowledge contribution exploring the international experiences of entrepreneurial SMEs internationalising from these economies in the context of foreign market exit and subsequent re-entry. The thesis concludes that individual-level factors in EME SMEs are more important than firm-level factors during exit and re-entry experiences.

Appendices

Appendix A: Delineation of the Conceptual Framework

Concepts	Dimensions	Supporting Studies	Relevant Theories
Strategic Re-structuring/Intermittent/Non-linear Internationalisation	De-internationalisation/ exit, re-internationalisation/ re-entry.	Vissak and Masso (2015); Sui and Baum (2014); Freeman et al. (2013); Vissak and Francioni (2013); Javalgi et al. (2011); Vissak (2010); Welch and Welch (2009).	Strategic choice perspective (Child 1972); Dynamic process model (Luostarinen 1989); LLL model - Linkage, leverage, learning (Matthews 2006); International entrepreneurship (Andersson 2000; Jones and Coviello 2011); Internalisation theory; Rational action; Real options; Rational economic approach; Eclectic paradigm; Transaction cost economics; Born-global theory (Oviatt and McDougall 1994); Co-evolutionary framework; Stages model (Johanson and Wiedersheim-Paul 1975); IP model (Johanson and Vahlne 1977).
De-internationalisation/ Exit	Total withdrawal, partial withdrawal.	Turcan (2003); Benito and Welch (1997); Turner (2011; 2012); Figueria-de-Lemos et al. (2011); Freeman and Cavusgil (2007)	IP model (Johanson and Vahlne 1977); Network approach (Johanson and Mattsson 2015); Stages model (Cavusgil 1980, Johanson and Wiedersheim-Paul 1975); Traditional economic perspective, Product life-cycle approach, Internationalisation-Management perspective; Coevolutionary framework.

Appendix A: Delineation of the Conceptual Framework Cont'd.,

Concepts	Dimensions	Supporting Studies	Relevant Theories
Re-internationalisation/Re-entry	Total re-entry, partial re-entry.	Welch and Welch (2009); Javalgi et al. (2011); Chandra et al. (2012).	Stages model (Johanson and Wiedersheim-Paul 1975); IP model (Johanson and Vahlne 1977); Internalisation theory; Rational action, Real options; Rational economic approach; Transaction cost economics; Opportunity-based view.
Firm Characteristics	Size, firm flexibility, ability to overcome language barriers.	Thai and Chong (2008); Dib et al. (2010); Kim et al. (2011); Bangara, Freeman and Schroder (2012); Ellis (2011).	Born-global phenomenon;
Product characteristics	Product uniqueness, adaptation, service quality, patents, intellectual property rights, competitive price, after sales service, innovation, technology, product image, demand, recognition and life cycle.	Taylor and Jack (2012); Bell et al. (2003); Knight and Cavusgil (2005); Simoes (2012); Gabrielsson Kirpalani (2012); Chetty and Campbell-Hunt (2004); Cavusgil and Zou (1994).	Legitimacy aspect of Institutional Theory; IP model (Johanson and Vahlne 2009); Stages model (Johanson and Wiedersheim-Paul 1975); Social network theory.
International Entrepreneurial Orientation	Global mindset, risk taking and innovativeness	Thai and Chong (2008); Dib et al. (2010); Kim et al. (2011); Oviatt, McDougall and Loper (1995); Gray (1997); Freeman et al. (2013); Freeman and Cavusgil (2007); Freeman, Edwards and Schroder (2006).	Born-global concept; Strategy-environment co-alignment principle.

