Internationalisation Motives, Enablers, and Paths of Location-Intensive service SMEs from Emerging Markets

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Submitted in satisfaction of the requirements for the degree of PhD in the University of Edinburgh

2014
Declaration of Originality

I declare that the thesis has been composed entirely by myself and embodies the results of my own work. To the best of my knowledge and belief it contains no material previously published or written by another person(s) except where due reference has been made. The thesis contains no material that has been accepted for the award of another degree at a university or any other educational institution.

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__________________________
Mahmoud A. F. Abdel Khalik
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Mahmoud
ABSTRACT

Current theoretical insights into firm internationalisation have mainly been established from research on firms originating from developed countries, with a strong focus on the manufacturing sector. Studies have recently begun to examine the internationalisation of emerging market firms, the international growth of SMEs, and service firm internationalisation, and a range of theories have been employed to gain understanding in these areas. This study examines internationalising small service firms from an emerging market, whose location-intensity makes them a rare type of firm for whom internationalisation might appear to be a counter-intuitive strategy.

This study seeks to understand the internationalisation motives, enablers, and paths of location-intensive food service SMEs from the emerging Middle East and North Africa (MENA) region. It asks why, what, and how do location-intensive food service SMEs from emerging markets internationalise? The aim is to provide a deeper understanding of firm internationalisation by examining a group for whom the purpose and methods of internationalisation appears to be obscure. To do this, the thesis introduces a more comprehensive account of firm internationalisation by identifying the three interrelated aspects of internationalisation, which are presented as motives, enablers, and paths. This is followed by a review of the mainstream internationalisation theories and perspectives, before revealing important findings that have emerged from previous internationalisation research separately on the emerging markets, SMEs, and services, and these are drawn together into an overall research framework.

The research method balances deductive and inductive approaches. It recognises existing research and theoretical frameworks, but allows for new themes to emerge inductively from the data. A multiple case study was adopted, with qualitative data collected through interviews with owners and top managers of purposefully selected case firms. Industry experts were also interviewed and relevant documents were reviewed to achieve triangulation and minimise bias. Data was explored and thematically analysed by coding into the pre-existing categories suggested by the conceptual framework, and this allowed new findings and themes to emerge.
This exploratory study revealed a number of concepts that shaped a coherent approach to the interrelated aspects of internationalisation. Perspectives found in emerging market MNE literature are extended, and offer useful insights for location-intensive service SMEs from emerging markets, but other important themes emerged from the findings itself. The study suggests that asset augmenting motives, strategic and entrepreneurial enablers, and outward and inward linked paths are important when explaining the internationalisation of these firms.

These firms have strategic motives of increasing their organisational legitimacy in their home market primarily due to the entrance of well-established MNEs, and consumer perceptions. The strategic entrepreneurship paradigm captures many of the internationalisation enablers of the case study firms, specifically the entrepreneurs’ role in simultaneous opportunity seeking (either recognition or creation), and advantage seeking behaviour through resource building. The paths pursued by the firms are found to be both outwardly and inwardly linked, in a way closely associated with Luo and Tung’s (2007) springboard perspective. Finally, the case firms’ internationalisation paths reflect a deviation from the born-again global viewpoint first presented by Bell et al (2001).

This study advocates that emerging market service firms need to implement and coordinate a number of strategies simultaneously to upgrade their resources, due to the entrance of established foreign MNEs. This implies that foreign MNEs should recognise their own resource combinations that represent real value to local firms, and therefore re-examine whether further standardisation over adaptation is better suited when entering certain host markets. This thesis highlights the importance of impression management to complement legitimacy in consumer-centred industries, and this is suggested as a rich avenue for future enquiry. Future research might also test the theoretical contributions made here, especially concerning the new motives, enablers, and paths identified in this study.
### ABREVIATIONS

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<thead>
<tr>
<th>Acronym</th>
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<tr>
<td>3G</td>
<td>Global Growth Generators</td>
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<tr>
<td>AfDB</td>
<td>African Development Bank</td>
</tr>
<tr>
<td>BCG</td>
<td>Boston Consultancy Group</td>
</tr>
<tr>
<td>BRIC</td>
<td>Brazil, Russia, India, China</td>
</tr>
<tr>
<td>CIA</td>
<td>Central Intelligence Agency</td>
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<tr>
<td>CIVETS</td>
<td>Colombia, Indonesia, Vietnam, Egypt, Turkey, South Africa</td>
</tr>
<tr>
<td>DC</td>
<td>Developing Countries</td>
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<td>EFDA</td>
<td>Egyptian Franchising Development Association</td>
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<td>EIU</td>
<td>Economist Intellectual Unit</td>
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<td>EM</td>
<td>Emerging Market</td>
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<td>EO</td>
<td>Entrepreneurial Orientation</td>
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<td>ESRC</td>
<td>Economic and Social Research Council</td>
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<td>EU</td>
<td>European Union</td>
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<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
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<tr>
<td>FTSE</td>
<td>Financial Times Stock Exchange</td>
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<tr>
<td>GATT</td>
<td>General Agreement on Tariffs and Trade</td>
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<td>GCC</td>
<td>Gulf Cooperation Council</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>IB</td>
<td>International Business</td>
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<td>Acronym</td>
<td>Definition</td>
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<tr>
<td>ICT</td>
<td>Information and Communication Technology</td>
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<td>IE</td>
<td>International Entrepreneurship</td>
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<tr>
<td>IHIP</td>
<td>Intangibility, Heterogeneity, Inseparability, Perishability</td>
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<tr>
<td>INV</td>
<td>International New Venture</td>
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<td>KIBS</td>
<td>Knowledge Intensive Business Service</td>
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<td>LCF</td>
<td>Latecomer Firm</td>
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<td>LLL</td>
<td>Linkage, Leverage and Learning</td>
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<tr>
<td>MENA</td>
<td>Middle East and North African</td>
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<tr>
<td>MNE</td>
<td>Multinational Enterprise</td>
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<tr>
<td>MSCI</td>
<td>Morgan Stanley Capital International</td>
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<td>N-11</td>
<td>Next Eleven</td>
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<td>OBM</td>
<td>Original Brand Manufacturing</td>
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<td>ODM</td>
<td>Original Design Manufacturing</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<tr>
<td>OEM</td>
<td>Original Equipment Manufacturing</td>
</tr>
<tr>
<td>OFDI</td>
<td>Outflows of Foreign Direct Investment</td>
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<tr>
<td>OLI</td>
<td>Ownership advantages, Location advantages and Internalisation</td>
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<tr>
<td>PLC</td>
<td>Product Life Cycle</td>
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<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
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<tr>
<td>RVB</td>
<td>Resource Based View</td>
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<tr>
<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>S and P</td>
<td>Standard and Poor</td>
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<tr>
<td>SE</td>
<td>Strategic Entrepreneurship</td>
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<td>SME</td>
<td>Small and Medium Sized Enterprise</td>
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<tr>
<td>U.K.</td>
<td>United Kingdom</td>
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<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
</tr>
<tr>
<td>UNIDO</td>
<td>United Nations Industrial Development Organisation</td>
</tr>
<tr>
<td>VRIN</td>
<td>Valuable, Rare, Imitable and Non-transferable</td>
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<td>WTO</td>
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Chapter 1: Introduction

1.1 Subject of Thesis

This thesis is a contribution to the understanding of service firm internationalisation from emerging markets (EMs). Its aim is to explore and examine the internationalisation motives, enablers, and paths of location-intensive food service firms that are small and medium sized enterprises (SMEs) from the Middle East and North Africa (MENA) region.

Despite a body of research on the internationalisation of firms; much remains unanswered, unknown, and unexplored surrounding the internationalisation of smaller firms from emerging markets. Although a number of significant contributions to internationalisation research in terms of theories and perspectives have emerged since the 1960s; these have been mainly based on firms that originate from developed countries. The remarkable rise in economic growth of emerging markets, such as the BRIC countries (Brazil, Russia, India, and China) among others has led a number of researchers to investigate firms that originate from these contexts.

Existing research on firm internationalisation from EMs is mainly centred on multinational enterprises (MNEs) in the manufacturing sector, with a strong focus on the Asian region. Research on EM firms is minute in comparison to that which is undertaken on developed country firms, and yet still a number of contributions and fascinating findings have emerged. This should propel scholars to further investigate groups of firms that originate from EMs as they offer the unique opportunity to not only further the international business (IB) fields’ understanding of internationalisation, but extend existing theories and offer new insights. This research undertakes such an investigation by reviewing previous mainstream theories established in the literature, and by further drawing on three strands of literature on firm internationalisation, namely emerging markets, SMEs, and services. By recognising a gap in the literature on location-intensive service SMEs from emerging markets, the researcher further identified a group of firms for whom the purpose and
methods of internationalisation do not appear to abide by current theory. These firms were purposely selected for examination, and the researcher set out to address why, what, and how internationalisation occurs. Therefore, the objective of this thesis is to develop a deeper theoretical and empirical understanding of service firm internationalisation from EMs in a comprehensive manner. The following section presents the background to the research.

1.2 Background to the Research
Following on from investigating foreign direct investment (FDI), the international business research agenda paid significant attention to multinational enterprises (MNEs) in the manufacturing industry before devoting significant attention to SMEs. The majority of mainstream theories that address the why, what, and how questions on internationalisation have been established based on firms from the worlds most advanced economies, and research here has been exhaustive.

Buckley and Ghauri (2004) suggested a need for a ‘big question’ to drive the IB agenda forward. In response to this, Bonaglia et al (2007) proposed the importance of a ‘second wave’ of internationalisation of firms from emerging markets due to the influence of globalisation. This was a relatively unknown research area and has been steered forward by influential authors, such as John A. Mathews. It is Mathews who offers exciting and stimulating perspectives based on the observation of emerging market firms, including alternative explanations to existing models that are based on the well-established MNEs from developed countries. Prime examples are the Linkage, Leverage, and Learning (LLL) model introduced by Mathews (2002) and the springboard perspective by Luo and Tung (2007), which offer alternatives to market seeking motives and the OLI paradigm presented to the field by the late John Dunning (addressed in the literature review). The most remarkable issue associated with emerging market firms is the unique contexts from which these firms originate, and in some cases from volatile environments. This potentially gives rise to discovering unexplored internationalisation motives, enablers, and paths.
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Furthermore, SMEs can be classified as a different breed of firms due to their lack of resources and size constraints, and therefore face a different set of challenges to MNEs when internationalising. In fact, research on Knowledge-based SMEs is a prime example of firms that have shown to demonstrate paths that deviate away from incremental traditional stage models. Finally, service firm internationalisation research lags behind that of manufacturing, and this is likely due to the later liberalisation of services compared with manufacturing. The majority of research on services is confined to developed country firms and those that are information-intensive. Therefore, this research addresses a pertinent matter that aims to add to the existing body of knowledge on firm internationalisation, particularly on emerging markets. This study examines the internationalisation of SMEs in the location-intensive service industry from an under-researched region, known as MENA. Furthermore, the research comprehensively investigates such a topic by exploring three important aspects of internationalisation: motives (why), enablers (what), and paths (how). The following subsections detail the research context and motivation for undertaking this study.

1.2.1 Research Context

One of the contributions of this study is the investigation of SMEs from emerging markets in a context where little is known; the MENA region. More specifically, this investigation selected Egypt as the research context for this study as firms that were in line with the specific criteria and that merit study were identified in this context. According to the World Bank Egypt is one of 21 countries that represent the MENA region, and with an estimated population of 83,688,164 (CIA, 2012) it is the most populous country in the MENA region. Egypt's economy was highly centralised during the rule of the country’s second President Gamal Abdel Nasser, but the Egyptian market opened its arms to FDI on both a regulatory and consumer level under former Presidents Anwar El Sadat and Hosni Mubarak.
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Between 2004 and 2008 the Mubarak government aggressively pursued economic reforms, and Egypt attracted a record of foreign direct investment and GDP growth rates of 6.8% in 2006 (AfDB/OECD, 2007). Egypt’s GDP in 2009 and 2010 were 4.7% and 5.1% respectively (CIA, 2011). In 2007 FDI increased in Egypt and it became the top FDI recipient in Africa and the second among Arab countries, after Saudi Arabia. The government’s effort to develop the business environment has been significant, with the World Bank classifying Egypt as one of the fastest reforming countries in 2008 (AfDB/OECD, 2008).

Egypt has been acknowledged by a number of reputable organisations as a promising emerging market. Boston consultancy Group (BCG) identified a group of fast-growing nations described as the ‘African Lions’: Algeria, Botswana, Egypt, Libya, Mauritius, Morocco, South Africa and Tunisia. These countries collective per capita GDP at $10,000 is already higher than the average for the BRIC countries: Brazil, Russia, India, and China (Financial Times, 2010). Egypt is one of the Next Eleven (or N-11) alongside Bangladesh, Indonesia, Iran, Mexico, Nigeria, Pakistan, Philippines, South Korea, Turkey, and Vietnam (Goldman Sachs investment bank, 2005). These nations are considered to have a high potential of becoming the world's largest economies in the 21st century along with the BRICs. The bank identified countries with promising outlooks for investment and future growth. The criteria for measuring this included macroeconomic stability, political maturity, openness of trade and investment policies, and the quality of education as criteria (Goldman Sachs investment bank, 2005).

In addition to the well-known BRIC countries a new set of upcoming emerging markets have been identified and dubbed as ‘CIVETS’; these countries are Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa. These markets are considered to be new attractive markets that have the potential to develop rapidly. The Economist Intellectual Unit (EIU) which created the acronym ‘CIVETS’ forecast that these countries will grow annually at a rate of 4.5% over the next 20 years. This is just shy of the 4.9% average predicted by the EIU for the BRIC nations (Knowledge at Wharton, 2011). Citigroup consider Egypt as an emerging market

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with the bank identifying the ‘Global Growth Generators’ or 3G ‘countries’. These
countries include Egypt and eight other emerging countries that demonstrate the most
promising growth prospects for 2010-2050. If one considers the next big emerging
markets from the following blocks: Next Eleven, CIVETS, 3G, and organisations
such as FTSE, MSCI, The Economist, S and P, and Dow Jones; only two countries
appear in every category: Indonesia and Egypt.

Despite the ‘CIVETS’ block among others, there are certain negative associations
and constraints that emerging markets face. This includes political instability,
corruption, a lack of transparency and infrastructure, and home-grown companies
without much of a reputation or brand identification (Knowledge at Wharton, 2011).
This implies that emerging market firms originate from unique contexts and face a
different set of challenges compared with firms from developed countries. This is
further supported by researchers, such as (Mathews, 2002, 2006a, b, c; Li, 2007; Luo
and Tung, 2007), and the literature review chapter highlights the prominent studies
on EM firms.

1.2.2 Research Motivation

There are a number of motivations for undertaking this research, and these are based
on a theoretical, practical, and emotional level. On a theoretical level, the researcher
is unsatisfied with the significant attention directed towards understanding firm
internationalisation from the world’s most advanced economies. Although the
literature on EMs has been growing and has provided interesting insights, no single
agreed upon theory has emerged to explain the internationalisation of these firms.
This motivated the researcher to not only play a part in contributing to IB research,
but more specifically to emerging market literature.

On a practical level, undertaking research on the internationalisation of EM firms
provide the researcher with the unique opportunity to gain deeper knowledge and a
more detailed understanding of EM firms’ practices. Therefore, the researcher is
motivated by the opportunity to become an expert with respect to offering
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recommendations and implications for practice and policy to emerging market firms and governments.

On an emotional level, the researcher is touched by John Dunning’s early career, whereby Dunning (the father of international business) spent a three year period driving in his Morris Minor to over 100 U.S. manufacturing subsidiaries in the U.K. This was the beginning of the journey that led to one of the most significant contributions to the international business field (the eclectic paradigm). This is a story that has stimulated the researcher to undertake a thesis on firm internationalisation. Moreover, while studying international business at undergraduate and postgraduate level, the researcher could not help but feel discontent with the limited focus on some of the world’s regions, particularly one that the researcher is familiar with (MENA). There was a strong feeling that this region has been excluded from the international business field for far too long. Therefore, the researcher set himself the challenge to rectify this by examining the internationalisation of location-intensive service firms, and by studying a group of firms for whom internationalisation appears to be opaque. The following sections detail the research questions and the significance of this study.

1.3 Research Questions

The objective of this study is to understand the internationalisation of location-intensive food service SMEs from emerging markets in a comprehensive manner. Therefore, the overarching research question and sub-questions devised for this investigation are as follows:

How do location-intensive food service SMEs internationalise from emerging markets?

-Research Question 1: Why do Location-intensive food service SMEs from emerging markets internationalise? (This addresses the motives for internationalisation).
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-Research Question 2: What enables location-intensive food service SMEs from emerging markets to internationalise? (This addresses the enablers for internationalisation).

-Research Question 3: What paths do location-intensive food service SMEs from emerging markets pursue? (This addresses the internationalisation paths undertaken).

The aim of this investigation is to give voice to an unexplained problem and advance theory, which in turn will provide significant implications for practice and policy. The following section details the research significance of this study.

1.4 Research Significance

It is essential to explicitly highlight the theoretical and practical significance of the research undertaken here. In this study, the research emphasises that it advances internationalisation theory, and offers practical implications for practice and policy which are discussed separately in the following subsections.

1.4.1 Theoretical significance

On a theoretical level, this study extends the research domain of emerging market firms in a number of ways: firstly, by examining emerging market SMEs, rather than MNEs. Secondly, by shifting the attention from manufacturing firms to services, which are becoming increasingly involved globally (Patterson and Cicic, 1995; Javalgi and Martin, 2007; WTO, 2007).

Current research that exists on service firms and their internationalisation activities has unveiled particularly interesting insights. This is particularly evident with respect to internationalisation motives and paths. The research is limited somewhat to MNEs and smaller information-intensive firms. It is unclear and unjustified to assume that the findings that emerge from these investigations are readily transferable to emerging market service SMEs, and particularly those which are considered to be location-intensive. Research in fact would indicate that new findings would emerge from such an investigation as was the case when researching developed country MNEs, and those which originate from EMs. One need not look further than the

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dissimilar, yet significant contributions offered by scholars such as John Dunning and John Mathews.

The investigation undertaken here identifies and contributes to three key aspects of internationalisation: motives, enablers, and paths, rather than limiting research to one aspect that does not provide a comprehensive account of firm internationalisation. This remains elusive in IB research, and a number of authors have called for investigations that address this (Coviello and Martin 1999; Fletcher 2001).

The study extends internationalisation research on EM firms to an under-researched context, which merits attention as explained earlier in the research context section. Furthermore, the investigation draws on three strands of literature: EMs, SMEs, and services, and includes a group of firms that not only adhere to specified criteria, but behave obscurely with respect to their internationalisation purposes and methods.

The research is designed in such a way that it is capable of confirming and extending existing theories and perspectives in the literature. At the same time the research maintains the ability to offer new theoretical insights that enrich and contribute to internationalisation theory, and more specifically to emerging markets.

1.4.2 Practical significance

This study sheds light on how entrepreneurs and top managers in smaller enterprises implement and coordinate strategies that enable them to grow, compete, and internationalise in a research context where little is known. The research uncovers the purposes and methods of smaller firm internationalisation, and the lessons that can be learnt from an EM perspective. It provides important recommendations to EM governments by identifying actions that should be taken to improve the external environment and market conditions to enable the private sector to develop.

The research offers value at a university level, whereby the findings from this study can be incorporated into IB courses and programmes that focus on EM firms. It is beneficial for academic institutions that intend on designing new courses that incorporate the latest developments and contributions unveiled in the IB field.
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Finally, the research is advantageous to those who intend to carry out similar studies as the investigation offers fruitful avenues for future research. The following section details an overview of the research process undertaken in this study before concluding this chapter with a summary of the thesis structure.

1.5 Overview of Research Process

The research undertaken here commenced with an in depth literature review on the subject area of firm internationalisation. The initial stage involved identifying mainstream theories and perspectives that have emerged as a result of investigating this research area. This was followed by identifying when each theory was established, and who the key authors of those theories and perspectives were. Once this was accomplished, the researcher examined what each of the mainstream theories and perspectives predominantly aim to address. It became evident that the main focus has been on understanding one of the following: motives, enablers, or paths, and that together these constitute a more comprehensive account of firm internationalisation.

It became clearer to the researcher why some authors, such as John Dunning advocated that IB theories are not all necessarily conflicting, but can be complementary. In addition to this, other authors have raised the need for more research that draws on more than one theoretical lens since internationalisation is too broad to be understood by a single theoretical framework, such as Marian Jones. In addition to this, some authors have promoted the need for a more holistic approach that draws on more than one aspect of firm internationalisation, including but not limited to Nicole Coviello. Moreover, while reviewing the internationalisation literature extensively, the researcher identified a gap in understanding with respect to the internationalisation of location-intensive service SMEs from emerging markets.

This research adopted a process that involved organising and categorising the mainstream theories and perspectives in the IB literature according to what aspect of internationalisation each theory and perspective mainly address. The deductive approach enabled the formation of the conceptual framework, and this set the
boundaries of the study. The research then adopted an inductive nature to explore the research subject within the parameters set by the conceptual framework. Therefore, this allowed the findings to emerge from the data in accordance with the broad pre-existing aspects set in the conceptual framework. The findings that emerged inductively are described in chapter five, and explained in the subsequent chapter which involved tying the findings that emerged to theory. This led the researcher to search for theories outside the IB domain that best explained the findings that emerged in this study, and to extend existing IB perspectives.

The research process undertaken here is explained throughout this thesis, particularly in the literature review chapters, and explicitly in the methodology chapter of this study. Figure 1.1 illustrates the overview of the research process undertaken in this study, and each chapter's association with the deductive and inductive nature.

**Figure 1.1 Overview of Research Process**

![Diagram of research process]

Source: Author

Chapter 1: Introduction
Chapter 1: Introduction

The thesis is comprised of seven chapters as illustrated in figure 1.1. The purpose of this section is to provide a summary of each chapter’s structure, and this commences with the introduction.

Chapter one: Introduction

The objective of this opening chapter is to state the subject of this thesis before providing a background of the research, which includes the context and motivation for this study. The research objectives and questions are clearly introduced, and this is followed by explaining the theoretical challenges and practical significance of this study. An overview of the research process is presented and concludes with figure 1.1, which summarises this study’s research process. The research overview is referred to in the literature review, and thoroughly described in the methodology chapter. Finally, this introduction chapter concludes with an outline of the thesis structure by proving a summary of every chapter.

Chapter two: Theoretical Foundations

The chapter is predominately theoretical and commences with an introduction to the chapter’s structure, before introducing and explaining what is meant by interrelated internationalisation aspects. The chapter then introduces a brief history of internationalisation before embarking on a review of the mainstream theories, including Dunning’s motives for internationalisation, the OLI paradigm, Network theory, International Entrepreneurship (IE), the Uppsala stage model, early internationalising firms and, Born-again globals. These theories are categorised according to the aspect of internationalisation each theory primarily aims to address. The theories were reviewed according to whether they relate to motives, enablers or paths, rather than according to a theory’s school of thought. The chapter concludes with a framework derived from the review of IB theories and perspectives.
Chapter three: Internationalisation research on Emerging markets, SMEs, and Services

Following on from the review of theories in the previous chapter, here the objective is to present key findings and contributions found in the literature on the characteristics and internationalisation of emerging markets, SMEs, and services separately. The literature concludes with the lack of attention given to location-intensive food service SMEs from emerging markets. The gaps in the research are presented, and this is followed by introducing the devised conceptual framework to guide the empirical investigation undertaken in this study.