Appendix A: Delineation of the Conceptual Framework Cont'd.,

Concepts	Dimensions	Supporting Studies	Relevant Theories
Global Environmental Drivers	Global environmental drivers.	Javalgi et al. (2011).	Stages model; IP model; Internalisation theory; Rational action; Real options theory; Rational economic approach; Transaction cost economics; Eclectic model.
Host-Country Environment	Host-country environment.	Javalgi et al. (2011); Kahiya (2013); Wheeler, Ibeh and Dimitratos (2008).	Stages model; IP model; Internalisation theory; Rational action; Real options theory; Rational economic approach; Transaction cost economics; Eclectic model; Strategic export model (Aaby and Slater 1989); Industrial Organization theory; Resource-based view; Network/interaction theory.
Home-Country Environment	Home-country environment.	Kahiya (2013); Wheeler, Ibeh and Dimitratos (2008).	Strategic export model (Aaby and Slater 1989); Industrial Organization theory; Resource-based view; Network/interaction theory.
Industry Characteristics	Industry life cycle, industry dynamics.	Gabrielsson and Kirpalani (2012); Dib et al. (2010); Lovdal and Aspelund (2012); Lopez et al. (2009); Kahiya (2013); Wheeler, Ibeh and Dimitratos (2008).	Born-global phenomenon; Strategic export model (Aaby and Slater 1989); Industrial Organization theory; Resource-based view; Network/interaction theory.
Commitment	Affective commitment to a business relationship; Increase or decrease.	Johanson and Vahlne (2009); Vahlne and Johanson (2013); Santangelo and Meyer (2011).	Behavioural theory of the firm; Eclectic paradigm; International Entrepreneurship; Dynamic capabilities perspective; IP model (Johanson and Vahlne 2009); Framework of strategy formulation (Mintzberg and Waters 1985); Institutional theory.

Appendix B: Brief Summary of Research Methodologies of Previous Studies Relevant to the Research Topic

Authors	Research Objective	Research Focus	Research Methodology	Research Method	How were firms identified
Vissak and Francioni (2013)	Why and How an Italian firm internationalise nonlinearly? And developing the concept of serial non-linear internationalisation.	Interviews with the Export Manager and Administration Manager were always carried out simultaneously. The entrepreneur was not interviewed as his main focus domestic market, while the Export Manager has high autonomy for making internationalisation decisions.	Qualitative - Single Case Study on Italian Furniture Manufacturer.	In-depth interviews with follow up interviews. Data was also collected through firm's website, annual report and other documents for triangulation purposes.	Purposeful sampling was used to find an information-rich case. Initially, six potential firms were explored, but the decision was narrowed down a single firm because of its suitability for studying non-linear internationalisation based on a brief interview with its Administration Manager in April 2010.
Freeman et al. (2013)	To unify the theoretical framework on born-globals - How do managers move through the de-internationalisation (exit) to re-internationalisation (re-entry) process? And How do they choose their patterns of internationalisation?	Interviews with CEOs/owner/founders (senior managers) and others (buyers) as they have firsthand knowledge about internationalisation activities of the firm.	Qualitative – In-depth Interviews	Semi-structured interviews- CEOs/owner/founders (senior managers) and others (buyers)	Firms were identified from a commercially available directory, The Australian Exporter Database. Approximately Australian 25 Born-globals were identified in the directory, in the two largest states of Victoria and New South Wales, Australia.
Javalgi et al. (2011)	The role of re-entry and de novo. Role of previous knowledge in re-entry, and objectives and decisions of MNEs in re-entry.	Interviews with the executives of MNE were conducted. Face-to-face and via telephone through open-ended questions.	Qualitative and Secondary data sources.	Personal interviews and search engines e.g. Yahoo, MSN and Google to identify re-entry examples.	Secondary data through publicly available sources; company reports, annual balance sheets, company web sites, and articles in the popular press. Other sources included internet search engines, literary search agents.
Welch and Welch (2009)	To provide a conceptual framework and discussion on the concept of re-internationalisation.	N/A.	Conceptual	N/A.	N/A.
Benito and Welch (1997)	To discuss the phenomenon of de-internationalisation in the light of IB and other literatures.	N/A.	Conceptual	N/A.	N/A.

Appendix C: Overviews of Interviews (Entrepreneurs, CEOs/ Owners, Senior Managers)

S. No:	Firms	Year Established	Country of Origin/ Establishment	Industry	Year of Initial Market Entry	Markets Served	Market(s) Exit/Reduced Business	Reasons for Exit (partial/complete)	Market(s) Re-enter	Interview Duration	Interviewee Roles/ Position
1	Bilal Rice Exporters	1981	Pakistan (Punjab)	Rice Exporting	1983	Malaysia, Taiwan, USA, UK, Middle East	USA, Malaysia	Distributor, price, competition, home-country factors.	Malaysia, USA	2.5 Hours	Owner
2	Red Fort Restaurant	1998	Pakistan (Sindh)	Restaurant and Food Business	2007	Dubai, Pakistan	Dubai	Partnership issues.	Re-enter Dubai through	2 Hours	Owner and International Operations manager
3	NED Importers	1982	Pakistan (Sindh)	Importer of Water Pumps	1997	Europe, Pakistan, Afghanistan	Europe, Afghanistan	Home-Country factors, loss in sales, Afghan war, PLC, Networks	Europe	2 Hours	Owner
4	Global Exporters	2006	Pakistan (Sindh)	Rice and Construction Machinery & Titles	2007	Dubai	Dubai – in process and Afghanistan	Payment issues with network partners in Dubai.	Dubai	2 Hours	Owner
5	Weaving Industries	1992	Pakistan (Sindh)	Textile: Spinning and Weaving	1998	Canada, Europe, USA	USA	Dollar rate, home-country factors.	USA	1.5 Hours	CEO
6	International Jeans Industries	1970	Pakistan (Sindh)	Textile: Levis Jeans, Denim and Textile Machinery	1975	USA, Europe, Dubai	USA	Recently been dropped by Walt Disney, family issues, home-country factors, GFC.	Renegotiated contracts with Disney	2 Hours	Owner and Senior Marketing Director
7	Hamid Consultants	2002	Pakistan (Sindh)	Wheel Barrow and related other material (Import & Export)	2008	Pakistan and China	China	Home-country factors.	China	2 Hours	Owner
8	Cement Industries	1981	Pakistan (Sindh)	Cement, Rice and Sugar	1982	Africa, Middle East, Pakistan, China	Africa, (Tanzania), reduced business from Middle East	Mismanagement of business, financial issues, home-country factors, decreased sales	Tanzania and China	2 Hours	CEO

Appendix C: Overviews of Interviews (Entrepreneurs, CEOs/ Owners, Senior Managers)

S. No:	Firms	Year Established	Country of Origin/ Establishment	Industry	Year of Initial Market Entry	Markets Served	Market(s) Exit/Reduced Business	Reasons for Exit (partial/complete)	Market(s) Re-enter	Interview Duration	Interviewee Roles/ Position
9	International IT Solutions	2001	Pakistan (Punjab)	Information Technology Business	2001	USA, UK, Singapore and Middle East, Turkey	Dubai (reduced sales)	Partnership issues and reconfiguring social networks to re-enter.	None	3.5 Hours	CEO & International Chief Operating Officer
10	Umer Group of Industries	1960	Pakistan (Sindh)	Chemical Leather, Shoes soles and other parts	1975	Vietnam, China, USA, UK, Egypt, Syria and others	Vietnam, Syria, USA	Product quality, innovation, communication challenges between business partners, War and global financial crises, PLC, GFC.	USA	2 Hours	Owner
11	Mustafa Industries	1970	Pakistan (Sindh)	Cooking Oil, Leather and Textile	1985	Malaysia, USA, Sri Lanka, Bangladesh, Europe, Russia.	Sri Lanka, Malaysia, USA, Europe (France).	Refocused business from cooking oil to leather because of sales. Business partnership issues in Sri Lanka (Bankruptcy), Europe.	Sri Lanka with another partner, USA, Malaysia	2.5 Hours	Owner
12	Pervaiz Industries	1960	Pakistan (Sindh)	Textile and Cotton trading	1970	Europe and USA	European markets	Lower sales, textile quota issues	European markets	2.5 Hours	Owner
13	Hussain Industries	1983	Pakistan (Sindh)	Pharmaceutical distribution, Steel, Textile	1991	Taiwan, USA,	USA	Interpersonal trust issues, business fraud, low sales	Pakistan, USA	2.5 Hours	Owner
14	Leading Enterprise	1980	Pakistan (Sindh)	Medicine (2009), Construction (1980)	1986	Afghanistan, China, Pakistan, Germany	China, Germany	Could not sell the product in domestic market, business loss, and social networks	China	1 hour	Owner & Successor
15	LED Technologies	2006	China (ZheJiang)	LED lights	2006	Europe, USA, Japan	USA	Partnership, slow customer demand	USA	50 minutes	Owner