Chapter four: Research Methodology

The chapter presents the methodology adopted for this thesis, and commences with an introduction and a chapter outline, before reinstating the research purpose and presenting the research questions. This is followed by discussing the philosophical underpinning, whereby a post-positivist stance is adopted. The qualitative approach is then discussed followed by the research process, whereby the research presents the deductive and inductive phases of this investigation clearly. The chapter then presents the case study design, more specifically in the form of a multi-case study approach before describing the data collection tools, which is primarily based on interviews. The importance of triangulation is discussed and the role of the researcher before shifting attention to data analysis, whereby considerable time is devoted to explaining the analysis description and analysis framework. This is largely based on a combination of the interactive model and ladder of analytical abstraction by Miles and Huberman (1994). Finally, the chapter presents the research credibility, ethical issues, and research limitations before concluding with a chapter summary.

Chapter five: Data Presentation and Within-case Analysis

This chapter presents the data presentation and within case analysis that is guided by the conceptual framework and the analysis framework devised in the methodology chapter. The chapter utilises quotes, enumeration, tables, and figures to display data.
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Each case is presented and described separately, and each aspect of internationalisation: motives, enablers, and paths are presented separately within each case. This procedure is carried out systematically in order to present a large amount of data in the most ordered and comprehensive manner. Each case study concludes with a figure that summarises and presents an overview of the interrelated aspects of internationalisation before concluding with a chapter summary.

Chapter six: Cross-case Analysis, Discussion, and the New Conceptual Framework
This chapter shifts from describing to explaining the findings that emerged in the previous chapter. This chapter is systematically structured, whereby each aspect of internationalisation is discussed separately. Each aspect discussed includes a cross cases analysis, followed by a discussion of findings in relation to previous literature and theory. With respect to internationalisation motives and enablers, it was necessary to search for theories and perspectives found in other business disciplines and the wider social science domain. These borrowed perspectives are presented and tied to the findings that inductively emerged from this investigation. The internationalisation paths required an extension to existing theory, due to the motives and enablers that impinge on the path pursued by the case study firms. The chapter concludes by presenting and explaining the new conceptual framework that emerged as a result of this investigation.

Chapter seven: Conclusion
The chapter concludes this research project by presenting the main contributions offered to the IB field. The theoretical contributions to each aspect of internationalisation are presented separately, and this is followed by stating the research process contribution. The chapter addresses the empirical contributions and its generalisation to other emerging market contexts before discussing the implications for practice and policy. The chapter proposes directions and avenues for future research on firm internationalisation before concluding this thesis with final words.
Chapter 2: Theoretical Foundations

2.1 Introduction

This chapter introduces and reviews the mainstream theories and perspectives pertaining to the phenomenon of firm internationalisation, which has received scholarly attention in the IB field for over five decades and escalated in recent years. The chapter commences by introducing the three interrelated aspects of internationalisation, which together constitute a more comprehensive account of firm internationalisation. In addition to this, investigating more than one aspect of internationalisation responds to calls for such research by scholars such as Nicole Coviello, to which few researchers have responded. The chapter introduces a brief history of internationalisation before reviewing the mainstream theories and perspectives established in the current literature. Each theory and perspective is presented according to the aspect of internationalisation that is predominately addressed. The chapter concludes with an initial conceptual framework that will be developed further in the subsequent chapter of this thesis. Figure 2.1 provides an overview of this chapter’s structure.

Figure 2.1 Chapter Overview

![Chapter Overview Diagram](image)

Source: Author
2.2 Understanding Interrelated Aspects of Internationalisation

Before reviewing the mainstream theories and perspectives, it is important to first identify what is implied by a more inclusive and comprehensive approach. In the internationalisation research, theories can not only be classified according to approaches, such as behavioural, economical, and interactional; rather they can be categorised according to what they predominantly address. If one looks more closely at this standpoint, it is evident that the perspectives and theories offered on firm internationalisation address and focus on one of the following aspects: motives, enablers, and paths (also known as patterns). The term ‘path’ is adopted from this point onwards in this research.

The decision to internationalise can be unpacked into motives and enablers. Motives are a desire and explain why a firm may want to undertake internationalisation activity. Alone, motives cannot explain why a firm is able to internationalise, and here reference to enablers becomes important, and this relates to internal or external influences that contribute to a firm being able to undertake internationalisation.

More specifically, motives are those theories or perspectives in the literature that aim to explain ‘why’ a firm internationalises and this can be due to overarching motives, such as market seeking or asset exploitation. In terms of understanding enablers, the theories that predominately centre on this ‘what’ based question are perspectives such as: Dunning’s OLI, networks, and international entrepreneurship (IE). In addition to this, from emerging market literature (reviewed in the following chapter) the LLL model introduced by John A. Mathews predominately relates to this. Finally, Paths are forms that emerge as a result of a embarking on internationalisation. In order to understand the paths pursued by firms this research considers perspectives that address the ‘how’ internationalisation occurs and unfolds.

The Uppsala stage model, the born global, and more recently the born-again global perspectives are predominant here. When exploring and empirically studying firms, a comprehensive account that incorporates these three aspects or elements of
internationalisation should be considered as they are interrelated, and provide a more all-encompassing perspective of firm internationalisation.

2.3 Brief History of Internationalisation

According to a number of authors, internationalisation can be described as a process by which a firm increases its participation in international business activities, and conducts transactions in other countries (Welch and Luostarinen, 1988; Beamish, 1990; Pananond and Zeithaml, 1998; Kitchen and Ahmad, 2007). It is important to note that internationalisation is neither linear nor unidirectional; the term ‘state of internationalisation’ can be used to account for forward and backward motions (Bell and McNaughton, 2000). Furthermore, Fletcher (2001) acknowledges that internationalisation is not only an outward-led activity as firms can become international by import-led actions and activities whereby ‘inward’ and ‘outward’ events are ‘linked’.

MNEs particularly gained momentum during the colonial era, and accelerated as a corporate phenomenon after the Second World War (Buckley and Casson, 1976; Dunning, 1981). Engaging in international business is one of the realities faced by firms in the present world of business, and has attracted scholars’ attention since the 1960s. It is the theory of firm internationalisation that is a new reality rather than trade, which can be dated as far back as the Phoenicians (Moscati, 2001). Internationalisation of MNEs, and more recently SMEs may have accelerated due to a more interconnected and borderless world; enabled through advancements in information and communication technology (ICT), and the reduction of barriers to trade (Levitt, 1983; Ohame, 1995; Dicken, 1998).

Internationalisation research was influenced by the early works of Penrose’s (1956) in the foreign direct investment (FDI) school of thought, and Stephen Hymer’s (1960) doctoral thesis (published in 1976) on the FDI behaviour of MNEs (Mtigwe, 2006). The early standpoints on internationalisation research began with economic perspectives that were the main foundation for developing the basis of firm
There is consensus to a degree on the over-arching aim that explains why firms operate internationally, and deals with the ‘motives’ element. Internationalisation research addressing this perspective aims to understand the reasons ‘why’ firms operate internationally, and deals with the ‘motives’ element. This area of research is perhaps the most agreed upon aspect of internationalisation. There is consensus to a degree on the over-arching aim that explains why firms operate internationally, and deals with the ‘motives’ element.

2.4 Internationalisation Theories

The following section reviews the mainstream theories and perspectives found in the IB literature over the past decades. The theories, frameworks, and perspectives are presented here according to the key aspect of internationalisation that is addressed, and the review commences with motives.

2.4.1 Motives

Internationalisation research addressing this perspective aims to understand the reasons ‘why’ firms operate internationally, and deals with the ‘motives’ element. This area of research is perhaps the most agreed upon aspect of internationalisation. There is consensus to a degree on the over-arching aim that explains why firms operate internationally, and deals with the ‘motives’ element.
internationalise. This is a very brief section whereby the most accepted typology concerned with internationalisation motives is reviewed.

2.4.1.1 Dunning’s four motivation categories

Growth is perhaps the most common accepted underlying reason that explains why firms internationalise (Lommelen and Matthyssens, 2005). This is perhaps the most universal underlying reason regardless of firm size, industry (manufacturing or services), and country (developed or developing). John Dunning (1988) who devised the OLI paradigm as a framework for understanding the internationalisation of MNEs (explained in detail later in the enablers section of this thesis), introduced the most accepted and widely utilised typology of motivations drawing on outward FDI based on four motivation categories (Dunning, 1993):

- **Market seeking** investments are aimed at penetrating into third markets. This involves firms investing abroad to profit from operating in foreign markets, this can occur due to the need to adapt goods to local needs and tastes, to avoid the cost of serving a market at arm’s length, to have physical presence to deter potential competitors.

- **Resource seeking** investments are aimed at searching for unique resources specific to foreign locations. This involves firms acquiring resources that are not available in the home market (natural resources or raw materials), or available at a higher cost (unskilled cheap labour).

- **Efficiency seeking** investments are aimed at pursuing an efficient specialisation of firms. This involves firms taking advantage of differences in the availability and costs of factor endowments in different markets, taking advantage of the economies of scale and scope.

- **Strategic-asset-seeking** investments are aimed at enhancing the set of proprietary resources of firms. This mainly relates to strategic considerations, and involves firms aiming to acquire new assets rather than exploit existing assets controlled by the firm.
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Market and resource seeking motives are the two most recognised categories of motives. These two views still correspond to most first time internationalisations by firms. Overall, efficiency seeking and strategic asset seeking motives increase in significance and are more common as motives for companies already engaged in internationalisation activities (Dunning, 2000).

2.4.1.2 Additional motives

Later in this thesis when addressing firms operating in the service sector and emerging market literature; a number of other interesting motives for internationalisation will be uncovered. These new identified motives can be categorised as ‘client following’, ‘asset exploration’ and ‘asset augmentation’, which are more unique and specific to firms with specific origins and classifications. However, at this stage the aim was to introduce and acknowledge that growth appears to be the underlying reason for internationalisation, and that firm motives can be classified into the four categories that were first introduced to the field by John Dunning (1993).

2.4.2 Enablers

Internationalisation perspectives and frameworks that address this aspect predominantly relate to the ‘what’ question. The aim here is to outline the mainstream theories and perspectives that are important enablers for firm internationalisation. In this section, John Dunning’s OLI Framework, Networks, and International Entrepreneurship are reviewed. These dominant perspectives are reviewed in the order in which they were established in the IB field.

2.4.2.1 Dunning’s (OLI) framework

Early work on understanding FDI introduced a theory of oligopolistic rivalry based on the behaviours of US manufacturing firms. F.T. Knickerbocker (1973) argued that when one member of the oligopolistic structured industry undertakes FDI in an important foreign market, other members in the industry will follow suit and undertake FDI. Buckley and Casson (1976) and Rugman (1981) based FDI on transaction cost assumptions (Coase, 1937; Williamson, 1975). Their notion was that

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firms select their international mode of operation, structure, and location in relation to the minimisation of economic costs involved in international transactions. Put more simply internalisation theory is concerned with why a firm selects one entry mode over another. The contribution to the field of IB theory relates to the attention given to “a firm’s cost of foreign activity and the value of knowledge as an enabler of internationalisation” (Mtigwe, 2006:12).

In the late 80s one of the most prominent theories in IB literature, the OLI model (also known as the eclectic paradigm) was developed by Professor John Dunning in a series of publications (Dunning, 1980, 1981, 1988, 1992). Dunning argues that firms will only invest directly in a foreign market when three factors that account for MNE international activities are present: ownership (O) advantages, location (L) advantages, and internalisation (I) advantages. Ownership advantages refer to the firm-specific competitive advantage an MNE must have before they engage in FDI to overcome the inherent liability of being foreign investors. Location advantages refer to the attractiveness of specific sites for investment by MNE. Internalisation advantage refers to the benefit of internal control instead of other modes of market entry without direct control, such as exporting. This model is predominantly based on developed countries MNEs, and so it focuses on how to exploit existing assets possessed by a firm in the foreign markets through a whole or majority equity investment (Li, 2007).

Support for Dunning’s OLI framework is found in the literature, and avidly defended by (Cantwell and Narula, 2003; Narula, 2006). However, despite the framework’s acceptance as perhaps the most prominent theory in IB when explaining FDI, it is not immune to criticism. It neglects strategic factors, the decision maker, and competition (Zhao and Decker, 2004). Dunning appears to have very broad definitions of ownership and location advantages (Rugman, 2010). The three components of the model seem to limitlessly expand to account for new IB theories and variables, and Dunning himself referred to the model as an ‘envelope’ or ‘big tent’ for all theories addressing MNE activity (Dunning, 2000). The model has been
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criticised for being static, and has been questioned by a number of authors about its applicability to EM MNEs (Yeung, 1994; Li, 1994, 2003; Mathews, 2002; 2006b, c), to which Dunning has acknowledged (addressed in the subsequent chapter).

In addition to this, the (I) component of the model distinguishes between when a firm will carry out FDI or non-equity modes of entry, such as exporting and licensing. However, Dunning only later on focused on alliance capitalism, or more specifically networks (Dunning, 1993, 1995). Dunning (2000) argued that regardless of some disparities, most of the economic and process theories are complementary, and together they contribute to the overall knowledge on internationalisation theories. Furthermore, Dunning (2006a) recognised the importance of institutions as a crucial component in the internationalisation of firms, and therefore incorporated some institutionally related variables into the three components of the OLI paradigm (Dunning and Lundan, 2008).

Dunning’s main contribution to IB theory is raising awareness of a firm’s need to build and maintain sustainable competitive advantages that can be exploited in foreign markets (Prahalad and Hamel, 1990). The primary reason for reviewing this framework in this section is due to the (O) component, which incorporates a renowned theory from the strategic management literature: the resource based view (RBV) by including relational assets (Dunning, 2002). The framework is compatible with RBV and the value creation aspects of Penrose (Rugman and Verbeke, 2002). The main point here is that the (O) component stresses the possession of unique assets owned by the MNE which enables it to cross borders.

2.4.2.2 (Inter)Action models: networks

(Inter)Action Models generally criticise conventional economics literature as ‘dehumanised’. That is, it ignores human beings or assumes that economic activities are carried out by actors with no memory of their previous actions (Kuada and Sørensen, 2000). Economic theories fail to explain why some firms engage in internationalisation when they do not possess all the necessary advantages to do so, such as SMEs and emerging market firms (explained in more detail later in the
Increasing commitment in markets where a presence has already been established (penetration).

Forming new relationships with counterparts in new foreign markets (international extension)

The market is viewed as a composition of a set of identifiable and autonomous actors who continuously interact and, through their interaction, build long term social relations. When such regular or daily contacts and long term relations exist, the set of actors is said to constitute a network (Kuada and Sørensen, 2000).

The contribution to the IB field is the application of the network approach to firm internationalisation (Mtigwe, 2006). It is a dominant perspective found in the IB literature and supported by studies such as (Sharma and Johanson, 1987; Bell, 1995; Coviello and Munro, 1995, 1997; Coviello and Martin, 1999), and a contemporary perspective that was first introduced to the field by Johanson and Mattsson (1988). However, key words such as ‘social relationships’ and ‘inside and outside the firm’ can be traced back to Aharoni (1966) and his research on ‘the foreign investment decision process’. Firm internationalisation is viewed as the natural development from network relationships with foreign individuals and firms. The network model takes into account the influence of external actors or organisations on the internationalisation of the firm, and the effective usage of networks enables firm internationalisation (Coviello and Munro, 1995; Nummela, 2004). Firms achieve internationalisation by establishing and developing foreign market positions using foreign network partners accomplished through:

- Forming new relationships with counterparts in new foreign markets (international extension)
- Increasing commitment in markets where a presence has already been established (penetration)
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- Co-ordinating international network activities across various countries (international integration)

(Johanson and Mattsson, 1988)

Johanson and Mattsson (1988), identify four categories of internationalisation based on the degree of internationalisation in the market and in the firm: the Early Starter refers to a firm with few international relationships, and has little knowledge of foreign markets and uses agents in order to acquire the necessary knowledge. The late Starter refers to a company operating in a market environment that is already internationalised. The firm has indirect relationships with business networks abroad, which may propel it to internationalise. It is disadvantaged in relation to its competitors because it has less market knowledge, and because it is difficult for a newcomer firm to enter an existing network. The lonely international refers to a firm that is highly internationalised, but in a market environment with a domestic orientation. It has the advantage over its domestic competitors as they have developed business network positions before their competitors. The international among others refers to a firm that is highly internationalised and operates in a highly internationalised environment. The position that this type of firm occupies in international networks provides it with access to external resources (Johanson and Mattsson, 1988).

Internationalisation can be regarded neither as a rigidly planned process nor a coincidental one. The company’s position in the present network enhances its accessibility to information and opportunities. One of the key points here is that a firm’s network is an important source of market information and knowledge that would otherwise take the firm along time to acquire independently (Chetty and Campbell-Hunt, 2003). Emphasis is on the network members as sources of information and the basis for knowledge generation. The more centrally positioned a company is within a network, the greater its accessibility to market knowledge (Johanson and Mattsson, 1988). This differs from the experience acquired through
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independent actions that may form the primary basis of market knowledge in the stage model (reviewed later in this chapter).

The major contribution of this theory to the field is that “internationalisation is never a ‘solo’ effort, but that it is a product of network relationships that are both formal and informal” (Mtigwe, 2006:16). Furthermore, network theories suggest that the internationalisation of firms is a much more complex and less structured than previously implied by earlier theories and models (Bell, 1995). The network perspective clearly adds value to firm internationalisation by considering networks as an important enabler. However, the author acknowledges that in some instances networks can be considered as a motive for internationalisation, and this is very much the case in some service firms that are information and knowledge intensive. The motive for internationalisation can be attributed to the ‘client following’ perspective (discussed in the following chapter).

2.4.2.3 International entrepreneurship theory

International entrepreneurship (IE) is the most recent theory introduced to explain internationalisation. IE was brought to the forefront of internationalisation research due to the interest of studying rapidly internationalising new firms defined as “a business organisation that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries” (Oviatt and McDougall, 1994:49).

To date there is still no universal agreement on an IE definition, and it is a matter of continuing debate. Initially McDougall and Oviatt (2000:903) defined IE as “a combination of innovative, proactive, and risk-seeking behaviour that crosses national borders and is intended to create value in organisations”. However, a closer look at this reveals that this definition is not entirely new. It is based on ‘entrepreneurial orientation’ (EO), which is a well-known theory in the entrepreneurship literature that was first introduced by Danny Miller (1983). The only addition to this is the “across borders” aspect, which should then give rise to the following term ‘international entrepreneurial orientation’ as opposed to International

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Entrepreneurship. However, with this definition regarded as too restrictive, Oviatt and McDougall (2005:540) offer perhaps the most accepted and cited definition of IE which is “the discovery, enactment, evaluation, and exploitation of opportunities across national borders to create future goods and services”. Zahra and George (2002:261) provide an alternative definition of IE as “the process of creatively discovering and exploiting opportunities that lie outside a firm’s domestic markets in the pursuit of competitive advantage”.

The two terms ‘International’ and ‘entrepreneurship’ together represent the intersection of two research fields, namely international business and entrepreneurship literature (McDougall and Oviatt, 2000). Despite a lack of agreement regarding the definition of entrepreneurship, there is consensus that entrepreneurship involves the creation of something new (Reynolds et al., 2005). The IE definition put forward by Oviatt and McDougall (2005) clearly shows that the authors view entrepreneurship as recognising and exploiting opportunities. Shane and Venkataraman (2000) particularly emphasise the importance of discovering and exploiting opportunities for wealth creation in entrepreneurship research. The ‘International’ notion in IE is concerned with cross-border activities (Oviatt and McDougall, 2005), and the theories pertaining to this are reviewed in this chapter.

Recent research on internationalisation emphasises that it is entrepreneurial as it involves risk taking (Lu and Beamish 2001), it is associated with innovativeness (Zahra et al., 2001), and it is entrepreneurial as it is pro-active (Lumpkin and Dess, 1996). IE has mainly been studied in the context of new firms that are considered to be ‘international new ventures’ (INVs) as opposed to all types of organisations. A distinguishing feature of these firms is that they are international at or near inception (Oviatt and McDougall, 1994; Knight and Cavusgil, 2004), and this is discussed in more detail later in the ‘paths’ section of this thesis. However, Zahra and George (2002) have attempted to rectify this by calling for more research on all types of firms, including MNEs. In addition to this, since the origin of IE (Oviatt and McDougall, 1994), the research in this field has focused mainly on the
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internationalisation of new high-technology ventures from developed economies (Yamakawa et al., 2008), and limited attention to emerging market firms that internationalise in high and low technology sectors.

IE together with network theory described earlier (sections 2.4.2.3 and 2.4.2.2); represent the most up to date international business thinking. IE and network theory should not be seen as synonymous, but rather as complementary perspectives. It is evident that from a theoretical standpoint IE is still in the early phases of development, but it has aided a better understanding of international business (Mtigwe, 2006). The major contribution of IE has been “to highlight the significant role of the entrepreneur in the internationalisation process, the character of entrepreneurship and the growing influence of the small firm in international business activity, as well as serving as a basis for the integration of International business theory” (Mtigwe, 2006:20). However, IE with a focus on the entrepreneur can be regarded as enhancing our understanding of internationalisation enablers. This maybe particularly more evident in smaller firms, whereby the owner maybe a key enabler for a firm’s international activities. The internationalisation of SMEs and INVs may not be completely explained by traditional IB theories, which were developed based on large firms.

2.4.3 Paths
Internationalisation perspectives that address this aspect aim to explain how a firm internationalises. The aim is to provide an account of the paths and paths firms may embark on. This section reviews the Product Life Cycle theory (PLC), the Uppsala internationalisation stage model, Born Globals, and the latest perspective known as the Born-again Globals.

2.4.3.1 Product life cycle (PLC)
The earliest work dates back to Raymond Vernon’s PLC, which is a theory advocating a stage approach to internationalisation. The basic assumptions of this perspective is that companies start selling products in the home markets, and then they sequentially explore new markets overseas. It posits that the internationalisation
process follows the developmental stages of the product life cycle, whereby the firm will usually introduce new products only in their home market, before eventually going abroad as the product reaches the maturity phase (Vernon 1966, 1971). Exports are preferred at the initial stage, rather than foreign direct investment (FDI) as rationalisation and mass-production in the home market, and avoiding transport and other distribution and marketing costs offset the rationale of FDI. After this stage, it is economically rational to begin FDI in host countries. The firm may consider servicing developing countries from the new locations set up. In addition to this, the home country may become an importer if labour costs can offset transport costs (Vernon 1996). However, Vernon (1979) concluded that the product cycle may continue to provide a guide to behaviour of some firms, particularly to smaller firms, but accepted that the theory has been challenged and has lost its explanatory power throughout the decades. Nevertheless, Vernon presented the IB literature with the first theory that addressed internationalisation paths.

### 2.4.3.2 The Uppsala internationalisation stage model

The incremental internationalisation theoretical framework is a behavioural approach and was influenced by the work of Aharoni (1966). It was first developed by Johanson and Wiedersheim-Paul (1975) and Johanson and Vahlne (1977) and based on four Swedish firms in the manufacturing sector. This mainstream theory advocates that internationalisation is a sequence of steps by which firms acquire experience and knowledge about external markets through the gradual commitment of resources and by experiential learning. The Model advocates that the firm’s current knowledge and commitment to the market affect the decisions concerning the commitment of resources in international markets in the next step (Johanson and Vahlne, 1990).