Appendix C: Overviews of Interviews (Entrepreneurs, CEOs/ Owners, Senior Managers) Cont'd.,

S. No:	Firms	Year Established	Country of Origin/ Establishment	Industry	Year of Initial Market Entry	Markets Served	Market(s) Exit/Reduced Business	Reasons for Exit (partial/complete)	Market(s) Re-enter	Interview Duration	Interviewee Roles/ Position
9	International IT Solutions	2001	Pakistan (Punjab)	Information Technology Business	2001	USA, UK, Singapore and Middle East, Turkey	Dubai (reduced sales)	Partnership issues and reconfiguring social networks to re-enter.	None	3.5 Hours	CEO & International Chief Operating Officer
10	Umer Group of Industries	1960	Pakistan (Sindh)	Chemical Leather, Shoes soles and other parts	1975	Vietnam, China, USA, UK, Egypt, Syria and others	Vietnam, Syria, USA	Product quality, innovation, communication challenges between business partners, War and global financial crises, PLC, GFC.	USA	2 Hours	Owner
11	Mustafa Industries	1970	Pakistan (Sindh)	Cooking Oil, Leather and Textile	1985	Malaysia, USA, Sri Lanka, Bangladesh, Europe, Russia.	Sri Lanka, Malaysia, USA, Europe (France).	Refocused business from cooking oil to leather because of sales. Business partnership issues in Sri Lanka (Bankruptcy), Europe.	Sri Lanka with another partner, USA, Malaysia	2.5 Hours	Owner
12	Pervaiz Industries	1960	Pakistan (Sindh)	Textile and Cotton trading	1970	Europe and USA	European markets	Lower sales, textile quota issues	European markets	2.5 Hours	Owner
13	Hussain Industries	1983	Pakistan (Sindh)	Pharmaceutical distribution, Steel, Textile	1991	Taiwan, USA,	USA	Interpersonal trust issues, business fraud, low sales	Pakistan, USA	2.5 Hours	Owner
14	Leading Enterprise	1980	Pakistan (Sindh)	Medicine (2009), Construction (1980)	1986	Afghanistan, China, Pakistan, Germany	China, Germany	Could not sell the product in domestic market, business loss, and social networks	China	1 hour	Owner & Successor
15	LED Technologies	2006	China (ZheJiang)	LED lights	2006	Europe, USA, Japan	USA	Partnership, slow customer demand	USA	50 minutes	Owner

Appendix C: Overviews of Interviews (Entrepreneurs, CEOs/ Owners, Senior Managers) Cont'd.,

S. No:	Firms	Year Established	Country of Origin/ Establishment	Industry	Year of Initial Market Entry	Markets Served	Market(s) Exit/Reduced Business	Reasons for Exit (partial/complete)	Market(s) Re-enter	Interview Duration	Interviewee Roles/ Position
16	Chinese Food Stuff Co.	1996	China (AnHui)	Packaged food, Wines and other consumer products	1996	Malaysia, USA, Europe, Australia, China	USA, Malaysia	Sales, Distributor, Asian Financial crises	USA	60 minutes	Owner
17	Speck Exporting Agent	1987	China (AnHui)	Exporting Agent	1987	Europe, USA, Africa	Africa	Customer payment issues, partnership issues, slow sales.	Africa	1 Hour	Owner
18	International Technology Trading	1985	China (JiangSu)	Export	1998	Europe, USA, Africa, Japan	Africa and USA	Demand issues and partnership issues.	Change in strategy to increase sales and exposure	1 Hour	Owner & International Marketing Manager
19	Global Toy Manufacturers	1994	China (JiangSu)	Kids Toys	1998	Europe and USA	Europe and USA	Product related issues: Branding, pricing, New product.	Europe and USA	1 Hour	Owner
20	International Sports Services	2009	China (JiangSu)	Equestrian sports	2009	Europe, Australia, New Zealand, China	Europe, New Zealand	Lack of performance of business partners.	None	2 Hours	Owner & Senior Manager/ Director International Operations
21	Garment Manufacturers	1985	Taiwan (China)	Women Erotic Lingerie, Basic Lingerie, scarfs & others	1985	UK, Europe, USA, China	China	Property rights, trust between business partners.	Never re-entered China	1 Hour	Owner
22	Shanghai Importers	2000	China (AnHui)	Importing from China to Australia, plumping and construction material	2006	Australia, China	China	Decrease in sales, interpersonal trust issues with business partners, Communication challenges.	Australia	1.5 Hours	Owner
23	HEC Traders	1980	Taiwan (China)	Car Stereo Business	1981	Egypt, Qatar, Japan, Europe	Qatar	Gulf War	Never re-enter Qatar, entered Europe	1 Hour	Owner