This mainstream process model enlightened the IB field by explaining two firm paths. Firstly, when a firm engages in international markets it moves along a series of incremental steps known as ‘the establishment chain’. This consists of four phases: no regular export activities, export via independent agents, establishment of a foreign
sales subsidiary, establishment of a foreign manufacturing plant (Johanson and Wiedersheim-Paul, 1975). However, the authors acknowledged that it was possible for a firm to skip some stages (Mtigwe, 2006). Secondly, the firm accesses new markets, successively increasing their psychic distance (Johanson and Vahlne, 1990), which is the accumulation of differences in languages, cultures, and political systems which create gaps between the firm and the markets (Johanson and Vahlne, 1977, 1990). Put more simply, a firm begins its internationalisation activity in markets perceived to be psychically close, and as the firm gains more experience and acquires new knowledge; it is able to increase market commitment. This results in the firm being able to approach new markets that are considered to have a greater psychic distance.

The Uppsala model has been widely accepted by IB scholars, and has been so influential that the majority of IB literature since 1977 presumes it when discussing different aspects of the subject (Mtigwe, 2006). It still remains a dominant and popular theory in IB literature, and perhaps this is due to the models simple and logical constructs, as well as its ability to predict a more precise path. This is contrast to other internationalisation theories that offer interesting perspectives, but can be considered to be broader and less precise.

The drawbacks of the Uppsala model are well summarised by Chetty and Campbell-Hunt (2004). The model has been criticised for being too deterministic (Reid, 1981; Turnbull, 1987; Melin, 1992). As internationalisation is seen as behavioural, this discards managers’ ability to make strategic choices (Andersson, 2000). The theory cannot explain the internationalisation process of new firms, which have not developed in stages and have capitalised on distant markets in terms of psychic distance (Turnbull, 1987; Oviatt and McDougall, 1994, 1995; Bell, 1995; Bell et al., 2001). The stage model of internationalisation does not take into account firms that develop to a certain stage, but do not evolve to the other stages of internationalisation (Reid, 1981). The author recognises that the model is based on manufacturing firms, while the service firms were neglected. The model aims to explain a path of
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internationalisation, but it is limited at providing an explanation as to ‘why’ a firm internationalises in the first place. The model seems to assume that firms will capitalise on the domestic market before embarking on internationalisation, similar to the PLC model.

The Uppsala model’s biggest challenge arises from its inability to explain the early internationalisation of small firms in today’s global market (Andersson et al., 2004). In their later work, Johanson and Vahlne (2003) acknowledge that markets become structured as networks of interconnected relationships. Furthermore, the authors attempt to amend the model to account for and incorporate networks and relationships by stressing a shift from the liability of foreignness to the liability of outsidership (Johansson and Vahlne, 2009).

Overall, The Uppsala model has been a significant contribution to the IB field by showing that “international market growth is step-wise or happens in phases owing to limited resources and market knowledge” (Mtigwe, 2006:15), even if the model is not empirically supported in every case. It is advocated that this addresses firm paths, and it enhances the field’s general understanding of ‘how’ firms embark on internationalisation.

2.4.3.3 Early internationalising firms (Born Globals)
The academic literature has identified many SMEs that do not follow an incremental stage approach, but rather begin their international activities from inception (Anderson et al., 2004). These are defined as firms that “from inception, seek to derive significant competitive advantage from the use of resources and the sales of outputs in multiple countries” (Oviatt and McDougall, 1994:49). Rennie (1993), a Mckinsey consultant first coined the term ‘Born Global’ while undertaking a survey for the Australian Manufacturing Council, whereby two exporting firms were identified: domestically based firms, and born global firms. The phenomenon of ‘born global’ is largely due to the changes that have taken place in the external environment over the last few decades (Oviatt and McDougall, 2000; Laanti et al.,
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2007). Knight and Cavusgil (1996) present several reasons that establish an environment that facilitates the creation of born global firms, and they are as follows:

- The pressure to specialise and customise in order to be competitive has created an increasing amount of niche markets, and firms have to increase their customer base by going global.

- Advances in technology with respect to production and transportation.

- Advances in communication technology.

- Advantages of firm size (small) in terms of quicker response time, higher flexibility, adaptability.

- Globalisation in terms of knowledge, reduced barriers to trade and facilitating organisations. International experience and foreign market knowledge of entrepreneurs.

- Trends towards global networks, facilitated by advances in information technology

Research indicates that born globals appear to exist due to conditions in the home market (Madsen and Servais 1997; Gabrielsson et al., 2008). Empirical research refers to case studies of exporters from the Nordic countries: Finland, Norway, Sweden, and Denmark, and other smaller, open economies (Freeman and Cavusgil, 2007), where market demand at home is too small (Madsen and Servais, 1997). A home market that is perceived as too small to achieve financial viability is one of the most important factors leading to rapid internationalisation of SMEs (Freeman et al., 2006). This is the reason for finding these young entrepreneurial firms in large numbers, particularly in smaller, saturated, developed markets (Oviatt and McDougall, 1995; Freeman and Cavusgil, 2007). In addition to this, industry segment appears to be important, particularly operating in high-technology industries (Bell, 1995; Crick and Spence, 2005; Laanti et al., 2007). High tech firms appear to
be more prone to internationalise their operations as these firms need to commercialise their products rapidly across national and regional markets (Madsen and Servais, 1997).

Furthermore, research on these firms identify the importance of knowledge and information (Luo and Peng, 1999; Autio et al., 2000; Laanti et al., 2007), the entrepreneur and managers previous experience (Ovaiat and McDougall 1995; Bloodgood et al., 1996; Knight and Cavusgil, 1996; Madsen and Servais, 1997; Westhead et al., 2001; Andersson et al., 2004), innovativeness and innovative skills (Ovaiat and McDougall, 1995; Jones and Coviello, 2005: Freeman et al., 2006), and networks (Ovaiat and McDougall, 1995; Madsen and Servais, 1997; Laanti et al., 2007). Earlier in this thesis the ‘what’ aspect of internationalisation (enablers) was addressed (see section 2.4.2). The entrepreneurship and network perspectives were discussed as these are emerging dominate perspectives that help explain an aspect of internationalisation.

It is important to note that various labels describing these firms can be found in the literature. For example, international new ventures (INVs) (McDougall et al., 1994; Ovaiat and McDougall, 1994, 1997; Servais and Rasmussen, 2000), born global firms (Knight and Cavusgil, 1996; Bell and McNaughton, 2000), global start-ups (Jolly et al., 1992; Ovaiat and McDougall, 1995), born globals (Rennie, 1993; Madsen and Servais, 1997; Autio and Sapienza, 2000; Rasmussen et al., 2001; Sharma and Blomstermo, 2003), instant exporters (McAuley, 1999) internationalisation of new ventures (Zahra et al., 2003), and early internationalising firms (Rialp et al., 2005). Groups of researchers apply their own unique labels to describe fundamentally the same phenomena (Svensson, 2006). These different labels essentially describe entrepreneurial firms with managers that view the world as their marketplace from inception or soon after and often pursue niche markets (Bell et al. 2003). The period from domestic establishment to initial foreign market entry is often three years or less (Autio et al., 2000; McDougall and Ovaiat, 2000). The researcher favours the term ‘early internationalising firms’ (Rialp et al., 2005) as it explicitly captures the crucial short timeframe involved in the process of firm internationalisation. Hence,
this is the reason for choosing the term ‘early internationalising firms’ as the sub-heading for this section.

2.4.3.4 Born-again global

In addition to the two dominant internationalisation paths found in the literature, there is another path offered which requires acknowledgement as it points out a unique firm internationalisation path. Bell et al (2003) explained that there are multiple pathways and variants of the born global firm and the incremental internationalising firm. An exploratory study by Bell et al (2001) identified a number of firms which the authors labelled as ‘born-again global’ firms. These firms are described as those that begin with a focus on their domestic market for many years with no apparent interest in engaging with international markets, before embracing rapid and dedicated internationalisation. The underlying motivations and triggers leading to a change in strategy of these firms are due to critical events in the life cycle that provide them with “additional human or financial resources, such as changes in ownership/management, being taken over by another company with international networks, or themselves acquiring such a firm” (Bell et al., 2003:339).

This perspective can be viewed as a hybrid between the Uppsala model and the born global perspective. Born-Again global firms spend time focusing on the local market, and this is supported by the Uppsala school of thought. However, once these firms embrace internationalisation they behave similarly to born global firms, whereby the firms do not internationalise incrementally. However, in order to further our understanding of this internationalisation path, more scholarly research is needed and this should be undertaken in new settings.

At this stage the researcher introduces an initial conceptual framework (figure 2.2), which collates the theories and perspectives that were reviewed, and this is developed further in the following chapter. The initial conceptual framework (figure 2.2) encapsulates the significant theories and perspectives found in the IB literature, and each theory and perspective is classified according to the aspect of internationalisation addressed. This was a theoretical chapter, with the aim of
reviewing the mainstream theories in IB which have all been established based
developed country firms. The research undertaken here will uncover the relevance of
the theories outlined in this chapter when exploring EM service SMEs from an under
researched context. The following chapter will highlight the significant findings on
the three strands of literature relevant to this study. Literature on firms from
emerging markets, SMEs, and service firms is reviewed in the subsequent chapter
with the objective of highlighting that other insights have emerged from literature
relevant to these strands. The next chapter will use previous research to identify
research gaps and develop research objectives that will be addressed in this study
(sections 3.7).

**Figure 2.2 Initial Conceptual Framework**

![Initial Conceptual Framework](image)

Source: Author
2.5 Chapter Summary

This chapter set out to review the mainstream theories and perspectives of firm internationalisation. The chapter commenced with a brief history of the topic before introducing the three interrelated aspects of internationalisation. The main theories and perspectives introduced here were categorised according to which internationalisation aspect each theory mainly addresses. This means that the theories and perspectives were discussed under the headings: motives, enablers, and paths, which together constitute a more inclusive account of firm internationalisation, and this was presented at the end of the chapter in figure 2.2. The following chapter collates research specific to the internationalisation of emerging markets, SMEs, and services, and concludes with the research objectives and conceptual framework.
Chapter 3: Internationalisation research on Emerging markets, SMEs, and Services

3.1 Introduction

This chapter demonstrates that there are research areas, questions, and perspectives on firm internationalisation that have not been addressed, and are necessary to enlighten and enrich our knowledge of internationalisation. The review will highlight that internationalisation has often been studied with a focus on multinational enterprises (MNEs) in the manufacturing sector from developed countries. Research with a focus on emerging markets (EM) or developing countries (DC) mainly focuses on one region, and is minute in comparison with research on developed country firms. Moreover, there is limited attention directed towards the internationalisation of small and medium sized enterprises (SMEs) in the service sector from emerging markets or developing countries. However, previous research has been undertaken on each one of these three stands and the important findings are reviewed. The chapter will conclude with conceptual framework that will guide this investigation. Figure 3.1 illustrates an overview of this chapter.

Figure 3.1 Chapter Overview

![Internationalisation Literature Diagram]

Source: Author
3.2 Emerging markets

The term ‘emerging markets’ was first coined by World Bank economist Antoine Van Agtmael in 1981 (Financial Times, 2006). ‘Emerging markets’ and ‘developing countries’ are used interchangeably in the literature, and despite this the researcher advocates that there should be more accurate labelling systems that distinguish each term from one another. For example, one would not classify China as an emerging market that is in the same category or level of development as a country such as Kenya or Ghana. One could argue that the label ‘emerging markets’ or ‘newly industrialised markets’ should apply to countries such as those in Asia that have witnessed significant changes and progress with respect to their economic development, such as China and South Korea. Other countries that have made sufficient progress or have positive outlooks could be considered as ‘less advanced emerging markets’ or ‘secondary emerging markets’. Furthermore, those countries with little progress could be labelled as ‘least developing countries’. Labelling all firms outside of the world’s most advanced economies as emerging markets seems to suggest that there are no differences between firms from these nations, and that they are all the same. Identifying a label system is beyond the scope of this thesis; however, this research suggests scholars introduce a labelling system that groups countries in similar stages of economic development together using standardised labels. This could group countries according to labels such as ‘newly industrialised markets’, ‘advanced emerging markets’, ‘secondary emerging markets’, ‘developing countries’, and ‘less or least developed countries’.

According to UNCTAD (2008), outflows of foreign direct investment (OFDI) from developing and transition economies reached in 2006 a record level of 17.8% of the world total. With regard to the regions involved, Asia is the most important origin of FDI outflows, although the trend is growing in all the regions. In terms of stocks, developing countries now account for more than 15% of the global stock. Among them, Asia accounts for 54% of the total stock of FDI from developing and transition economies, followed by Latin America (25.6%), by the transition economies (11%) and by Africa (9%). The following section aims to shed light on the research on
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emerging markets, as the existing models reviewed in the previous section of this thesis were developed based on developed country firms. Literature undertaken on emerging market firms provides sufficient evidence that these firms differ from those originating from the most advanced economies in the world (Amighini et al., 2010).

3.3 Background on Emerging Market firms

Buckley (2002) claimed that the international business research agenda might be running out of steam, and suggested that the IB agenda had progressed through three phases in the 20th century, focusing on new developments observable in the world of international business itself. The initial focus on foreign direct investment (FDI) and its determinants was followed by one on developed country firms and their rationale and sources of advantage. Since the 1990s, a third focus on globalisation and its driving influences. Buckley and Ghauri (2004) suggested that this third topic might indeed constitute a “big question” that could guide future research. Bonaglia et al (2007) expanded the arguments of Buckley and Ghauri further, and proposed that one of the most interesting outcomes of globalisation has been the rise of a ‘second wave’ of firms from emerging markets. The authors argue that to internationalise overseas, the new breed of developing country firms rarely have at hand resources such as proprietary technology, financial capital, brands, and experienced management. Instead EM firms may internationalise in order to gain access to these resources (Yeung and Liu, 2008).

The ‘first wave’ of MNEs from emerging markets refers to research undertaken in the 80’s by authors such as (Kumar and McLeod, 1981; Lall, 1983; Wells, 1983), who argued that EM MNEs success was due to the difficulties encountered at home, such as market restrictions and incentives driving internationalisation. They are ‘pre-globalisation’ success cases, when international investment flows were still basic. The emergence of the ‘second wave’ MNEs is a result of proactive factors that draw firms into global connections, rather than reactive factors that drove firms as stand-alone players in the first wave (Mathews, 2006b). The ‘second wave’ MNEs are
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increasingly linked into a global economy, a condition that is applicable as much to
SME internationalisation (Acs et al., 1997).

EM firms are no longer protected at home as this is eroded by market liberalisation.
Having investigated the internationalisation of the firms from a developed country
perspective, a number of scholars (e.g. Li, Mathews, Luo and Tung) have focused
their attention on investigating the internationalisation of firms from emerging
markets. This was due to the rising role of developing country firms in international
markets as one of the most recent aspects of the globalisation process. The rise in
OFDI activity by developing economies has a growing strand of literature that began
to question the necessity to elaborate existing theories (Li, 2003). Recent data on the
outward expansion of firms from developing countries have induced many scholars
to analyse this phenomenon (firms such as TCL, Haier and Acer give testament to
this). Scholars have both theoretically and empirically examined the adequateness
of the ‘old’ theories of internationalisation to explain the internationalisation of EM
firms, and a strand of ‘new’ perspectives have emerged from focusing on the unique
features of the internationalisation of emerging market firms (Amighini et al., 2010).
The majority of this research on EM firms is undertaken in the Asian region (Yeung,
1994; Li, 1994, 2003; Mathews, 2002, 2006b) and this is not without merit.
However, if research limits itself to this region then the findings and perspectives
uncovered are also limited. It becomes very unclear whether the findings revealed are
specific to the region studied, or if they are transferable and augmented by examining
other regional contexts.

3.4 Emerging Market Firm Internationalisation

The key contributions, insights, and perspectives from the emerging market literature
are reviewed here. It is evident that the contributions from this strand of literature
show that the internationalisation of EM firms raise a number of important academic
debates related to the purpose of this thesis. The first issue relates to the degree of
similarity of ownership advantages between developed and EM MNEs, more
specifically this is associated with enablers for internationalisation. The second issue
which relates to the enablers addresses the key motivations behind the international investments of EM MNEs. Finally, as a result of the first two issues; the paths undertaken by EM MNEs differ from those of developed country MNEs.

Although the purpose of this research is to investigate SMEs in the service sector from emerging markets, a review of the key contributions found in the EM literature on MNEs in the manufacturing sector are discussed here. This achieves two important objectives; firstly, it provides evidence and supports the argument and view that emerging market firms can and do differ from developed country firms. Secondly, it provides strong insights into the characteristics and features of firms originating from emerging markets that will serve as a base for understanding emerging market service SMEs.

3.4.1 Mathew’s insights and the LLL framework
One of the most insightful and interesting perspectives in the EM literature concerns the issue of ownership advantages. This was reviewed in the theories section of this thesis under Dunning’s OLI. These advantages are prerequisites for the internationalisation of firms, and therefore are considered to be enablers. However, the OLI framework did not take into account EM MNEs, and the competitive advantages of these firms may differ from developed country firms (Goldstein, 2007). Furthermore, Dunning et al., (2008) acknowledge that developing countries have a relative lack of firm specific advantages.

The OLI framework is considered to be static and only takes into account the (O) advantages that pre-exist to undertaking FDI (Mathews, 2006b and c). The framework does not take into account that there are opportunities for firms’ to develop resources and capabilities over time (Mathews, 2002). Professor John. A. Mathews offers a number of significant contributions to the IB literature and this has been acknowledged by reputable organisations, such as (UNIDO, 2003, 2006; OECD, 2006).
Mathews (2002) argues that RBV only provides a satisfactory account when explaining how firms sustain their existing competitive advantages, but it in accounting for how firms create such advantages in the first place. In a number of Mathew’s papers (2002; 2006a,b,c) using the case of firms from the Asia-Pacific described as latecomers (LCF) the author’s main criticism is that in most of the cases MNEs from emerging countries do not possess overwhelming domestic assets which can be exploited abroad, as it has been common with conventional MNEs. A latecomer firm is one which meets the following four conditions:

- **Industry entry**: The LCF is a late entrant to an industry, not by choice but by historical necessity;

- **Resources**: The LCF is initially resource-poor, e.g. lacking technology and market access;

- **Strategic intent**: The LCF is focused on catch-up as its primary goal;

- **Competitive position**: The LCF has some initial competitive advantages, such as low costs, which it can utilise to leverage a position in the industry of choice.

(Mathews 2002)

Furthermore, Mathews (2002) explains that the resources that these firms target are those that are most amenable to linkage and leverage, which are those that are not in the VRIN criteria: valuable, rare, inimitable and non-transferable (Dierickx and Cool, 1989; Barney, 1991). In contrast latecomer firms will seek to acquire those resources that are considered to be least rare, most imitable and transferable. This amendment of RBV better accounts for latecomer firms. Table 3.1 shows the VRIN criteria in relation to developed and developing country firms as offered by Mathews (2002).
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Table 3.1 VRIN criteria for developed and developing countries

<table>
<thead>
<tr>
<th>Developed country firms possess resources that are:</th>
<th>Developing country firms pursue resources that are:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Valuable and rare: distinctive</td>
<td>• Least rare</td>
</tr>
<tr>
<td>• Non-imitable: not easily imitated by rivals</td>
<td>• Most imitable: most easily imitated (through reverse engineering, for example)</td>
</tr>
<tr>
<td>• Non-transferable: not easily bought or sold on markets, but having some intrinsic connection to the firm.</td>
<td>• Most transferable: most easily transferred as explicit technical knowledge (available through consultants) or on the open market in the form of specialised equipment.</td>
</tr>
</tbody>
</table>

Source: Adapted from Mathews (2002)

Mathews (2002) has proposed an alternative to the OLI paradigm known as the Linkage Leverage and Learning (LLL) framework:

• **Linkages**: such as joint ventures and other forms of collaboration into global value chains, with foreign companies (the incumbents) represent a fast way to access new resources that emerging MNEs lack internally.

• **Leverage**: Once linked, ‘latecomer’ firms use their global linkages to leverage their resources, and particularly their cost advantages.

• **Learning**: The result of repeated linkage and leverage leads to learning about new sources of competitive advantage and how to operate internationally.

The (LLL) Framework implies that latecomer firms might possess some advantages that differ from incumbent firms, such as the awareness of the need to plan their activities that enable them to connect into global production networks and to leverage the resources made available through these linkages (Mathews, 2006b; Aykut and Goldstein, 2006).
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Internationalisation according to this framework is more broadly defined as: “the process of the firm’s becoming integrated in international economic activities” (Mathews, 2006b: 16). Despite the significant contribution of the (LLL) framework for the analysis of emerging country MNEs, it is not without criticism, particularly from Narula (2006) who argues that the (LLL) framework is based exclusively on a small number of firms originating from the fast growing countries in the Asia region. It should be acknowledged that other firms from other regions should be examined in order to enhance the understanding of the LLL model and its limitations.

However, Dunning (2006b) acknowledges that latecomer firms might possess certain unique competitive advantages that help explain their internationalisation. Mathews (2006c:153) points out that “neither OLI nor my proposed LLL are ‘theories’ of the international firm. They are, at best, conceptual frameworks that bring together the elements of an explanation as to how firms become international competitors”. In addition to this, Mathews (2006c) is in agreement with Dunning that the two frameworks are complementary rather than conflicting, and this is a view supported by Li (2007).

While the OLI stresses the possession of ownership advantages as the main enabler for incumbent MNEs internationalisation; the LLL framework is dynamic and stresses the procurement of external resources (Mathews, 2006c; Li, 2007). In short, the OLI framework “obviously makes more sense when applied to established firms, while the LLL framework provides insights not otherwise available when dealing with the case of challengers. That is apparently how Professor Dunning views the matter, and I am in complete agreement with him” (Mathews, 2006c:154).

A closer look at the (LLL) model signifies a number of important contributions. Firstly, it provides an alternative explanation to the dominant OLI framework while taking into account the recent developments in the economy due to globalisation, and focuses specifically on emerging market firms. Secondly, the Linkage aspect emphasises the importance of networking or collaborating, which is very similar to the network perspective offered by Johansson and Mattsson (1988). Thirdly, it could be
argued that the (LLL) framework more precisely explains how firms are able to integrate, build, and reconfigure resources based on the dynamic capabilities approach first introduced by Teece et al (1997). Evidence related to the (LLL) model and linkages is further illustrated in the emerging market context by the OEM ODM OBM perspective.

### 3.4.2 OEM ODM OBM

The original Equipment manufacturing (OEM), Original Design Manufacturing (ODM), and original brand manufacturing (OBM) is a perspective that supports the different way in which developing firms grow and can become international players (Hobday, 2003). According to this perspective an EM firm begins as an OEM; selling their own standardised products under a foreign firm’s brand. The firm can then transition to become an ODM, and finally progress into an OBM. Despite some Asian firms in the electronics industries progressing to an ODM capacity, very few firms have progressed to the OBM stage. Samsung is an example of firm that has successfully progressed from the OEM to OBM stage (Bonaglia et al., 2007).

This perspective emphasises developing country firms’ linkage to MNE incumbents. This view is complementary to the (LLL) model discussed previously. Developing country firms may not necessarily grow organically, instead through linkages and networks as stressed by Mathews (2002). EM firms link up with foreign MNEs through (OEM) contracts. A number of studies stress the importance of network participation as an essential way to complement the existing resources of firms (Chen and Chen, 1998; Elango and Pattnaik, 2007; OECD, 2007). EM MNEs participation in global production networks and in global value chains provide these firms with ways to build up their own advantages and can be viewed as specific to emerging market firms (Chen and Chen, 1998; Hitt et al., 2000).

Emerging market firms have essentially benefited from inward FDI in their home market, and this has enabled EM firms to link up with established incumbents through OEM contracts that provide EM firms with access to technologies and organisational skills (Luo and Tung, 2007). This is possible due to the EM firms’
capability to complement incumbent firms’ strategies by providing specific products. Therefore, these firms are able to leverage resources they require in order for them to internationalise (Mathews, 2002).

Evidence of the OEM perspective is evident from Asian firms in the electronics sector that have benefited from OEM contracts (Hobday, 1995, 2003; UNIDO, 2006). However, this perspective appears limited to firms particularly from the Asian region, and it is not clear if it can offer much for service firms, whereby participating into global value chains of incumbent firms may not take place due to the limited manufacturing aspect of most service firms. The following sections highlight emerging market competitive advantages and the motives for internationalisation.

3.4.3 Emerging market competitive advantages

The perspectives outlined so far show emerging market firms’ competitive advantages may differ from developed country firms, and these centre around two advantages: home country and networks advantages. Home country advantages are the characteristics of the domestic environment as an important advantage, particularly the low cost factors (Cuervo-Cazurra, 2007; Barnard, 2008; Kumar, 2008). Network related advantages are those that rely on partnerships (Chen and Chen, 1998; Hitt et al., 2000; Mathews, 2002, 2006a, b, c; Bonaglia et al., 2007; Elango and Pattanaik, 2007; Duysters et al., 2009).

In addition to this, research also identifies institutional advantages, which is the important role of the home country institutions. The role of the government particularly can be viewed as influencing the process of internationalisation of EM firms (Child and Rodrigues, 2005; Buckley et al., 2007; Yiu et al., 2007; Dunning et al., 2008; Ramamurti, 2009). Furthermore, Kumar (2008) argues that the term ownership advantage should be broadened to include developing country firms capabilities, as some firms from India and China have developed a niche in ‘frugal engineering’, which is the capability to manufacture low cost versions of existing goods for international markets.
3.4.4 Asset exploration and augmentation

It is argued that EM MNEs undertake ‘unconventional’ FDI, whereby EM MNEs strategic investments are aimed at strengthening resources as opposed to exploiting pre-existing resources possessed by these firms (Moon and Roehl, 2001; Makino et al., 2002). This is known as the ‘asset exploration’ view which explains that EM MNEs internationalisation occurs to gain access to strategic resources. This is motivated by learning objectives that enable the firms to overcome the initial obstacles. These gaps can be seen as technological gaps and other disadvantages due to becoming a latecomer in the international arena (Aulakh, 2007).

The internationalisation activity of firms from developing countries may reflect attempts to acquire strategic assets, such as technologies and brands, and to secure access to raw materials and distribution networks. This implies that rather than exploiting existing ownership assets, FDI by developing country firms may be attempts to acquire or augment these assets. This can be acquired or augmented through various means such as arms-length contracts e.g. licensing, and not necessarily through FDI. However, due to market imperfections FDI may be more effective (Athreye and Kapur, 2009).

Mathews (2006b) refers to this as asset augmentation, and it is clear that this perspective is a dominant motive for firms from emerging markets. Studies supporting this include (Bartlett and Ghoshal, 2000; Elango and Pattnaik, 2007; Li, 2007). There are also other studies that have recognised that some EM MNEs are both asset augmenting and asset exploiting, such as (Bonaglia et al., 2007; Klein and Wöcke, 2007; Yiu et al., 2007; Liu and Tian, 2008; Duysters et al., 2009).

The motives of EM MNEs are another aspect that highlights the differences between developed and developing countries. However, the majority of this research is limited to MNEs and from the manufacturing sector, and is limited to a small group of home countries with a rather well developed knowledge infrastructure and business systems. The effect of strong competition through liberalisation has encouraged these firms to develop and survive by upgrading their firm specific
assets, and one way to achieve this is through the means of internationalisation (Narula, 2010).

3.4.5 The springboard perspective

Further to the ‘asset exploration’ and ‘asset augmentation’ motives identified for EM MNEs, Luo and Tung (2007:485) introduce the springboard perspective. This view argues that EM MNEs “are eager to acquire technology and brands through internationalisation to fill their resource void”. These is possible due to incumbent firms’ willingness to sell or even share their technology, know how, or brands for their own reasons, such as financial pressure or restructuring needs (Child and Rodrigues, 2005). IBM selling their personal computer business to the Chinese firm Lenovo is a renowned example.

Internationalisation by EM MNEs is viewed as a springboard to overcome latecomer disadvantages. This perspective argues that it enables EM MNEs to improve some latecomer or newcomer deficiencies in areas such as consumer base, brand recognition, and technological leadership internationally and at home. This can be achieved through mergers, acquisitions, and strategic asset-seeking from advanced markets (Luo and Tung, 2007). Therefore, internationalisation becomes a strategy aimed at strengthening the firms due to the build-up of resources not previously available (Chen and Chen, 1998; Child and Rodrigues, 2005; Li, 2007; Luo and Tung, 2007; Mathews, 2006b; Yiu et al., 2007).

EM MNEs internationalisation is seen as a springboard to procure critical resources that are important in order to compete more effectively against global rivals at home and abroad. This diminishes their vulnerability to institutional and market constraints at home. These ‘springboard’ steps are “deliberately designed as a grand plan to facilitate firm growth and as a long-range strategy to establish their competitive positions more solidly” (Luo and Tung 2007:484). EM MNEs such as TCL, Lenovo, and Haier have reorganised their home supply or production bases to meet increased global sales for high-end products. In addition to this, these firms have undertaken steps to re-brand their homemade products after acquiring foreign firms’
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technologies and trademarks (Luo and Tung, 2007). The seven reasons a firm may use internationalisation as a springboard are as follows:

- To compensate for their competitive disadvantages.
- To overcome their latecomer disadvantage
- To counter-attack global rivals’ major foothold in their home country market.
- To bypass stringent trade barriers
- To alleviate domestic institutional constraints.
- To secure preferential treatment offered by emerging market governments.
- To exploit their competitive advantages in other emerging or developing market.

(Luo and Tung 2007)

3.4.6 Accelerated internationalisation

Similar to other breeds of firms, such as ‘early internationalising’ firms and ‘international new ventures’, reviewed earlier in this chapter (see section 2.4.3.3), findings uncovered in the EM literature related to the paths reveal accelerated internationalisation (Mathews and Zander, 2007). EM firms accelerate their internationalisation as they need to catch up with existing incumbents (Mathews, 2002, 2006b). Latecomers in particular internationalise rapidly, by making use of prior international connections, leveraging their own expansion through making use of these by expanding abroad as contractor to an existing foreign multinational, or being carried by a global customer into new markets (Andersen et al., 1997). Firms that are internationalising from developing countries are pursuing strategies that enable them to catch-up with established players, through leveraging off their latecomer advantages and strategic partnerships with market leaders. The more the world economy becomes global, the greater the pressures on firms to globalise (Bonaglia et al., 2007). In a unique study focusing on three South African MNEs,
attention to the home market remained important and critical for these developing country firms even after they become global leaders (Klein and Wöcke, 2007).

This is different to the Uppsala path of internationalisation that was explained earlier (see section 2.4.3.2). A number of studies stress that MNEs from emerging countries entering into advanced networks of firms may reduce the time of entry into global markets and enable them to catch-up with developed country MNEs (Mathews, 2002, 2006b; Li 2007). This path of internationalisation is sometimes referred to as ‘leapfrogging’. This is because the acquisition of resources takes place through the internationalisation process and not prior to this. Li (2007) and Goldstein (2008) advocate this path undertaken by latecomer MNEs. However, Duysters et al (2009) argue that a more sequential nature of the internationalisation process still occurs.

Interesting points of departure are that firms from emerging markets may undertake paths that closely resemble ‘early internationalising’ firms that are SMEs. The other point in that the network perspective appears to play an important role as an enabler for such paths to take place. However, the reason for rapid internationalisation may differ as emerging market firms are latecomers with the intention of catching up, while ‘early internationalising’ SMEs may undertake this path due to small domestic saturated markets or entrepreneurs with previous internationalisation knowledge as reviewed earlier (section 2.4.3.3).

The previous section reviewed the key contributions from the EM literature, with the intention of demonstrating that differences do exist between MNEs from developed countries (incumbents) and EM MNEs. Mathews (LLL) framework, the OEM, ODM, and OBM perspective, Luo and Tung’s springboard perspective, the asset exploration and augmentation, and accelerated internationalisation demonstrate that new findings do emerge by extending research to other contexts. Although research is heavily focused on the Asian region, these findings should encourage further research in other regions, new sectors, such as services and smaller firms; whereby new concepts and perspectives may be uncovered. This section’s main purpose was
to highlight the significant contributions from the EM literature to demonstrate that new motives, enablers, and paths can be unveiled from investigating EM firms.

3.5 Small and Medium Sized Enterprises (SMEs)

The following section of this thesis reviews important aspects related to SMEs; meaning their importance and characteristics. These sections are followed by outlining the strands of literature on SME internationalisation, before reviewing literature directed towards services.

3.5.1 Importance of Small and Medium Sized Enterprises (SMEs)

Small and medium sized Enterprises (SMEs) represent most of the production in manufacturing and an even greater share in services in both developed and developing countries (UNCTAD, 2004). SMEs contribute over 55% of GDP and over 65% of total employment in high-income countries (OECD, 2004). In developing countries, SMEs are considered to be a main driver for poverty alleviation, and are responsible for most employment (UNCTAD, 2004).

Despite the importance of SMEs as important contributors to a county’s local economy, many governments have not taken steps to devise policies that enhance their contribution or their competitiveness. SME statistics are poor due to the lack of a uniform definition, high cost of undertaking an industrial census, and many SMEs do not register and therefore are unaccounted for (UNCTAD, 2005). SMEs comprise nearly 99% of all enterprises, and account from 44 to 70% of employment and 50% of manufacturing output. Meanwhile SMEs in developing countries appear to comprise around 98% of enterprises, and 50% of manufacturing output (UNCTAD, 2005).

3.5.2 Characteristics of SMEs

SMEs have an important role in the global economy and these firms face constraints and challenges with respect to internationalisation due to their characteristics which are more limited in financial, management, human and information resources than
large MNEs (Buckley, 1989; Erramilli and D’Souza, 1993; Coviello and McAuley, 1999; Hollenstein, 2005). Therefore, SMEs are disadvantaged in a global environment due to the lack of resources possessed in comparison to large multinationals (Coviello and McAuley, 1999; Knight, 2000; Hollenstein, 2005). This means that international business is considered to be more challenging for these smaller firms (Knight and Kim 2009).

There is no clear definition of an SME, and many classification criteria have been used in the literature, such as number of employees, number of outlets, and annual turnover (Masurel, 2001). One definition of SMEs is a firm with 500 employees and or with sales turnover that is less than $25 million U.S. dollars (Leonidou et al., 2004). It is very important to note here that there are different views about what constitutes as a small, medium or large firm. The majority of the literature is derived from U.S. studies where definitions of size differ from the U.K., Europe and elsewhere (Javalgi et al., 2003). This is a problem in the academic literature, as it means that different authors use dissimilar definitions and interpretations as their starting point, and therefore this leads to difficulties when trying to compare studies. There should be more consensus and universal agreement regarding this issue. Furthermore, smaller firms are distinguished from large firms, yet small and medium sized enterprises appear to be clustered together. It maybe that just as SMEs and large firms are dissimilar, differences may exist between small and medium-sized firms.

However, SMEs are not just smaller versions of large firms, but they deal “with unique size-related issues as well and they behave differently in their analysis of, and their interaction with, their environment” (Shuman and Seeger, 1986:8). Furthermore, SMEs are different from larger firms with regards to their international activities (Hollenstein, 2005). The following section summarises literature on SME internationalisation before turning attention to the service sector.
3.5.3 SME internationalisation

A large amount of firm internationalisation research has paid significantly attention to MNEs (Ibeh, 2006), particularly in the manufacturing sector (Coviello and Martin, 1999; Contractor et al., 2003). However, SME internationalisation has received significant interest by scholars as the number of them internationalising has increased (Bonaccorsi, 1992; Erramilli and D’Souza, 1993; Nummela et al., 2006). SMEs have become an important research area for investigation as more of them pursue opportunities for growth by internationalisation (Manolova et al., 2002). However, it is important to note that the research conducted on SME internationalisation is dominated by studies on SMEs that operate in the manufacturing sector (Coviello and McAuley, 1999; Wheeler et al., 2008; Deprey et al., 2012).

There is a general consensus that SMEs differ from large firms, and therefore understanding their paths, behaviour, and challenges adds value to existing knowledge regarding internationalisation. A number of reviews on SME internationalisation exist, such as (Coviello and McAuley, 1999; Fillis, 2001; Rialp et al., 2005).

A large proportion of research on SME internationalisation has centred on firm size and propensity to export (Cavusgil and Nevin, 1981; Leonidou and Katsikeas, 1996; Coviello and McAuley, 1999). Although size would seem to be an impediment to internationalisation, small firms are able to overcome this (Oviatt and McDougall, 1994; Calof and Beamish, 1995; Knight and Cavusgil, 2004). Although SMEs face a liability of foreignness when entering new markets, this is reduced through experience (Lu and Beamish, 2001). In export studies managerial factors such as experience, foreign exposure, and education appear to be enablers that influence internationalisation through exporting (Leonidou et al., 1998). It appears that innovative thinking, creativity, opportunity recognition, and risk taking influence internationalisation of these firms (Lu and Beamish, 2001). Exporting as an entry mode is suited to SME capacities and resources as it limits their exposure to risk as only a low commitment of resources is needed (Young et al., 1989; Leonidou and
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Katsikeas, 1996). Cavusgil (1984) found no relationship between firm’s size and the propensity to export. Furthermore, the author identified three different levels of international involvement: experimental, active, and committed involvement.

SME internationalisation literature has evolved into two streams of research: one stream investigates early internationalising firms, born globals, and INVs, and another strand investigates the internationalisation of established SMEs (McDougall and Oviatt, 2000). A number of authors argue that early internationalisation of small firms is not country or industry specific (Coviello and McAuley, 1999; Fillis, 2001; Rialp et al., 2005). However, early internationalising SMEs are not only manufacturing firms, but service firms that are information and knowledge-intensive that operate in the high-tech industry (Hollenstein, 2005), and tend to originate from developed countries. Research on information and knowledge-intensive service firms provide evidence that a shift away from investigating manufacturing firms can yield new insights such as the ‘client following’ motive of internationalisation, which in turn affects the path of internationalisation. This is discussed in more detail on service firm internationalisation (section 3.6.3).

3.6 Service Firms

The following section reviews a more narrow and specific literature; the internationalisation of service firms. In the same way that smaller firms are different from large firms, services can be considered as different from manufacturing goods (Zeithaml et al., 1985; Buckley et al., 1992; Coviello and Martin, 1999). Buckley et al (1992), for example emphasise the importance of service branding as a firm specific advantage that is more important for service firms. The review will begin with the importance of service firms in world markets, followed by the characteristics and classifications of these firms. Finally, this thesis reviews the internationalisation of service firms, including Service SMEs and identifies the gaps that exist, before introducing the conceptual framework devised for this study.
3.6.1 Importance of service firms in world markets

Most of what is known about service firms originates from the marketing literature. Services were often considered as only locally produced solutions, and regarded as domestic establishments (Grönroos, 1999). Many opportunities for service firms to expand internationally have occurred due to the globalisation of world markets (Knight 1999). Between the 80’s and 90’s several changes occurred which affected international marketing of services (Patterson and Cicic, 1995; Lovelock and Yip, 1996). The Uruguay Round and the 1993 General Agreement on Tariffs and Trade (GATT) reduced the trade barriers for service firms, and this has enabled them to expand internationally (Grönroos, 1999). In addition to this, the establishment of regional trading blocs such as the EU, improvements in information and communications technologies, and the reduction in trade barriers have enabled services to become increasingly involved globally (Patterson and Cicic, 1995; Javalgi and Martin, 2007; WTO, 2007).

Services have become the fastest growing component of international trade (Bradley, 1995; Grönroos, 1999), and are considered to be the largest component of developed nations (Patterson and Cicic, 1995). In 2007 the trade in services encompassed 23% of the total of international trade, and 65% of total world outward FDI was undertaken by service multinational firms (UNCTAD, 2009). With respect to developing counties their share of services accounted for over 87% of outward FDI (UNCTAD, 2009). Furthermore, FDI in services reached $570 billion, representing 40 percent of the FDI total in 2011 (UNCTAD, 2012). This rise in FDI is not limited to developed countries as shown by the service sector FDI inflows into China, which exceeded those of the manufacturing sector for the first time in 2011 (UNCTAD, 2012).

Despite the growing importance of the service industry, research does not reflect the importance of services in world markets (Grönroos, 1999; Lovelock, 1999; Brouthers et al., 2000; Javalgi et al., 2003; Brouthers and Hennart, 2007). The growing importance of service industries in world markets means that there is a need for more
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theories, models and constructs in order to extend our knowledge and understanding of service firms (Patterson and Cicic, 1995). Furthermore, Kundu and Merchant (2008) argue that due to the importance of service industries, it is vital that scholars study the internationalisation of service.

3.6.2 Characteristics of services and their classifications

The first striking issue about service industries is that they encompass a large number of diverse industries. Many academics have argued that service industries are different to manufacturing industries that possess a physical good. There are four characteristics that distinguish services from goods, and these are known as (IHIP): intangibility, heterogeneity, inseparability, perishability (Lovelock, 1983; Zeithaml et al., 1985; Erramilli, 1990; Clark et al., 1996; Lovelock and Yip, 1996; Gummemson, 1995; Gronroos, 1999). In addition to this, other authors have added ‘ownership’ to service characteristics (Buckley et al., 1992; Lovelock and Gummemson, 2004).

A number of authors have classified international services such as (Boddewyn et al., 1986; Erramilli, 1990; Patterson and Cicic, 1995; Clark et al., 1996; Lovelock and Yip, 1996; Lovelock and Wirtz, 2004; Ball et al., 2008). Boddewyn et al., (1986) for example classify services into contact based services, location-bound services, and combination services. Clark et al (1996) categorise services as contact-based services, vehicle-based services, asset-based services, and object-based services. Meanwhile Lovelock and Yip (1996) organise services into three types: people-processing services, possession-processing services, and information-based services.

However, Erramilli (1990) uses a more broad classification, whereby service firms can be grouped under two categories: “Hard” and “soft” services. Furthermore, Ekelele and Sivakumar (1998) argue that some classification attempts such as Clark et al. (1996) and Lovelock and Yip (1996) can be incorporated into Erramilli’s hard and soft services classifications. A service firm can be considered to be “hard” if the production of the service is separated from the consumption. This means that the service can be provided without necessary close interaction with the customer. “Hard” service firms are those firms that permit separation of production and

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consumption, such as insurance companies (Erramilli, 1990). “Soft” services on the other hand are those whereby production and consumption occur simultaneously; meaning that the service provider needs to be present in close proximity to consumers in order for consumption to take place (Erramilli, 1990).

In an international business context and specifically foreign market entry; hard services can involve little to no presence in foreign markets as the consumption of the service can be separated from production. Meanwhile “soft” services must have a local presence in the foreign or overseas market even if this presence is in a minimal form, such as a management contract representing the company in that given market. A local presence is essential for “soft” service firms as service production and consumption occur simultaneously (Erramilli, 1990; Erramilli and Rao, 1990).

Ball et al (2008) make a finer distinction in the soft service category, and distinguish between two types of ‘soft’ services, based on the nature of the operations and products: information intensive and location intensive. Both of these soft services encompass the inseparability between production and consumption, however their serviceability differs. Information intensive involves intangible actions directed at customers through the provision of information-based solutions arising from the transformation of input information into output information.

Information intensive firms are also referred to as knowledge intensive business services (KIBS), and professional business service firms. These are customised services, and include activities such as management and engineering consultancy, advertising, product design, market research, and computer software (O’Farrell and Wood, 1998). In other words they are 'pure services' (Coviello and Martin 1999). They involve a business to business relationship, rather than a business to consumer relationship. Meanwhile location-intensive service firms involve intangible actions on tangible products, such as food service, retailing, hotel and tourism firms. These soft services are also known as ‘possession-procession services’ (Lovelock and Yip, 1996). It is argued that the difference between these two types of services has important implications for how service firms internationalise. ‘Soft’ services face
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difficulties in exporting (Erramilli, 1990; Javalgi et al., 2003), and are thus restricted to entry modes such as contractual relationships, licensing, franchising and foreign direct investment. Therefore, the range of foreign market entry modes for companies offering soft services is limited to contractual entry, licensing, franchising and foreign direct investment (Erramilli, 1990).

Most of the existing frameworks for international market entry have been developed from the perspective of manufacturing firms. Overseas expansion in the service sector may be more complex, depending on the nature of the service to be delivered. Hard services are characterised by separable production and consumption, their entry mode selection choices may not differ substantially from those for manufacturing firms. Hard services can be produced in one country, embodied in a tangible form (document, recordable media, blueprint), and transferred to another location (Erramilli, 1990). Producers of soft services face different challenges. The high level of inseparability for ‘soft’ services requires a very close producer and consumer interaction, which may necessitate co-location (Lovelock and Wirtz, 2004; Ball et al., 2008).

However, exporting by information intensive service firms is considered to be possible, even if this is not the preferred option as soft services can be embodied in some physical form, such as reports, construction plans, and DVDs (Ball et al 2008). This is supported by the following studies (Frazer and Patterson, 1998; O’Farrell et al., 1998a; Roberts, 1999). Furthermore, soft service firms may only transfer their staff to foreign markets temporarily, and may not require a permanent presence (Aharoni, 1993; O’Farrell et al., 1998a; Roberts, 1999; Ball et al., 2008). Management and engineering consultancy firms would be examples of firms that could operate in this manner. However, the same cannot occur for location-intensive service firms as they require some form of a physical presence in foreign markets on a permanent basis. These firms are more restricted in the choice of entry modes available. The following section reviews the literature on service firm internationalisation.

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3.6.3 Service firm internationalisation

Most studies on internationalisation are based on manufacturing firms, and research on service firm internationalisation is limited (Pla-Barber et al., 2010; Apfelthaler and Vaiman, 2012; Deprey et al., 2012; Pla-Barber and Ghauri 2012). Javalgi and Martin (2007) argue that in order to explain and predict a service firm’s behaviour in the new service oriented economy, the internationalisation process of these firms is a new research area for building and testing theories. Due to the importance of service industries in world markets, a number of authors argue that more theories, models, and constructs are needed to broaden our understanding of service firms (Patterson and Cicic, 1995; Samiee, 1999; Kundu and Merchant, 2008). Some authors argue that there is no need for specific theories of service firm internationalisation as the existing theories of internationalisation are directly applicable to the service industry, or could only need some simple modifications (Boddewyn et al. 1986; Buckley et al., 1992). Terpstra and Yu (1988) explain that the determinants of entry mode choice for manufacturing firms are generalisable to service firms without much modification required. However, other researchers argue that modification is necessary (Erramilli, 1990; Erramilli and Rao, 1993), and others demonstrate that entry mode choices may differ between service subgroups (Pla-Barber et al., 2010).