Appendix D: Overview of Interviews (Industry Experts and Government Representatives)

S. No:	Industry Expert	Country Origin	Industry Association (Formal/Informal)	International Focus	Market	Interviewee Role/Position	Interview Duration
1	Industry Expert 1	Australia	International Trade Association	China and other markets in Asia		Managing Director	1.45 Hours
2	Industry Expert 3	Pakistan	Information Technology Association	Pakistan		Director of International Business Development	30 Minutes
3	Industry Expert 4	Pakistan	Informal Construction Industry Association	Pakistan		Industry Expert & Ex-government representatives	1 Hour
4	Industry Expert 5	Pakistan	SME Association	USA, Europe, and Asia		Senior Business Consultant	1.5 Hours
5	Industry Expert 6	Pakistan	Business and Trade Council	Afghanistan, India and China		Director Research	2 Hours
6	Industry Expert 7	Pakistan China	Informal Industry Advisor	USA, and other Asian markets		International Business Development Director in I.T Sector	1.5 Hours
7	Industry Expert 8	Australia	Industry Consultant (International Construction Industry)	China, and other Asian markets		Senior International Project Manager	20 Minutes
8	Industry Expert 9	Pakistan	Ex-Minister of Ministry of Industries & Production, Pakistan	Advisor for Pakistani SME businesses policy		Ex-CEO/Minister of Pakistani Public Multinational	30 Minutes
9	Industry Expert 10	China	Informal Industry Advisor	Australia, China and other Asian markets		CEO Chinese-Australian SME	40 minutes
10	Industry Expert 11	China	Associated with Chinese SME Council	USA, UK & New Zealand		Previously owned International Chinese firm	1 Hour

Appendix E: Summary of Criteria and Various Methods, Practices and Means applied to Achieve Rigor and Quality in Research

Quantitative Criteria	Qualitative Criteria	Methods and Practices Employed	Research Phases in which Methods are Applied to achieve Rigor and Quality
Internal Validity	Credibility	Multivocality Member reflections Triangulation Interview techniques Prolonged engagement in the field Thick description/ concrete detail.	Data collection phase Data analysis phase.
Reliability	Dependability	Audit trail/ dependability audit Rich description of research method Triangulation Peer review Interview protocol Develop interviews database.	Data collection phase.
Construct validity	N/A	Multiple sources of data Audit trial/ case study database.	Data collection phase Data composition phase data recorded and transcribed).
Objectivity	Confirmability	Triangulation Practice reflexivity.	Data Collection Phase
External Validity	Transferability	Provide dense/ rich descriptions Purposive sampling.	Data collection phase, Research strategy and research design phase.

Source: Adapted from Tracy (2010), Sinkovics and Ghauri (2008), and Lincoln (2001).

Appendix F: Interview Protocol for Entrepreneurs/ Senior Managers

Main question	Probing question
Q1: Can you please tell me something about your company?	<ul style="list-style-type: none"> • When was the company established? • When did you first internationalise? • How many people work for your / this company? • What is your position in the company? • How long have you been in this position?
Q2: Can you please tell me something about the product(s)/ service(s)?	<ul style="list-style-type: none"> • Describe the experience of selling your product(s) / service(s) in first international market. • How long has your company been offering this product(s)/service(s) to international(s) for commercialisation? • Does your company own any patents for any product(s)/service(s) being sold in international markets(s)? • Has it been breached during your operations in international markets(s)? • How long this product/service was available in domestic market before going international? • Have you made any changes in your product(s)/service(s) to stay in any international market(s)? • Have your business partners / clients suggested any changes in product(s)/service(s)? Why? • Have you re-introduce an existing product in previous international market(s)? • Do you provide any after-sales service, extra or unique product / service features to maintain your position in international market(s)? • Has your company ever discontinued selling a product(s)/service(s) in international market(s)? Why?

Appendix F: Interview Protocol for Entrepreneurs/ Senior Managers Cont'd.

Main question	Probing question
<p>Q3: Can you please tell me something about your previous international experience, career and education?</p>	<ul style="list-style-type: none"> • Please tell me something about yourself and role in this company. • What is your philosophy about this business? • Where do you see this business in future? • Do you have any experience working in international firm? • Do you feel that your personal characteristics influence the strategic direction of the company? • Do you actively pursue international opportunities? How? And Why? • Do you often visit foreign countries for business purposes? • Have you travelled/lived overseas before? Why? (Education, Business or Holiday purpose?) • Did you form any social and business relationships during your trip to overseas? • Do you maintain any of these relationships for business purpose? • Do you speak any foreign languages? Or have you learnt any foreign languages for business purpose? Why? • How do you maintain the awareness of other cultures? • How do you maintain the awareness of local and global issues influencing your company's international strategy?
<p>Q4: Can you please tell me something about the international operations of the company?</p>	<ul style="list-style-type: none"> • When did the company first go abroad? How? Why? And Where? • How long has the company been involved in international business? • How many international markets do you currently operate in? • How many years had your business operated in the domestic market before going overseas? • How did you identify the international market(s) opportunity? • Have you re-enter any international market(s) since you started overseas operations? Why? • What were the motivations of re-entering specific international market(s)?

Appendix F: Interview Protocol for Entrepreneurs/ Senior Managers Cont'd.

Main question	Probing question
<p>Q5: Why did you exit specific international market(s)? How?</p>	<ul style="list-style-type: none"> • What did you find unattractive about specific international market(s)? • Do you have existing connections that you are currently maintaining in these international markets? • What were the factors contributed to exit? • What was gained from this international market(s)? • Do you think leaving a specific international market(s) was a good commercial decision? Why?
<p>Q6: Why did you re-enter this specific international market(s)? How?</p>	<ul style="list-style-type: none"> • What did you find attractive again about this market(s)? Why? • What factors contributed to re-entry? Why? • What was the mode of re-entry? Why? • Did your prior social and business relationships in that specific international market help in the re-entry process? • Do you maintain existing social and business relationships in previous international market(s)? • How did you come to know about new international market opportunity in previous market? • Instead of re-entering previous markets(s), have you entered any new market(s)? Why? And How?
<p>Q7: Can you please tell me something about the importance of social and business networks in your company's international strategy and in obtaining international business opportunities?</p>	<ul style="list-style-type: none"> • How do you obtain information about international market opportunities? • Social networks • Business networks • Government agencies • Individual research • How these networks were formed? How do you maintain these social and business networks? • Who provided the information about re-entering into a specific international market? • Social networks? (Friends, family, relatives or extended family) • Business networks? (Customers, suppliers, retailers, business partners) • How was the information about re-entering into a specific international market(s) obtained? • Email? Word of mouth? Networking events? Conferences? • How was the information about exiting from a specific international market(s) obtained? What type of information was obtained? • Email? Word of mouth? Networking events? Conferences?

Appendix F: Interview Protocol for Entrepreneurs/ Senior Managers Cont'd.