The literature devoted to service firm internationalisation initially focused on service multinationals, and most of the empirical studies have investigated the internationalisation of service firms in the banking industry followed by hotel, software, and telecommunication industry (Kundu and Merchant, 2008). A number of studies focus on specific industries such as engineering consultancy (Coviello and Martin, 1999), financial services (Hellman, 1996), and software services (Bell, 1995; Coviello and Munro, 1995, 1997), small advertising agencies (Boojihawon, 2007), environmental producer services (Schulz, 2005), management consultancy (Deprey et al., 2012). This focus on one service industry is due to the ‘heterogeneity’ of service firms (Kundu and Merchant, 2008), whereby the internationalisation process of service firms maybe different between sub-sectors. Boddewyn et al. (1986) view analysis of service subsectors rather than services in general, as they consider the
differences between service firms as greater than between service and non-service firms. To date there is limited research specifically addressing SME service firm internationalisation, and not all scholars recognise the distinction between MNEs and SMEs. The recognised characteristics of smaller firms demand a separate research agenda dedicated to the internationalisation of smaller service firms (Erramilli and D’Souza, 1993; Freeman and Sandwell, 2008; Brock and Alon, 2009; Deprey et al., 2012). This research is in line with this viewpoint, and so the following section of this thesis reviews service firm internationalisation, including those studies that address service SMEs.

Similar to manufacturing firms, research on service firms involved in international activities unveils the “market seeking” motive (Erramilli, 1990; Erramilli and Rao, 1993). In addition to this, service firms may internationalise in reaction to a competing service firm’s actions (Li, 1994), similar to insights offered by the oligopolistic theory (Knickerbocker, 1973). However, a study of service firms also signifies the importance of the ‘client following’ motive, which involves firms following their domestic clients to serve them in foreign markets (Terpstra and Yu, 1988; Dunning, 1993; Kundu and Contractor, 1999). Client following as a motive is considered to have the most crucial influence, more for service industries than for manufacturing (Terpstra and Yu, 1988; Erramilli and Rao, 1990; Bryson, 2001). An early study by Terpstra and Yu (1988) revealed the importance of ‘client following’ as an important motive for advertising agencies’ internationalisation. This motive is confirmed in other studies of other industries, such as software (Bell, 1995; Majkgård and Sharma, 1998), Engineering consulting firms (Coviello and Martin, 1999), and business service firms (Fernández Fernández, 2001).

Grönroos (1999) recognises that service firms may be client followers or market seekers, and explains that these are not necessarily mutually exclusive of one another. This means that while a firm may follow clients to serve them in overseas market, they may also have decided actively to seek new markets. Furthermore, the
client following motives is more evident in firms that internationalise early in their industry (Li, 1994). Some studies argue that service firms may initially be client followers, however as they increase their involvement in international markets they may become market seekers (Li, 1994; Cicic et al., 1999; Coviello and Martin, 1999). This is a logical argument that firm motives maybe a two stage process. However, this is still unclear in the literature as some studies support the client following perspective such as (Bell, 1995), while other researchers argue that a shift in motives is not widespread (Erramilli, 1990; Ekeledo and Sivakumar, 1998; Majkgård and Sharma, 1998).

Some studies identify traditional factors affecting the motive to internationalise such as competitive pressures (Terpstra and Yu, 1988; Hellman, 1996), over production and excess capacity (Winstead and Patterson, 1998), saturation and small size of the domestic market (Coviello and Munro, 1995, 1997, Coviello and Martin, 1999). While some of the same and other studies support the view that the motives of service firms involves an interaction such as client following (Terpstra and Yu, 1988; Li, 1994; Bell, 1995; O’Farrell et al., 1996, 1998; Winstead and Patterson, 1998, Coviello and Martin, 1999; Hellman, 1996; Fernández Fernández, 2001), unsolicited orders (Bell, 1995; Coviello and Munro, 1995, 1997; O’Farrell et al., 1996; Björkman and Kock, 1997; O’Farrell and Wood, 1998), and formal and informal networks (Coviello and Munro, 1995, 1997; Bjorkman and Kock, 1997; Coviello and Martin, 1999). Some studies found the active role of firms to search for and develop and maintain relationships with network partners to enable internationalisation and to pursue foreign opportunities (Coviello and Munro, 1995, 1997; Majkgård and Sharma, 1998). Furthermore, some studies have stressed the importance of managers’ attitudes and initiative (Majkgård and Sharma, 1998; Winstead and Patterson, 1998; Javalgi et al., 2003).

The attention given to the interaction of companies and the client following motive highlight the importance of networks as a key enabler for service firm internationalisation. It is argued that the internationalisation of service SMEs should include an appreciation of the importance of client-supplier interaction and of
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business and social contacts, therefore providing credibility to network theory (Bjorkman and Kock, 1997; O’Farrell et al., 1998b). In addition to this, the enablers for internationalisation are further highlighted by studies that stress the importance of manager’s attitudes and initiatives. This is very much related to the role of the individual as an enabler for internationalisation. Further support for this is a study by Deprey et al., (2012) on management consultancy firms, whereby the findings revealed that internationalisation was enabled by the owner or founder’s international orientation, network and relationships, niche focus, and technology leveraging. This could be closely associated with the theoretical insights offered by the international entrepreneurship (IE) theory. Both networks and IE were presented in the previous chapter of this thesis, and are important perspectives that explain the enablers for SME internationalisation (see sections 2.4.2.2 and 2.4.2.3).

Due to the ‘client following’ motive associated with service firms, there are implications for the path of internationalisation. Johanson and Vahlne (1990), state that the stage model of internationalisation may not be applicable to the internationalisation of service firms. The Uppsala model was never based on service firms, and the ‘establishment chain’ is not applicable to soft service firms. Knight (1999) argues that there are substantial differences between the internationalisation paths of manufacturing and service firms, and this is supported by (O’Farrell et al., 1998b). Bell and McNaughton (2000) question the relevance of the stage theories for firms operating in the service sector, as these firms may target lead markets or follow existing clients abroad. In addition to this, Erramilli and Rao (1990) and Eriksson et al. (1997) explain that ‘client following’ firms are more aggressive in their entry mode choice than market seekers. This could be due to existing clients reducing the liability of foreignness in host markets.

As explained earlier some authors argue that the inseparability of many services means that exporting is not possible in many cases, particularly for ‘soft’ services (see section 3.6.2). These firms have no choice but to adopt more ‘advanced’ entry modes (Ekceldo and Sivakumar, 1998; Cicic et al., 1999), which means bypassing the ‘establishment chain’. The distinction between soft and hard services can explain
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the preference in entry modes between firms (Erramilli, 1990; Erramilli and Rao, 1990; Ekeledo and Sivakumar, 1998; O’Farrell et al., 1996; Cicic et al., 1999). This means that the degree of interaction with the client during service delivery may determine the entry mode of firms (Vandermerwe and Chadwick, 1989; Patterson and Cicic, 1995; O’Farrell et al., 1998a).

Coviello and Munro (1997) demonstrate that the path of small software firms reflects an accelerated version of the stage model, and is driven and facilitated, by a set of formal and informal network relationships. These relationships have an impact on the foreign market selection and mode of entry. Bell (1995) concludes ‘client following software firms tend to follow their clients abroad, without consideration of the foreign markets ‘psychic distance’. Coviello and Martin (1999) note that for engineering consulting service firms, the choice of initial and subsequent markets is mainly driven by the location of clients and network contacts. Each firm’s strategy is to expand to markets where project opportunities arise. Similar findings are found O’Farrell et al. (1996) and O’Farrell and Wood (1998) that focus on business to business services in a variety of industries.

Furthermore, Hellman (1996) concludes that for banks and insurance companies the market selection is mainly determined by the behaviour of competitors and customers. Booijhawon (2007) finds that small advertising agencies not only exploit their network relationships for international advantage, but the network ties influence the pace, path, and direction of internationalisation. Network relationships appear to be important between firms or individuals in knowledge intensive service SMEs (Bell, 1995; Coviello and Munro, 1995, 1997; Coviello and Martin, 1999; Moen et al., 2004).

Bell and McNaughton (2000) offer the clearest distinction and explanation of the different internationalisation paths undertaken by three types of firms: ‘traditional’, ‘knowledge-and/or service-intensive firms’, and ‘Knowledge-based firms’. The authors argue that the path and pace of internationalisation is influenced by Knowledge intensity, which is the main source of increased competitive advantage.
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Traditional manufacturing firms are likely to follow the Uppsala model, while knowledge-and/or service-intensive firms tend to be client followers, however, these firms can also target ‘lead’ markets. ‘Knowledge-based firms’ are born global firms that target ‘lead’ markets and these firms exist due to the emergence of new technologies, such as bio-technology (Bell and McNaughton, 2000). ‘Knowledge-based firms’ will either have developed proprietary knowledge or acquired knowledge. In contrast, ‘Knowledge and/or service-intensive firms’ may use “knowledge to develop new offerings, improve productivity, introduce new methods of production and/or improve service delivery but are not inherently knowledge-based” (Bell and McNaughton, 2000: 178).

It appears that two streams of literature have challenged the renowned stage model of internationalisation. The first relates to service firms that adopt the ‘client following’ motive, and can therefore deviate from the Uppsala model. The second stream relates to early internationalising firms, otherwise known as born global firms (Bonaccorsi, 1992; Ovaitt and McDougall, 1994; Knight and Cavusgil, 1996). The early and rapid internationalising firms are small, highly committed technology intensive firms that are highly specialised global niches that target ‘lead’ markets (Madsen and Servais, 1997). This type of firm was reviewed in the theories section of this thesis on internationalisation paths.

The important point of departure from this review is that when studying the internationalisation of firms, it is clear that a number of theories and perspectives provide insights relating to different aspects of internationalisation. In addition to this, a number of authors advocate that one framework can only offer a partial explanation of internationalisation, and so more than one perspective is needed (Bell, 1995; Coviello and Martin, 1999; Crick and Spence, 2005). Furthermore, Coviello and Martin (1999) advocate a more comprehensive approach to firm internationalisation. The aforementioned authors encourage further research on service firms, particularly SMEs, and this is further supported by other researchers (Freeman and Sandwell, 2008; Brock and Alon, 2009; Deprey et al., 2012).

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3.6.4 Location-intensive food service SMEs from emerging markets

While a large bulk of internationalisation literature is devoted to exploring and investigating born global firms (see section 2.4.3.4), a category that appears to be neglected are the location-intensive firms, rather than information-intensive firms. Bell and McNaughton (2000) do not appear to account for location-intensive service firms in their three categories. Ball et al., (2008) argue that the importance of networks for information-intensive soft service firms may be even more critical than in many other industries, while networks might provide supplement or alternative local presence in foreign markets. However, it is unclear if this is the case when addressing location-intensive firms.

Coviello and Martin (1999) recognise the need to study other service sectors, and following several calls for research on services internationalisation (e.g. Knight, 1999; Pauwels and Ruyter, 2005). This thesis responds to this by investigating location-intensive food service firms in a manner that incorporates three interrelated aspects of internationalisation. The reason for focusing on one sub-sector of services, within the location-intensive category is due to the differences between subsectors as explained earlier (see section 3.6.2).

Furthermore, this research explores food service firms from an emerging market in an under-researched region, the Middle East and North Africa (MENA). Research on food service firms are studied among other firms in the marketing literature in form of franchising. However, the aim of this study is to explore food service SMEs from emerging markets in the context of IB theories and frameworks, and to contribute to IB theory.

Food service firms differ from food manufacturers as the latter can export finished manufactured goods to international markets. Food service firms are location-intensive; meaning they require a physical presence in foreign markets, due the inseparability of production and consumption (see section 3.6.2). These firms can be dubbed as a franchisor which is usually a ‘larger’ business than the franchisee.
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However, only in a small number of cases does the franchisor truly meet the description of ‘large’. Most franchisors remain as small and medium sized enterprises (SMEs) with no more than a small number truly qualifying as large and the majority of these firms originate from the U.S. Prime examples are McDonald’s, Burger King, KFC, Pizza Hut (Stanworth and Purdy, 2006). In the UK, “the average franchise involves around 30-40 outlets according to the British Franchise Association statistics, and could therefore still certainly be considered an SME” (Stanworth and Purdy, 2006: 442). Although 30-40 outlets may at first seem like a large number it is important to note that a number of firms may only own a small proportion of the stores, and continue to do so while franchising the concept to other individuals or firms. Therefore, this means that the franchisor remains an SME, and this is a prime example that sheds light on the problems associated with SME definitions.

The aim therefore of this thesis is to examine the internationalisation of location-intensive food service SMEs from an emerging market perspective. This entails exploring the motives, enablers, and paths of this service category (explained in more detail in the conceptual framework). However, before introducing the conceptual framework devised for this study a summary of the research gaps and objectives are provided.

3.7 Research Gaps and Objectives

There are a number of research gaps that exist in the internationalisation literature. Firstly, the main theories and perspectives that have emerged are based on developed countries. Secondly, the majority of earlier research focused on large manufacturing firms, before investigating SMEs. Thirdly, the SME literature is dominated by studying developed country firms, and service firms receive less attention in comparison to manufacturing firms. Finally, emerging market literature is dominated with studies on manufacturing MNEs mainly from one region, namely Asia.

Therefore, this study contributes to existing literature by exploring the interrelated aspects of internationalisation, and this is combined with three strands of literature
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that together have received little attention: emerging markets (from the MENA region), SMEs, location-intensive service firms. The research gaps are outlined below:

- A need to investigate firms in a more comprehensive manner (Coviello and Martin, 1999; Fletcher, 2001; Crick and Spence, 2005), rather than focusing on one aspect of internationalisation.

- Prominent insights from emerging market firms have been established by studying MNEs from Asia, (e.g. Mathews, 2002; Luo and Tung, 2007), while SMEs lack attention (Yamakawa et al., 2008) as well as other regions.

- Service firms require attention with a specific focus on the information and location-intensive subgroups following several calls for research on services internationalisation (e.g. Grönroos, 1999; Knight, 1999; Javalgi et al., 2003; Pauwels and Ruyter, 2005; Brouthers and Hennart, 2007; Kundu and Merchant, 2008).

- A separate research agenda and further studies should be dedicated to the internationalisation of smaller service firms (Erramilli and D'Souza, 1993; Deprey et al., 2012). Research has mainly focused on the importance of information-intensive firms, which are business to business sectors in industries such as software (Bell, 1995; Majkgård and Sharma, 1998), Engineering consulting firms (Coviello and Martin, 1999), management consultancy (Deprey et al., 2012), and business service firms (Fernández Fernández, 2001).

- Recent internationalisation research has been dedicated to born globals, which are largely new high-technology ventures from developed economies (Yamakawa et al., 2008). There is limited attention given to emerging market firms that internationalise in high and low technology sectors.

Therefore the research objectives of this study are to examine the internationalisation of food service SMEs from emerging markets by uncovering the why, what, and how...
questions that together offer a more comprehensive account of firm internationalisation. The following section introduces the conceptual framework for this investigation.

3.8 Conceptual Framework: motives, enablers and paths

The conceptual framework for this study is based on deduced concepts derived from previous research. The literature review drew on research strands related to emerging market firms, SMEs, and service firms. In order to address location-intensive food service SMEs from emerging markets, the following conceptual framework was constructed with the aim of exploring this research gap in a more comprehensive manner. Figure 3.2 depicts the conceptual framework constructed for this study.

Figure 3.2 The internationalisation of location-intensive food service SMES from emerging markets

![Conceptual Framework Diagram]

Source: Author

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The motives aspect aims to uncover why location-intensive food service firms from emerging markets internationalise. This could be related to market seeking, asset exploration, asset augmenting, or client following motives. The enablers' aspect aims to uncover what allows location-intensive food service firms to internationalise. This could be due to resources, such as a unique product/service, networks and relationships, entrepreneurial traits, or other enablers that may emerge from this investigation. In addition to this, motives and enablers can influence and impact each other as a firm may have a motive and therefore draw on its enablers to achieve the motive set out. Moreover, a firm’s enablers may stimulate a motive for internationalisation, such as the possession of a unique resource. Finally, the motives and enablers taken together will uncover a path pursued by location-intensive food service firms. The path may support the stage models or accelerated models as outlined in the literature.

Therefore, the literature review outlined the various possible ways firms might embark on internationalisation. The conceptual framework here is based on deduced aspects of internationalisation: motives, enablers, and paths. Although Coviello and Martin (1999) and Jones and Coviello (2005) advocate an integrated approach (drawing on more than one theory to investigate internationalisation), this research adopts a somewhat contrasting stance. The theories and aspects were reviewed in the literature, and the aspects of internationalisation were deduced. This procedure allows the investigation undertaken here to explore this research area inductively in the context of internationalisation, rather than adopting from the outset one or more theoretical lenses with bias. Although one could argue that networks could be adopted as a theoretical lens from the start to explore internationalisation, Mtigwe (2006) states that South African firms develop international business activities without the support of a formal network. Therefore, it appears to be more appropriate to adopt an approach that deduces aspects of internationalisation, particularly when exploring new research contexts.

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The devised conceptual framework allows themes to emerge from the data in a true inductive form within pre-existing aspects or categories identified from the literature. The conceptual framework presented here combines deductive and inductive approaches that allow relevant existing theories and perspectives from the literature to be acknowledged. Moreover, it provides room to allow new important perspectives that best explain the internationalisation of location-intensive food service SMEs from emerging markets to emerge. This approach is explained in more depth in the methodology chapter of this thesis.

3.9 Chapter Summary

This chapter drew on internationalisation literature pertaining to three strands: emerging markets, SMEs, and services. The review commenced with important findings that have emerged on the internationalisation of EM firms, particularly MNEs where research has mainly focused. This section illustrated insights that show how these firms can and do differ from developed country firms. The second section began by introducing SMEs and their importance in world markets. This was followed by presenting the characteristics that distinguish these firms from MNEs, and concluding with a summary of SME internationalisation literature. The review then shifted attention to the importance of service firms in recent years, their characteristics, and their internationalisation activity. The section concluded with location-intensive service firms that have received less attention in comparison with manufacturing firms and information-intensive service firms. The chapter proceeded with a summary of the gaps identified in the literature, and therefore the research objective that aims to enhance the understanding of location-intensive service SMEs from emerging markets, with a focus on the food service industry. Finally, the chapter concluded by introducing the conceptual framework constructed for this investigation. The following chapter details the methodology adopted to investigate the overarching research question in this study.

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Chapter 4: Research methodology

4.1 Introduction

This chapter presents a comprehensive explanation of the research methodology adopted to investigate the internationalisation motives, enablers, and paths of location-intensive food service SME from an emerging market. The chapter begins by presenting the research purpose and the research questions. From the researcher’s extensive reading, it is clear that any scientific research methodology that aims to be robust should address three essential areas: 1) The research philosophy and approach, 2) The research design: data collection tools and data analysis, and 3) The research credibility and ethical issues. In this study, the researcher pays significant attention to these three areas, which together provide a thorough and robust methodology. Finally, this chapter will conclude by addressing the limitations of the study, before concluding this chapter with a summary. Figure 4.1 shows an overview of the research methodology.

Figure 4.1 Overview of research methodology

Source: Author
4.2 Purpose of Research

Defining the research purposes and high quality research questions is essential for undertaking a viable research project. This enables the researcher to select research strategies and methods of data collection and analysis with confidence: “a research project is built on the foundation of its research questions. (Blaikie, 2009: 57). Research questions are important because they define the nature and scope of the research (Blaikie, 2009). The purpose of this research is the following:

1. To Explore: “Exploratory research is necessary when very little is known about the topic being investigated or about the context in which the research is to be conducted” (Blaikie, 2009: 70).

2. To Describe: “to present an accurate account of some phenomenon, the characteristics in some demographic category, group or population, the pattern of relationships in some social context, at a particular time, or the changes in those characteristics over time” (Bulmer, 1986: 66).

The exploratory aspects allow the researcher to answer “what” questions, while a descriptive approach is used to portray an accurate account of the events and situations (Yin, 2009). The research questions posed here were derived from the researcher’s reading on internationalisation of firms. The researcher stated in the literature review the lack of comprehensive accounts of internationalisation. In addition to this, the researcher acknowledged that the numerous mainstream theories reviewed earlier (section 2.4) were predominantly based on developed country firms, and specifically in the manufacturing sector. Therefore, the conceptual framework devised at the end of the literature review was based on what previous theories and concepts aim to address. The conceptual framework is central to guiding the research undertaken here, and stimulates the need for the following overarching research question in this study.
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Research question: How do location-intensive food service SMEs from emerging markets internationalise?

- Why do Location-intensive food service SMEs from emerging markets internationalise? (Motives)
- What enables location-intensive food service SMEs from emerging markets to internationalise? (Enablers)
- What paths do location-intensive food service SMEs from emerging markets pursue? (Path)

4.3 Research Philosophy and Approach

Every research project is influenced by philosophical assumptions that support the different paradigms of science. A research paradigm is the viewpoint a researcher holds in obtaining knowledge on a particular discipline at a certain time, and can be defined as a “basic belief system or worldview that guides the investigator” (Guba and Lincoln, 1994: 105). The term paradigm, otherwise referred to as ‘worldview’ (Creswell, 2013), is comprised of three elements: ontology (reality); epistemology (the relationship between reality and the researcher); and methodology (the researcher’s technique to reveal that reality) (Sobh and Perry, 2006). The research paradigm and associated philosophical branches form a conceptual framework that enables scientific research to be carried out (Denzin and Lincoln, 2000). Therefore, it is essential to address the research paradigm before undertaking research. There is no “objective” ground for selecting a paradigm; one can only “work within a paradigm that is consistent with a researcher’s own presumptions, presumptions that cannot be tested on any empirical or logical grounds” (Sobh and Perry, 2006:1196).

4.3.1 Positivism, constructionism, and post-positivism

The positivist paradigm advocates the application of the methods of the natural sciences to the study of social reality and beyond. It is objective rather than subjective as it assumes that science can be conducted in a way that is value free

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(Bryman and Bell, 2007). However, the positivism paradigm has been criticised for its exclusion of the discovery dimensions in inquiry and the under-determination of theory (Guba and Lincoln, 1994). The positivism assumptions “are appropriate in a physical science such as zoology, but may be inappropriate when approaching a complex social science phenomenon, which involves reflective humans, such as marketing” (Sobh and Perry, 2006:1197). Research undertaken on SME internationalisation adopting this paradigm are usually quantitative studies that aim to test hypothesis using large samples.