Main question	Probing question
<p>Q7: Can you please tell me something about the importance of social and business networks in your company's international strategy and in obtaining international business opportunities?</p>	<ul style="list-style-type: none"> • How is the accuracy and reliability of information verified? • Has exit from specific international market(s) affected your networks? How? • Social networks • Business networks? Do you still maintain these relationships? Why? • Have you dissolved any social and business relationship as a result of international market exit? Why? • Have you re-connected with any social and business relationship as a result of international market re-entry? Why?
<p>Q8: Can you please tell me something about the global environmental (cultural, economic and political) factors that have influenced the company's international strategy?</p>	<ul style="list-style-type: none"> • Have these global factors influenced re-entry? How? And Why? • Have any major global events occurred in last few years impacted international strategy (exit, re-entry, entry into new market(s)) of your company? • What local environmental factors have influenced the company's international strategy? How?
<p>Q9: Can you please tell me something about the industry your company is currently operating in?</p>	<ul style="list-style-type: none"> • What were the reasons for entering to this industry? • Where do you see this industry in next 5 years? • What competitive pressures are there in this industry? • Have these pressures influenced your company's international strategy? • Overall, how effective is your company's current international strategy?

Appendix G: Interview Protocol for Industry Experts and Government Representatives

1. Can you please tell me about your association? When was it established? What are the aims and objectives of your association?
2. What types of incentives are there for SMEs to internationalise from your country?
3. Are there any industry specific incentives for SMEs to internationalise from your country?
4. Have many firms from your country left international markets as a result of global events /factors such as global financial crises, war, political / social or cultural tensions between countries? Why?
 - a. How is your company helping these entrepreneurs to again identify opportunities in new or previous international markets?
5. Does your company encourage entrepreneurs to be flexible in tough economic times? Or encourage them to look for opportunities in new markets once left previous market.
6. Are there any specific incentives for these firms to re-enter into previous markets?
7. How information about international market opportunities obtained by your association?
8. What activities your association is involved in to help entrepreneurs to achieve performance
 - a. Training programs
 - b. Incentives
 - c. Workshops
9. How is the information passed on to the interested parties?
 - a. Email? Word of mouth? LinkedIn? Networking events? Exchange fairs? Conference?
 - b. What has been the most successful method?
10. How are contacts established with interested parties?
 - a. How are these contacts maintained?
11. How do you perceive the importance of your company as a source of information about international market opportunities for SMEs wanting to enter, exit or re-enter markets?
12. Overall, how effective is your company in facilitating and supporting SMEs entrepreneurs to survive in international markets?
13. How does your trade association influence SME sector in your country
14. How does your trade association collaborate with government to promote international activities of SMEs in your country?
15. Is your association involved in collaborating with trade ministries from other countries to promote bilateral trade?
16. What is your association's standpoint on the domestic situation of your country?
 - a. Including political, economic and institutional
 - b. How it is influencing any international business activity

**Appendix G: Interview Protocol for Industry Experts and Government Representatives
Cont'd.,**

17. In your opinion what is the trade strategy of your country?
 - a. International
 - b. Regional
18. How is your association working with the government to attract foreign direct investment
19. What are some of the most popular foreign markets for entrepreneurs from your country to do international business? Why?
20. In your opinion how do other trade associations from your country contributing in promoting international business exchange?
21. What are some of the challenges SMEs are facing in your country?
 - a. Domestic
 - b. Regional
 - c. International
 - d. Global
22. Does your country's political image have influenced international trade exchange with other countries? Why?
23. Is your country involved in international exchange with other regional big emerging markets for example China and India?



THE UNIVERSITY
of ADELAIDE

Appendix H: Explanatory Statement for Entrepreneurs and Senior Managers

International business activities of small medium-size manufacturing and service firms from emerging economies

Dear Sir/Madam,

Interview invitation

You are invited to participate in a research study that looks into international business activities of small-medium size manufacturing and service firms from emerging economies.

My name is Zubair Ali Shahid, and I am currently doing a research study as part of my Ph.D. at the University of Adelaide. The aim of this research is to gain a better understanding of your firm its international business activities including influences of networks and environment.

I anticipate that the findings of the research project will improve understanding of how small-medium size firms select international markets for international business. I propose to conduct interviews as part of my research methodology for data collection. Your participation in this research is entirely voluntary and no information that you may give, could lead to the identification of any individual nor will it be disclosed in this or any other research project without your knowledge and consent. The interview will take approximately 30 – 40 minutes to complete and will be conducted at your office or alternatively at time and place nominated by you. Should you not wish to proceed with the interview, it will be terminated upon request. The data will only be accessible by research supervisors and myself and will be stored in a locked filing cabinet for five years as prescribed by Adelaide University regulations. All the participants in the research study will be provided with a copy of the results if requested. Should you have any questions or would like to be informed of the aggregate research findings, please contact.

Zubair Ali Shahid - Discipline of International Business, Faculty of Professions,
The University of Adelaide. Phone: + 61-8-831-30475 Fax: + 61-831-34368
Email: zubairali.shahid@adelaide.edu.au

Should you have any complaint concerning the matter in which the research (project number HP-2012-043 role of networks and knowledge in entry, exit and re-entry modes of SME manufacturing and service firms entering, exiting and re-entering emerging and developed economies) is being conducted, please do not hesitate to contact The Standing Committee on Ethics in Research Involving Humans at the following address:

The Secretary - Human Research Ethics Committee Telephone: +61 8 8303 6028,
Email: hrec@adelaide.edu.au
The Office of Research Ethics and Compliance & Integrity - Research Branch, Level 7 Grenfell Street, The University of Adelaide, SA 5005.



Appendix I: Explanatory Statement for Industry Experts or Government Representatives

International business activities of small medium-size manufacturing and service firms from emerging economies

Dear Sir/Madam,

Interview invitation

You are invited to participate in a research study that looks into international business activities of small-medium size manufacturing and service firms from emerging market economies.

My name is Zubair Ali Shahid, and I am currently doing a research study as part of my Ph.D. at the University of Adelaide. The aim of this research is to gain a better understanding of the role of your industry association/chamber of commerce or role of government department involved in supporting small medium-size organisations with their international activities.

I anticipate that the findings of the research project will improve understanding of how small-medium size firms select international markets for international business. I propose to conduct interviews as part of my research methodology for data collection. Your participation in this research is entirely voluntary and no information that you may give, could lead to the identification of any individual nor will it be disclosed in this or any other research project without your knowledge and consent. The interview will take approximately 30 – 40 minutes to complete and will be conducted at your office or alternatively at time and place nominated by you. Should you not wish to proceed with the interview, it will be terminated upon request. The data will only be accessible by research supervisors and myself and will be stored in a locked filing cabinet for five years as prescribed by Adelaide University regulations. All the participants in the research study will be provided with a copy of the results if requested. Should you have any questions or would like to be informed of the aggregate research findings, please contact.

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The Office of Research Ethics and Compliance & Integrity - Research Branch, Level 7 Grenfell Street, The University of Adelaide, SA 5005.

Appendix J: Consent Form

Human Research Ethics Committee (HREC)

CONSENT FORM

1. I have read the attached Information Sheet and agree to take part in the following research project:

Title:	EXPLORING THE BEHAVIOUR OF SME ENTREPRENEURS FROM EMERGING MARKET ECONOMIES IN EXIT AND RE-ENTRY EXPERIENCES WITH SPECIFIC REFERENCE TO
Ethics Approval Number:	HP-2012-043

2. I have had the project, so far as it affects me, fully explained to my satisfaction by the research worker. My consent is given freely.
3. Although I understand the purpose of the research project it has also been explained that involvement may not be of any benefit to me.
4. I have been informed that, while information gained during the study may be published, I will not be identified and my personal results will not be divulged.
5. I understand that I am free to withdraw from the project at any time.
6. I agree to the interview being audio/video recorded. Yes No
7. I am aware that I should keep a copy of this Consent Form, when completed, and the attached Information Sheet.

Participant to complete:

Name: _____ Signature: _____ Date: _____

Researcher/Witness to complete:

I have described the nature of the research to _____

(Print name of participant)

and in my opinion she/he understood the explanation.

Signature: _____ Position: _____ Date: _____

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