The alternative to positivism in the social sciences is the constructionist paradigm. This implies that the researcher’s stance is an empathetic one; meaning researchers need to go into the world of their research subjects and understand the world from their point of view (Saunders et al., 2009) as “only by grasping the subjective meaning used by the social actors can their actions be understood” (Blaikie, 2009:51). Research according to this paradigm is subjective as it relies on an individual’s constructed realities. Research within this paradigm utilises a qualitative approach and adopts inductive reasoning to produce rich data for theory building (Easterby-Smith et al., 2002). However, this perspective may “determine some outcomes like individual customers’ choice of jeans but not issues concerning the marketing management of those perceptions” (Sobh and Perry, 2006:1199). More recently, SME internationalisation research has been investigated using a qualitative approach, with a small number of case studies such as (Coviello and Martin, 1999; Coviello and Munro, 1997).

A post-positivism stance inhabits the space between a positivist and a constructionist position (Guba, 1990). It is a stance that can be considered to be “a less arrogant form of positivism. It is one that talks of probability rather than certainty, claims a certain level of objectivity rather than absolute objectivity, and seeks to approximate the truth rather than absolute grasp it in its totally or essence” (Crotty, 1998:29). Post-Positivists believe that reaching a perfect acknowledged reality is not possible; however, it is possible to reach an approximated one. Researchers working within
this paradigm believe in the existence of reality, but understand it as multiple, subjective and constructed by individuals (Guba and Lincoln, 1994).

### 4.3.1.1 Critical realism

This research has been inspired by authors such as Margaret Archer, a well-known critical realist. Critical realism is a philosophical stance that was first presented by Roy Bhaskar (1975) in his work ‘A Realist Theory of Science’. The philosophical position is that reality exists independently of the researcher’s mind; meaning there is an external reality (Bhaskar, 1978). This external reality “consists of abstract things that are born of people’s minds but exist independently of any one person...A person’s perceptions are a window on to that blurry, external reality. Realism refers to this external reality as consisting of structures that are themselves sets of interrelated objects and of mechanisms through which those objects interact” (Sobh and Perry, 2006:1199).

Critical realism assumes that reality is based on concrete facts and real, but that knowledge cannot be accessed directly (Easterby- Smith et al., 2002). Miles and Huberman (1994) argue that knowledge within social phenomena exists in people’s minds as well as in the objective world. Critical realism does share the view with constructionism that social phenomena are concept-dependent and have to be understood, unlike constructionism it argues that this does not rule out causal explanations (Sayer, 2000).

Unlike the other paradigms explained previously, critical realism is “compatible with a relatively wide range of research methods, but implies that the particular choices should depend on the nature of the object of study and what one wants to learn about it” (Sayer, 2000:19). Table 4.1 summarises the post-positive paradigm by Guba and Lincoln (1994):
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Table 4.1 The post-positivist paradigm

<table>
<thead>
<tr>
<th>Paradigm</th>
<th>Ontology</th>
<th>Epistemology</th>
<th>Methodology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post-positivism</td>
<td>Critical realism. ‘Real’ reality but only imperfectly and probabilistically apprehendable.</td>
<td>Modified dualist/objectivists: critical tradition/community; findings probably true.</td>
<td>Modified experimental/manipulative; critical multiplism; falsification of hypotheses; may include qualitative methods.</td>
</tr>
</tbody>
</table>

Source: Guba and Lincoln (1994:109)

Furthermore, critical realism considers triangulation from different sources as essential, as reality is imperfectly and only probabilistically apprehensible. As findings are probably true; the researcher is value-aware and needs to triangulate any perceptions collected. In terms of methodology, a qualitative approach is appropriate in the form of case studies and convergent interviews (Sobh and Perry, 2006).

This research aims to develop a comprehensive understanding of the subject matter, within the conceptual framework deduced from the literature review. Critical realism addresses real life context by interacting directly with practitioners and understanding their motives, attitudes, and backgrounds. These soft subjective elements can be combined with other relevant practitioners’ perspectives, and hard objective elements such as documents can be included to enrich the understanding of the subject matter. Marschan-Piekkari and Welch (2004) argue that researchers need to move beyond positivism and employ a richer, a more in-depth research approach, using qualitative methodologies, if internationalisation research is to advance.

4.4 A Qualitative Approach

There is an increasing recognition of the need for qualitative methods to be applied in many areas of international business research, particularly those that require an in-depth understanding of interacting influences and dynamic processes. For example, research on “international alliances and joint ventures, social networks, internationalisation processes, and service internationalisation could draw on qualitative methods to enhance understanding in these areas” (Lindsay, 2004: 503). As the research is exploratory, the investigation undertaken here adopts a qualitative
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approach to investigate the internationalisation of location-intensive food service SMEs from developing countries; namely Egypt. The aim of qualitative research is to investigate a social inquiry (Denzin and Lincoln, 2000; Heaton, 2004), and it involves studies that seek to explore the nature of phenomena; as opposed to the quantification of given observations (Anderson and Skaates, 2004). This type of research is conducted through intense and long lasting contact with a field or a real life situation, and this is reflective of the everyday life of individuals, groups, societies and organisations. The researcher’s position is to gain a comprehensive overview of the context being studied such as the logic, the arrangements, and the explicit and implicit rules (Miles and Huberman, 1994). It is argued that qualitative methods may offer a unique advantage when the IB researcher is trying to observe, describe and explain dynamic processes, such as international negotiations or decision making by top management teams, which are best captured in close proximity to the phenomenon. In general, whenever a holistic, dynamic and contextual explanation of the phenomenon is required, qualitative methods would be most appropriate methodological choice (Zalan and Lewis, 2004:512).

Qualitative research involves a naturalistic stance; meaning that the researcher collects data in naturally occurring situations and environments. This is in contrast to fabricated, artificial ones associated with quantitative research (Bryman and Bell, 2007). Qualitative research deploys an inductive tendency to explore and come up with new theories (Johnson and Christensen, 2008), and concerns itself with individual accounts of their motivations and behaviour, while presenting rich descriptions of factors and meaning (Silverman, 2000). It stresses how social experiences are formed and how meaning is given (Denzin and Lincoln, 2000).

Adopting a qualitative approach enables the researcher to focus on managers’ personal insights and experiences. The strengths associated with qualitative research are the emphasis and focus on depth, insights, nuance and complexity to uncover and reveal how situations occur within particular contexts (Denzin and Lincoln, 2000). Furthermore, a qualitative approach provides for a holistic means of data gathering, analysis, interpretation, and understanding that is predominantly fitting to research
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that investigates the “why” and “how” of management decision making in firms (Silverman, 1997; Gummesson, 2000). In a study by Clark et al., (1997) on the internationalisation process of the firm, data was collected from senior managers; those responsible for international marketing, and the management of international operations. This enabled the researchers to obtain information on how the firms studied were able to internationalise in terms of expansion and entry mode adopted through an exploratory qualitative approach.

Despite the emergence of qualitative approaches to investigate SME internationalisation, the absence of any ad-hoc theories on smaller emerging market firms combined with investigating an under-researched context support an exploratory qualitative approach. Research on emerging market MNEs from Asia challenged the transferability of theories and perspectives based on Western firms as discussed in the literature review. In addition to this, the lack of published qualitative data within the Egyptian context, and the limited number of location-intensive food service SMEs from Egypt with international operations deem it necessary to adopt a qualitative approach.

4.4.1 Deductive-inductive-deductive

As outlined in the introduction chapter of this thesis, this research project weaves deductive and inductive process. Theory can be seen as though it is something that guides and influences the collection and analysis of data. In other words, research is conducted in order to answer questions posed by theoretical considerations. However, an alternative position is to view theory as something that occurs after the collection and analysis of data or all the data associated with a project. This alternative position is significant when considering the relationship between theory and research, whether we are referring to deductive or inductive theory (Bryman and Bell, 2007). For the purpose of this study the objective is theory building, and therefore an inductive procedure is the main research strategy.

An inductive approach to linking data and the theory is typically associated with qualitative research (Bryman and Bell, 2007), and it aims to understand deep
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meanings of the phenomena (Miles and Huberman 1994). It is an important approach when the aim is to explore and describe (Blaikie, 2009). With induction, theory building occurs after the data has been collected (Saunders et al., 2009). However, despite the distinction between induction and deduction, it is important to illuminate that rarely does a study that claims to be inductive, really fit the criteria of a purely inductive study. An inductive process does involve a degree of deduction (Bryman and Bell, 2007). Therefore, having deduced the three interrelated aspects of internationalisation from the literature the researcher aims to explore the firms in this study inductively. Once a phase of theoretical reflection on a set of data has been carried out, the researcher will need to tie, relate, and compare the findings with theory. Such a general strategy is often called iterative as it involves a weaving back and forth between data and theory (Bryman and Bell, 2007).

Grounded theory first introduced by Glaser and Strauss (1967) was quickly accepted as a qualitative research method (Urquhart, 2001). However, methods associated with grounded theory have evolved and developed since their original appearance, with rather divergent views having emerged between the original founders of grounded theory (Locke, 1997). A “very public disagreement between the co-originators on the publication of Strauss and Corbin’s book in 1990 compounded those differences” (Urquhart, 2001: 2). Researchers according to Glaser should start with ‘no pre-suppositions, and should allow ideas to “emerge” from the data’. On the other hand, Strauss, endorses “familiarising oneself with prior research and using structured, and somewhat mechanistic, processes to make sense of data” (Easterby-Smith et al., 2002: 46-47).

Miles and Huberman (1994) tend to favour a Straussian perspective, that advocates some prior conceptualisation of issues, rather than a pure grounded theory approach that aims to build theory with no prior conceptualisation. The authors advocate that a preliminary conceptual framework about the underlying structures and mechanisms should be established based on previous literature. This perspective is consistent with the principles of critical realism (Sobh and Perry, 2006). This study adopts such an approach by devising a conceptual framework derived from previous IB literature,
before inductively building theory from the data. This is in line with the perspective offered by Miles and Huberman (1994).

Although the current study is exploratory and qualitative in nature, the priori specification of constructs are important to help shape the design of the research, permit more accurate measurement, and provide a firmer empirical grounding for the emergent theory (Eisenhardt, 1989). Therefore, the researcher began this investigation with prior conceptualisation; this was attained form a detailed literature review, and this enabled the researcher to set a boundary to the study. The researcher was therefore able to construct a conceptual framework, as opposed to adopting a particular theoretical lens, or no lens at all. This study leans towards a Straussian approach, as the concepts were shaped primarily from the data, rather than starting from the logically deduced theoretical framework (Lindsay, 2004).

Researchers should be more explicit by describing the research process and acknowledging the deductive and inductive aspects that occur throughout the research. In the introduction chapter of this thesis, the researcher outlined the steps taken throughout the project. This investigation began with a deductive perspective, whereby elements and concepts from the literature were reviewed. However, bias was reduced by avoiding reliance on a particular theory to guide the research project, and instead the elements that are addressed by various theories were deduced to build the conceptual framework and set the boundaries of this study.

The research then adopted an inductive approach in order to explore the research questions and build theory. The researcher presents the findings that emerged in the following chapter, titled “data presentation and within-case analysis”. This chapter is then followed by a discussion chapter, which is more deductive in nature as the findings within set boundaries are discussed and related to theory. The process described here enables the researcher to not only acknowledge previous theories and present new perspectives, but rather allows the researcher to explore theories and concepts from other management and social science fields. Other researchers should address the research process undertaken throughout the study and its phases by

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providing a more explicit account. Figure 4.2 summaries the deductive and inductive strategies undertaken in this study. The figure illustrates in step two that the strategy for approaching data is inductive with the aim of uncovering themes by exploring the research questions. The data analysis section presented later in this chapter (section 4.7) explains how the data was analysed inductively based on *the Interactive Ladder of Analytical Abstraction* put forward by Miles and Huberman (see figure 4.3).

**Figure 4.2 Deductive-inductive-deductive procedure**

<table>
<thead>
<tr>
<th>STEP 1</th>
<th>Literature review: <em>Deductive nature</em> enabled the review of theories, and the construction of a conceptual framework to guide the study</th>
</tr>
</thead>
<tbody>
<tr>
<td>STEP 2</td>
<td>Findings chapter: <em>Inductive nature</em> enabled the emergence of themes by exploring research questions</td>
</tr>
<tr>
<td>STEP 3</td>
<td>Discussion chapter: <em>Deductive nature</em> enabled the researcher to relate findings to established theories, and search for new ones in the wider social science domain</td>
</tr>
</tbody>
</table>

Source: Author

### 4.5 Research Design

Research design is “a framework for the collection and analysis of data” and a research method is “simply a technique for collecting data” (Bryman and Bell, 2007: 40). The two terms are sometimes confused, for example case study design is sometimes referred to as a research method. However, a case study involves “the detailed exploration of a specific case, which could be a community, organisation or person” (Bryman and Bell, 2007:40). Selecting a case such as a company and studying it deeply does not provide the researcher with data (as it is a design). Therefore, the researcher requires tools or techniques to obtain data (Bryman and Bell, 2007). When a case has been selected; data collection is necessary through multiple sources such as interviews, observations, and reports. The aim is depth of understanding and the focus on the research object (Ghauri, 2004).
In this study an exploratory research design was used in order to gain a deep understanding of the research area. The researcher adopted a case study design which is useful as the research is exploratory; there is a lack of complete statistical data on the internationalisation of Egyptian location-bound food service firms. In addition to this, the number of Egyptian location-bound food service SMEs that have internationalised are limited, and the cases in this study are best described as outliers, which merit attention. Therefore, the limited sample size is another hindrance that did not permit the researcher to consider a quantitative study (Yin, 2009), and a case study approach was deemed most appropriate.

4.5.1 Case studies

As the objective of the study is to build a new theory, then qualitative methods, such as case study research would be an appropriate option. Qualitative methods are particularly well suited to finding causal relationships, looking directly and longitudinally at processes, states, and events, and showing how these led to specific outcomes (Huberman and Miles, 1994). For the purpose of this study a case study design is employed. The basic case study involves “the detailed and intensive analysis of a single case” (Bryman and Bell, 2007:62). A case is selected as it is expected to increase our understanding of a research phenomenon (Ghauri, 2004), in detail in its real life context (Yin, 2009). In other words, a case study is used as a research strategy when the researcher aims to understand real life phenomenon in depth. A case study is useful when the area of research is not well known (Ghauri, 2004; Yin, 2009), when current theories seems inadequate (Yin 2009), and when the researcher is engaged in theory building (Ghauri, 2004).

A number of the best known studies in the field of business and management research rely on this type of design (Stake, 1995). The researcher aims to obtain and provide an in depth illumination of the case study, which is viewed as an object of interest in its own right (Bryman and Bell, 2007). When selecting a single case study researchers should not be apologetic due to the sample size, as an in-depth understanding of one case is far better than a superficial understanding of 100 cases...
Internationalisation Motives, Enablers, and Paths of Location-intensive service SME’s from emerging markets (Mintzberg, 1979). In previous research on the internationalisation of firms, the case study method has been widely adopted. Furthermore, some of the most prominent theories that have been generated on this topic area occurred through the use of case studies. A prime example is the Uppsala model which was explained in this study as a renowned theory for firm internationalisation (see section 2.4.3.2), and this was based on four Swedish firms in the form of case studies (Zalan and Lewis, 2004).

Case study research is not limited to examining a single case; comparative design can be applied to qualitative research, and it takes the form of a multiple case study. A multiple case study, otherwise known as (multi-case) occurs when the number of examined cases exceeds one. The use of multiple comparative case studies enables within and cross case comparisons, search for patterns, and general explanations to be developed (Eisenhardt, 1989; Yin, 2009). The major advantage of using a multiple case studies is that it improves theory building. When comparing two cases or more, the researcher is in a superior position to assert the situations whereby a theory will or will not hold (Eisenhardt, 1989). In addition to this, the comparison might propose concepts that are significant to a theory that is emerging (Bryman and Bell, 2007).

Multiple case studies are conducted in order to compare the cases that have been selected. It enables the researcher to “compare and contrast the findings deriving from each of the cases” (Bryman and Bell, 2007:65). The important point here is that this enables the researcher to consider what is distinctive and what is widespread across the cases, and often encourages theoretical indications on the findings (Bryman and Bell, 2007). Multiple case studies enable comparisons that clarify whether an emergent finding is simply idiosyncratic to a single case or consistently replicated by several cases (Eisenhardt 1991). Multiple cases also create more robust theory because the proportions are more deeply grounded in varied empirical evidence. Constructs and relationships “are more precisely delineated because it is easier to determine accurate definitions and appropriate levels of construct abstraction from multiple cases” (Eisenhardt and Graebner, 2007:27).
Case studies may lack overall representativeness and generalisability, but this is in exchange for data richness, depth, and quality (Ibeh et al., 2006). Multiple case studies can be generalised to theoretical propositions and not to populations or universes, and this is because case study research on a small and limited size sample may make the generalisability of the results impossible. The case study design does not represent a “sample”, and undertaking a case study aims to expand and generalise theories, known as analytical generalisation (Miles and Huberman, 1994). A contribution to knowledge should not only be seen in the social science as the extent to which the research undertaken can be generalised, but to what extent it builds theory (Flyvbjerg, 2006).

The objective of case studies is not to generalise the target population but to help generalise the findings to the theory (Yin, 2009). A multiple case study design is considered to be more robust than a single case study (Yin, 2009), and it can improve generalisability when compared to adopting a single case study approach (Miles and Huberman, 1994). There are a number of important reasons to use multiple cases:

- It enables the researcher to propose stronger analytical conclusions as direct replication is more possible than it would be by using one single case study.
- It is likely that the context may vary to some extent and this will improve the external generalisability of the findings by arriving at common conclusions.
- If the conclusions are similar despite the different context, it will provide the baseline for a theoretical replication.

The underlying logic is replication, that is, the logic of treating a series of cases as a series of experiments with each case serving to confirm or disconfirm the hypothesis (Yin, 2009). In replication logic, “cases which confirm the emergent relationships enhance confidence in the validity of the relationships. Cases which disconfirm the relationships often can provide an opportunity to refine and extend the theory” (Eisenhardt, 1989: 542). That is, each case serves as a distinct experiment that stands on its own as an analytic unit. Like a series of related laboratory experiments,
multiple cases are discrete experiments that serve as replications, contrasts, and extensions to the emerging theory (Yin, 2009). But while laboratory experiments isolate the phenomena from their context, case studies emphasise the rich, real world context in which phenomena occur. Although “seen as ‘subjective’, strong theory building from cases is surprisingly ‘objective’, because its close adherence to the data keeps researchers honest” (Eisenhardt and Graebner, 2007:25).

The research undertaken here adopts a multiple case study design, which is increasingly popular in business and management research. Such an approach reflects the research strategy by other studies in the research area on the internationalisation of firms; these include but are not limited to (Coviello and Munro, 1997; Coviello and Martin, 1999; Majkgård and Sharma, 1998). Within the international business (IB) field of research this is an accepted research design that typically takes two or more companies as cases for comparison. It is also concerned with how and why companies internationalise, and it has been argued that research may focus on a specific country (Bryman and Bell, 2007). This is the approach that the researcher adopts in this study; comparing four case studies from an emerging market.

Issues related to case studies are that they consume a lot of time and there are resource constraints (Bryman and Bell, 2007). The more cases included in a study, the more data becomes thinner and the depth is lost (Miles and Huberman, 1994). It has been argued that case studies do not follow systematic procedures, and that they incorporate biased views in order to influence the direction of the findings and conclusions (Yin, 2009). Case studies can be seen as subjective and that they provide too much scope for interpretation, and that information cannot provide reliable information about the broader class. However, some authors would disagree with this and some have argued in defence of case study research (Siggelkow, 2007) and particularly using a qualitative approach (Flyvbjerg, 2004). It is argued that the major advantage of case studies is that it enables the researcher to adopt different set of tools to explore and describe a case (Bryman and Bell, 2007). This will enable the researcher to adopt a more comprehensive and wholesome picture on
internationalisation of location-intensive service SMEs for developing countries, which is study under investigation here. This enables the researcher to obtain in depth data about the cases in question when adopting a qualitative approach (Yin, 2009).

Finally, the challenges associated with building theory from case studies can be mitigated through precise language and thoughtful research design. This includes “...interviews that limit informant bias, rich presentation of evidence…and clear statements of theoretical arguments. The result is fresh theory that bridges well from rich qualitative evidence to mainstream deductive research” (Eisenhardt and Graebner, 2007:30).

4.5.2 The unit of analysis

In terms of the unit of analysis it should “cater to the unit of analysis of the case study which maybe at a different level form the unit of data collection of the case study” (Yin 2009: 88). There are four types of case study design:

1. Holistic single case
2. Embedded single case with multiple units of analysis
3. Multiple cases with multiple units of analysis
4. Multiple cases with one unit of analysis.

(Yin, 2009)

For the purpose of this study the unit of analysis involves multiple units, meaning that each firm and the individuals are the units studied. The data collection tools include methods such as interviews with individuals which implies a micro-level research within a meso-social phenomenon as a natural social setting (Yin, 2009).

The researcher is interested in obtaining the views and perspectives of managers as they are the decision makers regarding the firms’ internationalisation, and they are the window on to that external reality that exists (Sobh and Perry, 2006). Information from individual interviewees at the firms alone will not suffice for conclusions to be drawn as this appears to be too narrow. Therefore, further information must be

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collected, such as individuals’ reports about the organisation (Yin, 2009), and interviews with external consultants. Therefore in-depth semi-structured interviews with marketing and senior managers are sought to explore the firms’ internationalisation, as well as the use of documents available for the study, as they are among the mostly used tools or techniques employed when undertaking a case study (Yin, 2009). The data collection tools corresponding with the research questions posed are outlined in more detail later in this chapter.

4.5.3 Selecting case firms

How to select cases for investigation is one of the most important issues related to this type of research (Ghauri, 2004). The researcher must not only decide on the target population, in this case (firms) that will be used in this study, but the accessible population (Cooper, 1984). With regards to the target population, the researcher identified a number of firms from countries from the MENA region. The researcher narrowed the firms to those from one country; namely Egypt. This was due to the following: the time available for the study, financial resources for travelling and accommodation, access to personal contacts, and the identification of firms that appeared to be obscure, and therefore merit study. The objective was to access managers directly involved in the internationalisation of the firms.

The researcher’s next task was to devise specific criteria for selecting the accessible firms that should be related to the research framework under investigation. In this study, the researcher set out clearly that the aim was to explore the internationalisation motives, enablers, and paths of location-intensive food service SMEs from developing countries. The researcher acknowledged some important characteristics when selecting the cases, such as considering not only the differences, but also similarities with all the cases sharing some features that made them comparable (Ghauri, 2004). Purposeful sampling was utilised, which simply means that cases are selected because they are particularly suitable for providing answers to the research question poised. This sampling strategy complies with the arguments...
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that qualitative sampling is "purposive" and "theory-driven" (Miles and Huberman, 1994:27). Therefore, the criterion for selecting the firms in this study was as follows:

1. The firms operate in the location-bound food service sector rather than manufacturing (field of study).
2. The firms are SMEs (according to Stanworth and Purdy 2006 on franchise SMEs).
3. The firms have internationalised to more than one market (initial and subsequent internationalisation).
4. The firms are from a region that has received insufficient amount of attention (MENA).
5. The firms are from a developing country, which is considered to be an emerging market.
6. The firms are location-bound where exporting is not an available mode of entry
7. The firms are from a service sector that has received limited attention in prior research, particularly from a developing country (possibly yielding new insights, extension of theories or generating new ones).

Having adhered to the criterion above, the researcher considered the number of case studies selected for the purpose of the research undertaken here. It is evident form the researchers in depth reading that there is no universal agreement on the number of case studies to be included in a multiple case study research. The researcher has only identified recommendations by a limited number of authors such as Eisenhardt (1989) and Miles and Huberman (1994). Eisenhardt (1989) suggests including four to ten case studies as any fewer than four would result in difficulty with regards to generating theory. Miles and Huberman (1994) on the other hand suggest a maximum of fifteen cases explaining that with too many cases depth will be sacrificed (Miles and Huberman, 1994).

The researcher acknowledges that case studies generate complexity and large amounts of data (Miles and Huberman, 1994; Eisenhardt 1989). In addition to this, the firms selected were outliers and so this had an impact on the number of firms
available to include in this investigation. In this study the researcher has opted for
four case studies, and this suits the research undertaken in this study as it is
cerned with uncovering depth and deep meanings in an unexplored research area.
Multiple cases also enable a broader exploration of research questions and theoretical
elaboration. Adding “three case studies to a single case study is modest in terms of
numbers, but offers four times the analytical power” (Eisenhardt and Graebner,
2007:27).

In previous research on the internationalisation of firms, the case study method has
been widely adopted. As previously mentioned the renowned Uppsala model was
developed based on four case studies in the manufacturing sector from one
developed country; namely Sweden. Therefore, it seems highly appropriate that a
similar approach should be adopted from a developing country perspective in an
industry; namely services which is becoming increasingly more important in world
markets. The researcher has also identified a number of studies investigating the
internationalisation of firms that adopt four case studies from one country; including
but not limited to (Coviello and Martin, 1999). However, there are existing studies
that have adopted three case studies (Klein and Wöcke, 2007). Selecting cases from
one industry and one country at first may seem as a limitation of this study.
However, this can be seen as a strength as it enables control for country differences
(Klein and Wöcke, 2007), and industry differences.

4.6 Data Collection Tools
This section details the data collection process for this investigation. It was explained
earlier in this chapter that a case study is a research design (see section 4.5), and
therefore a researcher requires tools or techniques in order to collect relevant data.
This section will be divided into the following headings: interviews and supporting
documents, triangulation, and the role of the researcher.

4.6.1 Interviews and supporting documents
The history of interviewing is long, and some studies have recognised that the
ancient Egyptians used some form of interviewing when conducting population
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censuses (Babbie, 1992). The interview is “probably the most widely employed method in qualitative research. It is the flexibility of the interview that makes it so attractive”. (Bryman and Bell, 2007: 472) Interviews were conducted in this research as there was a great interest in the interviewee’s point of view. In qualitative interviewing, ‘rambling’ or ‘going off on tangents’ is usually encouraged. This provides the researcher with an insight into what the interviewee considers to be relevant and important; seeing the world from the interviewee’s perspective. An advantage of interviewing is that it enables the researcher to significantly depart from any guide that is being used. The researcher may also be presented with opportunities to ask new questions that follow up interesting comments that the interviewee provides, and alter the order and wording of questions (Bryman and Bell, 2007).

Interviews often become the primary data source in case study research. Interviews are “a highly efficient way to gather rich, empirical data, especially when the phenomenon of interest is highly episodic and infrequent”. (Eisenhardt and Graebner, 2007:28). With interviews data can often be regarded as bias, a key method is using numerous and highly knowledgeable informants who view the focal phenomenon from diverse perspectives (Eisenhardt and Graebner, 2007). These informants can “include organisational actors from different hierarchical levels, functional areas, groups, and geographies, as well as actors from other relevant organisations and outside observers such as market analysts” (Eisenhardt and Graebner, 2007:28).

Interviews are usually flexible, reacting to the direction in which interviewees take the interview, and in some cases changing the emphasis in the research as a result of an important issue that may have emerged during the course of the interview. It is important to note that conducting interviews provide the researcher with the opportunity to obtain rich and detailed answers (Bryman and Bell, 2007). Researchers should not just look for depth to overcome the problem of a small population; rather interviews provide the opportunity to acquire a richness of information from each respondent interviewed (Daniels and Cannice, 2004). For

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these reasons stated above, it is evident that interviewing is an appropriate method for the researcher to adopt in this study.

The purpose of qualitative interviewing is to derive interpretations, and qualitative interviewing is substantive and interactional aiming to understand the meaning of the respondents’ experiences (Warren, 2001). Qualitative interviewing provides a free lead to the interviewee’s viewpoints, stories, and perceptions. It entails a flexible nature enabling important areas to be investigated in greater depth (Bryman and Bell, 2007).

Qualitative interviewing can be superior compared to other research techniques, such as ethnography when the topic of interest is not centred on particular settings, but the concern is establishing common patterns or themes between particular types of respondents (Warren, 2001). For the purpose of this study, in depth interviewing was necessary when exploring the internationalisation of location-bound food service SMEs from developing countries. The important features associated with in depth interviewing are to provide in depth information about the informant’s perspectives and about what matters to them. It is the best at exploring the stories and perspectives of informants and the richness of response enables nuances to be captured. In addition to this, questions can be clarified and adapted as new ones are improvised (Arkesey and Knight, 1999).

The researcher employed two important aspects related to case study design. The main technique adopted in this study was interviews, supported by documentation; both which are among the most commonly used techniques when undertaking a case study research (Yin, 2009). It enables a researcher to gain a more holistic understanding, and the researcher “may be able to construct new perspectives on the internationalisation process of firms, and incorporate dimensions not revealed in the short space of an interview” (De Geer et al., 2004: 339). The primary data was collected through in-depth interviews with owners and key managers from the selected firms. The interviews undertaken for this study involved senior managers who are responsible for the decisions related to the internationalisation of the firms in
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each company. The research issues identified several common components that needed to be addressed to fulfil the aims and objectives of this study. Previous research on the internationalisation of firms adopting a case study design in the form of multiple case studies have used interviews to collect primary data, including but not limited to (Coviello and Martin, 1999; Coviello and Munro, 1997; Majkgård and Sharma, 1998). Therefore, it seems appropriate to investigate the firms at hand using a similar approach.

Documentation is often relevant to every case study, despite that it may be seen as bias and not always accurate. However, documents enable corroboration and enhance evidence from other sources. The prominent strengths are that they can be reviewed at any time; they contain accurate details of names, events, broad coverage, and extensive periods of time (Yin, 2009). Documents “tend to be rich and have a lot to offer to the researcher both in pre interview and post interview situations” (Ghauri, 2004:116). Most importantly documents “provide us with complementary information along with the interviews” (De Geer et al., 2004:332).

Therefore, in addition to primary data the study made use of secondary data in the form of documentary evidence that was extracted from various sources, such as the companies’ reports, magazines, company websites, and press releases where applicable. The use of secondary data presented the researcher with insights into the historical trends of international activities. It was important to corroborate information from documents with information obtained from interviews on paths of internationalisation, as this is the descriptive and factual aspect of the research. It is acknowledged that using documents when possible can supplement the evidence from interviews (Ghauri, 2004). Documents provide the opportunity to check information available from interviews even if they do not yield the same results, and they help provide a better understanding or enable new questions to emerge that can be answered by further research (Ghauri, 2004).

The researcher first considered and outlined the necessary information needed to be obtained from the participants, in order to answer the research question that was of
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interest here. This process involved trying to obtain an appreciation for what the interviewees would see as significant and important in relation to the research topic at hand. Therefore, the questions were formulated to cover the areas needed, but from the perspective of the interviewees. The researcher formed a certain amount of order to the topic area to ensure the questions flow logically, but was prepared to change the order of questions during the actual interview. The interview questions were formulated in a manner that aids the researcher to obtain answers to the research questions (while avoiding specific questions). Caution was used with regards to the ‘language’. This means that the researcher’s best efforts were exerted to ensure that the questions presented to participants would be as comprehensible and relevant to the respondents involved in the interview (Bryman and Bell, 2007).

It is important to state that the questions developed comprised of both structured and semi-structured questions. Structured questions were necessary to obtain specific details about firm characteristics such as the year the firms’ were established, markets entered, and the entry modes that were adopted. Structured questions were also necessary for understanding management characteristics, such as job title, age, education, and previous experience. The semi-structured questions were developed having been informed by an earlier detailed literature review and a brief familiarisation process (Miles and Huberman, 1994). Questions were devised based on the interrelated aspects of firm internationalisation, namely motives, enablers, and paths that together constitute a more comprehensive account.

Semi-structured interviews enabled each participant the freedom to expand on particular areas, and elaborate on their individual interests with relevance to the interview questions. The interviewer had a list of questions on broad aspects to be covered; this is often referred to as an interview guide. This approach provided the interviewees’ with an opportunity to reply with a degree of flexibility and scope. The questions presented in most of the interviews were not carried out in the same manner as it was set out in the schedule. Other questions that were not initially included in the guide were asked as the interviewer attentively listened to interviewees’ responses. However, all questions that were written down were
presented at some stage during the interview, using similar wording to all the interviewees taking part (Bryman and Bell, 2007). Meanwhile in-depth interviews enabled the researcher to “ask interviewees about the facts of a matter as well as their opinions about events” (Yin, 2009:107).

In-depth semi-structured interviews were essential as the researcher’s aim in this case was to investigate a topic with a clear focus. It therefore appeared to be more appropriate for the interviews to be somewhat semi-structured. This technique enabled the researcher to address more precise issues as there was a clear idea of how the data would be analysed (Bryman and Bell, 2007). The interviews enabled the interviewer to gather information regarding the way that participants view their social world (Bryman and Bell, 2007). Interviews are more precise when the focal events understudy are recent (Eisenhardt and Graebner, 2007), and this is the case in this investigation. The interview guides used for the firms and the experts are available in Appendix 1 and 2, respectively.

4.6.2 Triangulation
Triangulation is necessary as stressed earlier in this chapter due to the critical realism stance adopted (see section 4.3.1.1). Triangulation can be broadly defined as “the combination of methodologies in the study of the same phenomenon” (Denzin, 1978:291). It is a crucial feature in case study research (Ghauri, 2004). It involves “the collection of data through different methods or even different kind of data on the same phenomenon” (Ghauri, 2004:115). It has been argued that researchers can improve the precision of their judgments by collecting different types of data that focuses on the same phenomenon, as the weaknesses in a data collection source is reduced by the strengths associated with another source (Jick, 1979). The rationale for using multiple sources of evidence is that it provides a more accurate account of the case studies under investigation. The approach to individual sources of evidence, such as interviews can be justified when adopting other types of research designs. However, this is not recommended when the research design is a case study (Yin, 2009).
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A key feature and strength of using triangulation is that it enhances the validity of the research through the means of corroboration, crosschecking and “it can produce a more complete, holistic and contextual portrait of the object under study” (Ghauri, 2004:115). Using multiple sources of evidence is the development of converging lines of enquiry, a process of triangulation and corroboration. Therefore, any case study finding or conclusion is likely to be more convincing and accurate if it is based on several different sources of information, following a corroborating mode (Yin 2009). It is vital that the researcher uses multiple sources for collecting data when investigating the case studies, in order to fully understand the internationalisation of the firms under study. This enables the researcher to check and validate the information obtained from different sources and examine them from various angles (Ghauri and Grønhaug, 2005).

The researcher is aware that a qualitative case study design implies that data can be obtained by adopting qualitative techniques that often include interviews and documents. This enables the researcher “to compare data between interviewees within the same firm, between different firms and in comparison with written records of each company” (Ghauri, 2004: 116). There are four different types of triangulation, and they are as follows:

1. Data triangulation, whereby different sources of data are used.
2. Investigator triangulation, which involves the use of different researchers.
3. Theory triangulation, which uses multiple perspectives.
4. Methodological triangulation, which uses multiple research methods.

(Denzin, 1978).

For the purpose of this study, the researcher adopted data triangulation. This encourages the collection of information from multiple sources, but with the overall aim of corroboring the same phenomenon (Yin, 2009). It can be argued that it is important to use multiple sources in qualitative research in an international environment (De Geer et al., 2004). Documents “can be used to enrich a traditional
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Interview approach to data, giving us a chance to study the multiple natures of organisational behaviour and ethical thinking by adding new dimensions and triangulating data” (De Geer et al., 2004:339). Therefore, it is not surprising that case studies using multiple sources of evidence are rated more highly, in terms of the overall quality, than those relying on a single source for gathering data and information (Yin, 2009).

A weakness of using triangulation is the burden on the researcher in terms of time, and the collection of data from multiple sources is expensive. In addition to this, the researcher needs to know how to carry out “the full variety of data collection techniques effectively so that the opportunity to establish converging lines of enquiry are not lost” (Yin, 2009:118). Triangulation was implemented in this study, and the details will be discussed in the data analysis section.

4.6.3 The researcher’s role

The researcher selected firms that adhered to the specific criterion, and contacted the owner’s about the research. The firms were selected based on the owner’s willingness to participate in this research project. Obtaining access is not easy in an emerging market, and Egypt is no exception. However, the researcher was able to make initial contact with the firms through personal networks. The researcher informed the owners about the research, and they agreed to participate due to their interest in the potential benefits associated with the research project.

The interviews took place between 2010 and 2011 in Cairo; the capital of Egypt. A total of 24 interviews were conducted with key managers, founders, and industry experts with knowledge regarding the internationalisation activities of the firms under study, and the food service industry. This means that respondents playing a significant role in internationalisation of the firms were interviewed, and they were easily identified by a snowball effect (Pauwels and Matthyssens, 2004). This helped the researcher identify the relevant respondents per case, and a total of 24 interviews were conducted, including 5 key informants from each one of the 4 case companies,
and 4 industry experts. In addition to this, available documents were utilised in the case study analysis.

The researcher was aware that finding “a quiet and private space in which to conduct an interview can be one of the most difficult tasks for the qualitative researcher” (Bryman and Bell, 2007:481). It was therefore essential to find a setting that avoided exposure to traffic, aircraft, or machinery as these factors can all contribute to background noise that can make the tape recorded speech difficult to listen to, and sometimes even inaudible (Bryman and Bell, 2007). In light of this the interviews took place in a quiet setting, without interference and with minimum disruption at each firms’ premises. The interviews ranged between 60 to 90 minutes in duration and were conducted in the Arabic language at the interviewees’ preference. The research did not encounter major language challenges outlined by (Daniels and Cannice, 2004), as the researcher is not only bilingual in English and Arabic, but holds an MA (Hons) degree in the Arabic language. All interviews were transcribed and translated into English, and excerpts were verified using backward translation with the aid of a translator.

All interviews were recorded and this had a number of advantages, such as improving accuracy for transcription, and it was played back as many times as the researcher required. This was particularly useful when the researcher was trying to catch a word that the participant many have uttered, but was difficult to hear first time (Bryman and Bell, 2007). Recording interviews enabled the researcher to be extremely alert to what was being said, and provided a better opportunity to fully engage with the interviewee by following up interesting points made. It enabled the researcher to prompt and probe where necessary, drawing attention to any inconsistencies in the interviewee’s answers. It was important that the researcher was not distracted by note taking, and it could be argued that the interviewer would not have been able to obtain information adequately, while simultaneously being able to explore issues that the participants raised (Bryman and Bell, 2007).
However, the problem with transcribing the interviews was that the process was very time consuming. The researcher acknowledged that it is good practice to transcribe interviews after they have been conducted, as opposed to transcribing every interview after all the required interviews have taken place. This good practice was adhered to avoiding the enormous task of transcribing many interviews at one time, and it provided the researcher with the opportunity to identify themes and issues early on and these were used in subsequent interviews (Bryman and Bell, 2007).

4.7 Data Analysis

Qualitative research often suffers from the fact that “analytical techniques are not well established, and therefore not sufficiently disclosed by researchers” (Zalan and Lewis, 2004:522). It is clear that the prime focus of the literature on qualitative research has been on data collection methods. There is relatively little attention paid to the description of the techniques applied to the analysis of qualitative data (Miles and Huberman, 1994; Lindsay, 2004). Much qualitative research has been criticised for its lack of objectivity, replicability, validity, and generalisability, and is referred as the ‘poor cousin’ of quantitative research. This criticism can be regarded as fair, not due to the nature of qualitative research, but because of a lack of robustness and rigour often found in most studies (Miles and Huberman, 1994).

According to Huberman and Miles (1994), one of the main weaknesses of qualitative research is the failure or unwillingness of researchers to provide research procedures and methods employed in a detailed and transparent form. Researchers using qualitative methods usually confine their methodology sections to very brief and vague accounts (Zalan and Lewis, 2004). Eisenhardt (1989) considers analysing data as the heart of building theory from case studies. It is “both the most difficult and the least codified part of the process, since published studies generally describe research sites and data collection methods, but give little space to discussion of analysis, a huge chasm often separates data from conclusions” (Eisenhardt, 1989:539). The researcher is in agreement with this statement, and would like to point out that the analysis part of the methods section is often limited to a few lines. This leads to
questions being raised regarding the rigour and depth of analysis carried out, and a lack of clear analytical guidelines for younger researchers to follow. Qualitative research lacks detailed and strict guidelines that explain how a methods section should be structured (Miles and Huberman, 1994; Zalan and Lewis, 2004). Many of the existing guidelines available for doctoral students are “written by researchers who are more familiar with quantitative methods and who tend to be less sensitive to the specific challenges faced by researchers using qualitative methods” (Zalan and Lewis, 2004:507). In order to prevent misunderstandings, researchers should engage in “systematic data collection and theory development processes that are reported with transparent description, particularly regarding how the theory was inducted from the data” (Eisenhardt and Graebner, 2007:30). This means that the researcher should describe clearly the rigour and thoroughness of the within and cross-case comparison techniques used in the analysis (Eisenhardt and Graebner, 2007).

This section details how the researcher deduced the data collected into comprehensible findings that are presented in the following chapter; titled data presentation and within-case analysis. The researcher describes how the data was analysed by presenting a framework that guided the analysis procedure, and this is followed by outlining the discussion chapter’s structure and layout. The overall aim is to increase transparency by providing a more detailed account of the techniques applied to the qualitative data analysed.

### 4.7.1 Framework and data analysis procedure

Qualitative research can adopt a range of ways to analyse and present data. Grounded theory is a useful tool and was mentioned earlier in this chapter (section 4.4.1). It was explained that the initial grounded theory since Glaser and Strauss (1967) has developed into different strands. Researchers may find grounded theory hard to use because the later books (Strauss, 1987; Strauss and Corbin, 1990) in their attempts to shed light on making grounded theory more manageable, end up “putting forward many procedures, strictures and injunctions, therefore obscuring what is a fairly simple and useful idea for coding data” (Urquhart, 2001:18). After careful scrutiny,
the researcher adopted and incorporated a number of procedures offered by a number of well-established authors. However, the analysis is primarily based on the works of Miles and Huberman (1994).

According to Miles and Huberman (1994), there are four streams of data analysis known as the interactive model: Data collection, Data reduction, Data Display, and Conclusion drawing/verification. These four broad streams are linked and they guided the researcher to define the boundaries that makes up the analysis. These broad streams and the activity of data collection itself form an iterative, cyclical process. The researcher progressively “moves among these four ‘nodes’ during data collection and then shuttles among data reduction, display, and conclusion drawing/verification for the remainder of the study” (Miles and Huberman, 1994:12). In addition to this, the ‘Ladder of Analytical Abstraction’ is progressive as it starts with a text, trying out coding categories, then moving to identify themes and trends, before finally testing hunches and findings. The aim is to first delineate the ‘deep structure’ and then to integrate the data into an explanatory framework (Miles and Huberman, 1994). In this sense “we can speak of “data transformation” as information condensed, clustered, sorted, and linked over time” (Miles and Huberman, 1994:91). There is no clear line between describing and explaining; the researcher “typically moves through a series of analysis episodes that condense more and more data into a more and more coherent understanding of what, how, and why” (Miles and Huberman, 1994:91).

The researcher advocates the analysis of data using the broad interactive model and within it the Ladder of Analytical Abstraction. Data analysis could be seen as An Interactive Ladder of Analytical Abstraction, and this is adopted in this investigation. This includes the four streams of the interactive model that define the boundaries of the study: data collection, data reduction, data display and conclusion drawing/verification. Within these boundaries three levels of analysis take place as suggested by the ‘ladder of analytical abstraction’ which consists of the following three levels: summarising and packaging the data, repackaging and aggregating the data, developing and testing propositions to construct an explanatory framework.
Within the three levels of the ladder of abstraction various techniques for achieving each level of analysis is offered which utilises techniques such as coding and categorising, identifying themes and trends, pattern matching, using tables and matrices. These are all techniques which have been recommended by well-known scholars in the area of qualitative case study research including (Eisenhardt, 1989; Miles and Huberman, 1994; Ghauri, 2004; Eisenhardt and Graebner, 2007; Yin, 2009). Figure 4.3 illustrates the framework adopted for analysis.

The researcher ensured that the data analysis and collection were not conducted separately, but rather they were intertwined during the life cycle of the case study research. Undertaking these steps separately weaken both the analysis and the data collection (Ghauri, 2004). The best policy to adopt in case study research is interweaving data collection and data analysis right from the first interview (Miles and Huberman, 1994). This allows theory to develop alongside the growing volume of data, allowing the research problem to be formulated or even re-formulated at the same time. This often leads to new questions and new data collection, and there is no definite phase of data analysis (Miles and Huberman, 1994; Ghauri and Grønhaug, 2005). A subsequent case study did not proceed until familiarisation with the data collected on the first one occurred. This revealed new and additional questions that were incorporated in further interviews. This presented the researcher with the opportunity to improve the data collection techniques as the data collection commenced in the subsequent cases (Ghauri, 2004). The following section discusses each stream and steps undertaken within them.
Figure 4.3 Framework for data analysis (Interactive ladder of analytical abstraction)

Data Collection stream

- Case studies
- Interviews supported with documents

Data Reduction stream

- Ladder of Analytical Abstraction: Levels 1 and 2
- Transcribing and translating interviews (back translation)
- Utilising NVivo software to store and assist data
- Familiarisation with the data (memos or in the form of field notes that help explain what is being learnt from data).
- Reflection and preliminary conceptualisation of the data
- Coding and categorising: Coding transcripts according to broad pre-defined categories, and then moving towards themes that were identified searching for relationships in the data. In some cases more information was collected on missing parts or gaps that were identified (emails, telephone calls).
- Intra-coder reliability adopted to reduce bias
- In cross-case analysis the pattern matching logic was used to identify the themes that cut through cases, while looking for similarities and differences between cases.

Data Display stream

- Ladder of Analytical Abstraction: Level 2 and 3
- Use data and displays: significant quotes, tables (thematische, frequency counts, and case charts), network diagrams to describe and summarise email connections.

Conclusion Drawing/Verification

- Ladder of Analytical Abstraction: Level 3
- Re-evaluation: strengthen the conclusion drawing and verification by being iterative by referring back to the raw data making sure it supports the proposed explanatory framework in chapter 3: iteration between analysis and literature review, with specific reference to IB theories.
- Consideration of advice from experts in the field of internationalisation and supervision.

Source: Author
4.7.1.1 Data collection stream

The researcher discussed earlier in this chapter that a multiple case study design was adopted for this study (see section 4.5.1). The techniques used for collecting data on the cases were primarily interviews with owners/senior managers, other informants (Industry consultants), and documents to support the interviews where applicable. This strengthened and corroborated findings (triangulation). The researcher is summarising these issues here as data collection is the first phase, and not an isolated stage of data analysis (Ghauri, 2004). Here the researcher uses this section to present table 4.2, which summarises the data collected in relation to each research question.

Table 4.2 Data collection and research questions

<table>
<thead>
<tr>
<th>Element</th>
<th>Research question</th>
<th>Type of data</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motives</td>
<td>Why do location-intensive food service SMEs from emerging markets internationalise?</td>
<td>Interviews with owners/senior managers (5 interviews per case)</td>
<td>Internal: Owners and senior staff will be aware and best informed on motives</td>
</tr>
<tr>
<td>Enablers</td>
<td>What enables location-intensive food service SMEs from emerging markets to internationalise?</td>
<td>Interviews with Owners/ Senior Managers and insights from industry experts</td>
<td>Internal and External: Owners and Senior staff are best informed about enablers and Industry experts views are advantageous</td>
</tr>
<tr>
<td>Paths</td>
<td>What path do location-intensive food service SMEs from emerging markets pursue?</td>
<td>Interviews with owners and senior managers corroborated with information that is factual such as reports, websites and brochures</td>
<td>Internal and External: Interviews with owners and top managers will unveil a path, and the information can be compared with documents for verification</td>
</tr>
</tbody>
</table>

Source: Author

4.7.1.2 Data reduction stream

Data reduction can be described as “a form of analysis that sharpens, sorts, focuses, discards, and organises data in such a way that ‘final’ conclusions can be drawn and verified” (Miles and Huberman, 1994:10-11). Data reduction was a continuous process throughout this qualitative study, and a number of steps and procedures were taken to achieve this (outlined in figure 4.3). The researcher during the process of data reduction decided on “which data chunks to code and which to pull out, which
paths best summarise a number of chunks, which evolving stories to tell, these are all analytical choices” (Miles and Huberman, 1994:10-11). Chronological stages were undertaken in order to proceed in a step by step process moving up the ladder of abstraction (Ghauri, 2004).

The first step of data reduction involved transcribing and translating interviews from Arabic to English as mentioned earlier in this chapter (see section 4.6.3). Each interview was included in a case database (Yin, 2009). More specifically, Nvivo assisted the data reduction which is a useful software for not only storing data in one place, but for aiding the analysis as human beings are not very powerful at processing large amounts of information (Eisenhardt, 1989; Miles and Huberman, 1994). Nvivo is a useful tool to assist researchers when conducting qualitative research as it can substantiate the analysis and interpretation of data (Lindsay, 2004; Sinkovics et al., 2008). For excerpts using Nvivo in this research see Appendix 3.

Following on from this, a familiarisation phase took place; whereby time was spent with the data: reading transcripts, while reflecting on memos written down. The researcher then transitioned to a phase of reflection and preliminary conceptualisation of the data (Easterby-Smith et al., 2002), whereby the researcher noted down some ideas, thoughts, and concepts.

The next step involved coding; open coding was not employed as the research is not entirely inductive. The conceptual framework devised in this study is based on previous elements observed in previous literature. Therefore, the research coded lines, paragraphs, and points in the transcripts that related to the three elements: motives, enablers, and paths. The following procedure then searched for themes and relationships in the data. The completion of coding and recoding for each case coincided with the point at which transcripts provided no additional codes, no further meaningful rearrangement to assist the interpretation of the data. However, new insights were frequently provided by the coding of subsequent cases which threw up a new code, which then provided an opportunity for re-examination of earlier cases.
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The coding process did not therefore reach its full conclusion until all four cases were coded (Lindsay, 2004: 496-7).

4.7.1.3 Data presentation, analysis and discussion

This study presents, and discusses the findings in two separate chapters: Data Presentation and Within-Case Analysis, and Cross-Case Analysis and Discussion.

1) Data Presentation and Within-Case Analysis

This research dedicated time to structuring the findings, in order to present them in a presentable and systematic manner. Therefore, the findings for each case were presented separately and according to each research question (aspect of internationalisation). The findings presented in the following chapter are based on quotes, figures constructed to explain relationships. The process of enumeration was adopted, which means that data was quantified to highlight significant themes. Careful steps were taken to ensure that themes presented were ones that were significant not only in terms of the number of times referenced, but also across sources.

Adopting intra-coder reliability reduced bias, whereby themes identified were reviewed by another researcher. This ensured that texts were coded consistently, and the assigned categories accurately represented the data assigned to it. The within case analysis proceeded the cross case analysis, and this helped cope with the flood of data, as each case was dealt with as a stand-alone identity. This allowed the distinctive paths of each case to emerge, before comparing them across cases. This procedure provided rich familiarity with each case that helped speed up the cross-case comparisons (Eisenhardt, 1989).

2) Cross-Case Analysis and Discussion

In the discussion chapter this investigation maintained a systematic approach, whereby according to each research question the cross-case findings were discussed and explained. Firstly, this research addressed the ‘motives’ aspect across the cases,
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this was then tied and linked to existing theory in the literature. This led the empirical study to search for new theories and perspectives within the management and social science domain before claiming findings to be entirely new or unexplained. The new theory that best explained and captured the motives of the firms was introduced, and finally this was applied to the empirical data.

The research then shifted attention to the second research question that dealt with the ‘enablers’ aspect, and again the cases were summarised and compared by introducing a table. This study then discussed the findings with existing perspectives and concepts in the literature. This led to extensively searching for concepts in the entrepreneurship and strategic management literature, whereby the researcher identified a theory from the entrepreneurship literature that with slight modifications was best applicable to the empirical data. The research undertaken here first introduces the entrepreneurship theory, extracts the tenets of this concept and applies it to the findings in this study.

The focus then shifted to the third research question which addressed the ‘paths/path’s aspect. The paths of each case are summarised before introducing a basic figure outlining the path pursued by the firms in this research project. The researcher systematically compared the paths with existing theory, before moving towards extending a theory. This section sheds light on the pursued path by smaller emerging market service firms, and this, is tied to their strategic motives. The extended path is presented before introducing the new conceptual framework that ties together the three elements explored in this study. The framework is presented and explained before concluding the chapter. Figure 4.4 summarises this chapter’s systematic approach.
4.7.1.4 Data display stream

Data display is “an organised, compressed assembly of information that permits conclusion drawing and action” (Miles and Huberman, 1994: 11). Display can take many different forms such as matrices, graphs, charts, and network diagrams. The intention is to accumulate organised information into an immediately accessible, compact form, in order to understand what is happening and either draw justified conclusions or move on to the next step of analysis that the display suggests may be useful. Similar to data reduction, the creation and use of displays is not a separate form of analysis, it is part of the analysis. Using tables “that summarise case evidence complements the selective story descriptions of the text and further emphasises the rigour” (Eisenhardt and Graebner, 2007:29). Arguments should be “drawn from case evidence, such as an interviewee explaining the logic, and researchers should provide a visual theory summary such as a “boxes and arrows” diagram” (Eisenhardt and Graebner, 2007:30). Put more simply, data display allows complex qualitative data in different situations to be captured (Lindsay, 2004).
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Adhering to this view the researcher decided on important displays to adopt that were powerful and that captured important findings in this study. As mentioned earlier, each case was dealt with separately in the findings chapter, but systematically according to each research question. Each theme according to each research question described what was occurring in each case, and this was illustrated with key quotes, tables displaying significant themes (by the process of enumeration), followed by a network diagram. At the end of each case a diagram summary was constructed that captures all the major findings and their relationships in relation to the overarching research question. This process was implemented throughout the findings chapter for every case to keep the process systematic and to allow easier comparisons in the discussion chapter. The cross-case analysis was highlighted using case charts.

4.7.2 Conclusion drawing/verification

Conclusion drawing and verification argues that a competent researcher despite noting regularities, patterns, explanations, and causal flows (possible with critical realism), should hold these conclusions lightly. The verification of the conclusions took place when conducting the discussion chapter (see figure 4.3). The researcher returned to the raw data collected (step one), and thoroughly went through it to ensure that all the data was captured. This verified the final conceptual framework of this study offered at the end of the discussion chapter. This step is important as it connects the final framework representation and the initial data collected. The researcher with a clear mind can scrutinise whether the new framework is a robust representation of the data collected. The findings were validated in light of previous literature and specifically relevant IB theories. It is essential to “compare the emergent concepts and theory with extant literature to identify what is similar, contradictory and why this is the case. It is important to consider a wide range of literature” (Eisenhardt, 1989:544). Although the framework arose from the researcher’s judgemental analysis and interpretation of the data, the process supporting the model provide a logical trail of explanation (Yin, 2009), and link back to the original data (Lindsay, 2004).
Many elaborate and thorough reviews among colleagues, especially with one of the researcher’s supervisors took place to develop ‘inter-subjective consensuses’. By presenting a number of times in front of a panel of experts the data has been tested for its plausibility, sturdiness, and their conformability (Miles and Huberman, 1994). All these steps are important; otherwise a researcher “is left with interesting stories about what happened, of the unknown truth and utility” (Miles and Huberman, 1994:11).

4.8 Research Credibility

For every research project to claim credibility a number of steps should be included to support this. This involves adopting four main tests to establish the quality of the findings of any empirical social research, together with their purposes (Yin, 2009). Table 4.3 was constructed to demonstrate how the credibility of this study was established under the four main tests: internal validity, construct validity, external validity, and reliability.

4.9 Ethical Issues

To ensure the study was conducted in an ethical manner, this study adhered to the code of ethical guidelines of the University of Edinburgh and the Economic and Social Research Council (ESRC). This investigation ensured that all participants were clearly informed about the purpose and objectives of the research undertaken. The participants were informed that they could pull out of the study at any time, and that they were under no obligation to continue. Interviewees were informed and assured that all the data gathered would be confidential and only accessed by the researcher. This investigation undertook a number of steps to preserve anonymity, such as disguising company and interviewee names, along with other company information at the request of the participants in this study. The researcher sought to achieve a careful balance between respecting the requests of participants and the pursuit of meaningful scholarship (McGaughhey, 2004).
Table 4.3 Research credibility criteria

<table>
<thead>
<tr>
<th>Research credibility</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal validity</strong></td>
<td>The study is a single country setting, while selecting multiple firms in one industry reducing the inter-industry and country variances (Klein and Wöcke, 2007). Research framework explicitly derived from literature (diagram or explicit description of causal relationships between variables and outcomes) (Gibbert et al., 2008). Pattern matching (matching patterns identified to those reported by other authors) (Gibbert et al., 2008). Different concepts deduced from theory and literature were used to inform the research framework, and to guide the interpretation of findings.</td>
</tr>
<tr>
<td><strong>Construct validity</strong></td>
<td>Themes reviewed by another academic (Gibbert et al., 2008), by adopting Intra-coder reliability. Data triangulation of different sources of data enabled the researcher to corroborate evidence and findings, such as interview data and secondary sources (Denzin, 1978; Yin, 2009). Explanation of data analysis: documenting the data analysis procedure (Gibbert et al., 2008).</td>
</tr>
<tr>
<td><strong>External validity</strong></td>
<td>Multiple case studies: using different case companies (Gibbert et al., 2008). In this context the study achieved a locally grounded causality by means of multiple case studies (Miles and Huberman, 1994). Findings were generalised to theory (analytical generalisation) as opposed to statistical generalisation (Miles and Huberman, 1994; Yin, 2009). Rationale for case study selection: explaining why the selected case studies were appropriate in view of research question (Gibbert et al., 2008).</td>
</tr>
<tr>
<td><strong>Reliability</strong></td>
<td>Case study procedure (demonstrating that the procedures of the study, such as data collection techniques can be repeated with the same result). Potential problems were reduced by documenting detailed steps of the analysis, so that another researcher in a similar situation can produce similar results.</td>
</tr>
</tbody>
</table>

Source: Author
Participants were not requested to sign a consent form as this is seen as impolite, undesirable, and suspicious. As there are no clear guidelines to follow in dealing with some ethical issues researchers need to use their own judgement (Wright, 1994). Therefore, verbal consent was agreed with the participants as this was viewed as the most appropriate form based on the researcher’s strong understanding of the country’s culture.

4.10 Research Limitation
Competent research should acknowledge the limitations of a study, and these are presented as follows:

- As the firms are medium sized private companies from an emerging market, not all available data collection tools could be deployed. Whilst considerable depth of insights were accomplished in the companies, limitations on time spent within them were inevitable.

- The sample cannot be representative of all firms as purposeful sampling was adopted for this study. The case studies in this research are specific to one industry in a specific context (other industries and contexts are not represented)

- The research is qualitative and exploratory, which allows theory and perspectives to emerge from the data. However, the perspectives that emerge need to be tested quantitatively in other contexts, and possibly other industries.

- As the study adopted predominantly flexible semi structured interviews; pertinent data may have been unexploited.
4.11 Case Company Profiles

A synopsis of the four case companies involved in this investigation is briefly presented here. The firms adhere to the selection criteria outlined earlier in this chapter (see section 4.5.3). The firms are SMEs with respect to the number of outlets as explained by Stanworth and Purdy (2006) on franchise SMEs (see chapter 3 section 3.6.4 and section 4.5.3 on criteria for selecting case firms earlier in this chapter).

4.11.1 Firm A profile

Firm A was established in 1988, and the entrepreneur opened the first outlet in Cairo, Egypt after completing a university degree in commerce. The company is a quick service firm, and the main corporate values rest on quality, flexibility, and differentiation. By 1994 the firm owned 4 outlets and started to receive requests from social ties and local businessmen about the possibility of taking on the concept. The firm initially did not have any particular focus on quality control, strong manuals, brand consistency, and the company still served only a limited number of items.

The entrance of well-established foreign companies to the Egyptian market was perceived as an opportunity by firm A to improve its resource deficient position. Firm A undertook a number of steps to upgrade the firm’s resources with the aim of portraying itself as a company with international standards. With 25 outlets established in Egypt, firm A entered the international arena serving 3 regional markets in a short space of time before expanding further in the home market. Firm A more recently has diversified into related industries, such as catering, providing frozen products to retailers, and acquiring a casual dining concept. To cope with growth the company converted to a group, and has won a number of awards, such as best brand for its achievements.
4.11.2 Firm B profile

Firm B was established in 1947, and the entrepreneur opened the first outlet in Cairo, Egypt. The firm operates in the casual dining category of the food service industry, with a main focus on healthy food with quality ingredients. Firm B remained as one successful outlet until 1990, whereby the change in ownership took place and the owner’s sons aimed to install a new vision which involved expanding the firm’s concept in the Egyptian market.

The firm became aware of local and international chains expansion in the local market and wanted to be part of this growth. Firm B expanded locally for a number of years while devoting itself to its own offering and concept to the market, while learning from established foreign MNEs entering the market. With 8 outlets in the local market the firm recognised an opportunity to expand internationally to 2 regional markets, with the aim of maintaining the firm’s reputation in Egypt to leverage alongside the firm’s heritage. Post internationalisation, the firm has formed a group as it has expanded into related industries, such as catering and more recently a quick service version of its original concept.

4.11.3 Firm C profile

Firm C was established in 1988, and the entrepreneur opened the first outlet in Cairo, Egypt with the aid of two friends after completing an undergraduate degree in commerce. The firm operates in the quick service category of the food service industry. Firm C’s philosophy is to provide fresh and healthy food to customers, while focusing on creating and developing new offerings that are unique. By 1994 the firm owned 3 outlets and generated interest from potential franchisees. The firm initially offered only a small number of items and did not pay attention to quality control systems, manual development, or consistent store layout.

The entrance of established Western MNEs was viewed as a threat, while at the same time as an opportunity to improve and build resources, while differentiating the concept. For a number of years firm C was able to enhance its resource base due to
the entrance of established players. With around 23 outlets established in Egypt, Firm C internationalised to 3 regional markets in a short space of time before expanding further in the local market. Firm C has formed a group due to the expansion into related industries post internationalisation, such as established a small call centre and supplying local and international companies with condiments and bakery products. Firm C has won a number of awards for its success, such as best quick service chain and an international award for food servicing.

4.11.4 Firm D profile

Firm D was established in 1999 and was a pioneering concept in the local market that was only familiar with the following categories: fine dining restaurants, casual dining, traditional Arabic cafes and quick service firms. Firm D’s first outlet was located in Cairo, Egypt. The firm began by offering beverages and pastries, and later food in an atmosphere that the company describes as providing an experience to all customers. The firm’s unique characteristics are the atmosphere, the food and beverage, the community, and the value added service.

By 2001, firm D operated 4 stores in Cairo and started to receive offers regarding the possibility of franchising. Firm D introduced a new concept and paved the way for the entrance of incumbent MNEs from the West in the same food service category. The firm was bought over in 2005 by an entrepreneur who had a long term vision for the company. With around 28 outlets prior to internationalisation firm D entered 3 international markets almost simultaneously. Post internationalisation, the firm expanded the concept further in the local market and diversified into related industries, such as introducing a Western style delicatessen concept to the Egyptian market. Firm D maintains its commitment to offering new concepts to the Egyptian market.
4.12 Chapter Summary

This chapter detailed the research methodology undertaken for this study, and began by reiterating the purpose of the study and presenting the research questions. This was followed by an explanation of the philosophical stance and approach adopted. This chapter described and explained the research design: case studies, the data collection tools used in this research, and the role of the researcher. The chapter then introduced and explained the analysis framework that was utilised for analysing the data collected. This incorporated the analytical ladder of abstraction within the interactive model put forward by Miles and Huberman (1994). This study aimed to increase transparency by describing how the data was analysed in accordance with the interactive model’s streams. Finally, this investigation defended the study’s credibility, and outlined how the ethical issues were addressed, before acknowledging the research limitations. In conclusion, the research paradigm, philosophy and approach, research design, data collection and analysis are summarised in Table 4.4. Guided by the conceptual framework, the following chapter presents the data presentation and within-case analysis of this empirical investigation.

Table 4.4 Summary of research methods

<table>
<thead>
<tr>
<th>Paradigm</th>
<th>Post-positivist</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philosophy and approach</td>
<td>Critical realist</td>
</tr>
<tr>
<td></td>
<td>Qualitative</td>
</tr>
<tr>
<td></td>
<td>Deductive-inductive-deductive</td>
</tr>
<tr>
<td>Research design</td>
<td>• Multiple case studies</td>
</tr>
<tr>
<td>Data collection</td>
<td>Multiple sources of evidence provide data triangulation:</td>
</tr>
<tr>
<td></td>
<td>• Interviews with owners and top level managers</td>
</tr>
<tr>
<td></td>
<td>• Interviews with industry experts</td>
</tr>
<tr>
<td></td>
<td>• Company records, archival data, public sources of information, newspapers, and websites.</td>
</tr>
<tr>
<td>Analysis</td>
<td>Interactive ladder of analytical abstraction framework</td>
</tr>
<tr>
<td></td>
<td>Within-case analysis</td>
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<tr>
<td></td>
<td>Cross-case analysis</td>
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</table>

Source: Author
Chapter 5: Data Presentation and Within-case Analysis

5.1 Introduction

The methodology chapter discussed the case study method as the research strategy to explore the research questions, and it advocated the adoption of multiple cases: within-case data presentation, followed by cross-case analysis. The aim of this chapter is to address the first part of the multiple case analyses: the within-case data presentation. It is important to state here that variations exist driven by the availability of data, and the idiosyncratic conditions unique to each case. This chapter is presented as follows: section 5.2 states the steps taken in the within-case data presentation; each case is presented separately (Sections 5.3 to 5.6) with the objective of presenting the findings related to the research questions (RQ1, RQ2, and RQ3). Section 5.7 concludes this chapter with a summary. The themes identified here are discussed in the following chapter in the form of a cross-case analysis, and in relation to theory. Figure 5.1 illustrates an overview of this chapter.

Figure 5.1 Chapter Overview

![Chapter Overview Diagram]

Source: Author
5.2 Data presentation and within-case analysis

The data presentation and the within-case analysis for each case were guided by the framework shown in the methodology chapter. The data presentation and within-case analysis was structured and presented according to three steps:

Step 1: Addressing RQ1

This involved identifying and presenting themes for the motives for internationalisation by the creation of coding data assisted by NVivo. The motives are presented in this section.

Step 2: Addressing RQ2

This involved identifying and presenting the enablers for internationalisation; accomplished by coding data assisted by NVivo, and the enablers are identified and presented in this section.

Step 3: Addressing RQ3

This involved presenting the internationalisation path undertaken by each case, and this was achieved by pulling together the themes identified in response to RQs 1 and 2. In addition to this factual data regarding the entry modes, market selection, and timing of entry were compiled from the interviews conducted and from the firms’ documents in order to accurately describe the paths pursued by each firm.

5.3 Case A

5.3.1 Motives for internationalisation (Addressing RQ1)

The research unveils the motives for firm A’s internationalisation. There is a main reason that appears to explain why firm A internationalises; enhancing brand equity, which is contingent on the foreign complex and the entrance of well-established foreign competition, each of these are presented in the following sections.
5.3.1.1 Enhancing brand equity

Enhancing the brand was identified as a distinctive proactive motive for firm A’s internationalisation. This was a re-occurring motive cited by all the interviewed participants working in the company.

Firm A explains that it devised a strategy in order to grow and augment its image to existing customers, while reaching out to new ones in the domestic market. One way of achieving growth, satisfying existing customers, and attracting new ones was to internationalise.

“It was an opportunity to open abroad, and to be the first to become a regional player in the fast food business. It was an opportunity to distinguish the brand from the rest. We were a company that was doing well in Egypt, we may not be a KFC or McDonald’s, but we are certainly aiming to become like them. Once we had a system and customers that believed in us we needed to take the next step and that was to have an image of an international company. We may not operate today all over the world, but we do have an international profile, and I can tell you not many companies in Egypt can say that to their customers”. (Interviewee 1)

“In strategic terms we decided not to give a franchisee the right to open in Saudi Arabia because we wanted to enter on a large scale and this was not our plan at the time. It would be good now as we have moved to chapter two, which is to enter on a large scale. The first chapter was about gaining an international presence and communicating this to customers here. This differentiates us from the other Egyptian companies”. (Interviewee 2)

Internationalisation for firm A began at the end of 2005 and at the start of 2006. The entrance into three regional markets was accomplished in a short space of time. The firm advocated to customers that it had internationalised to other markets through various communication channels, including in store advertising, in local newspapers, and later using T.V. commercials and outdoor advertising. Firm A believes that internationalisation has aided the company to expand further in the domestic market and to achieve growth (paths section presents more details).
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In 2005, prior to internationalisation firm A operated 25 outlets in Egypt, and by the start of 2011 the company controlled 50 outlets. Internationalisation combined with appropriate communication strategies appear to have enhanced the legitimacy of the company’s brand to consumers in the Egyptian market. Firm A promotes itself as an Egyptian achiever, and by building an international brand status it has been able to attract franchisees, consumers, and other business contacts, which have helped fuel further expansion and growth of the company.

Firm A’s motives appear to remain unchanged when entering the first three regional markets almost simultaneously. Only after refocusing on the domestic market for four years does the firm decide to enter one more markets at the end of 2010. The firm aimed to add one more markets to its international portfolio.

This motive uncovered here in this investigation is not that surprising since little is known about location-intensive food service SMEs from emerging markets. It was anticipated that the brand would be important and carry weight, especially when food service firms operate in a business to consumer industry. This finding suggests that the asset augmentation view is more appropriate than asset exploitation, which is a motive identified in the literature on emerging market MNEs from the Asian pacific. This key motive will be discussed further in the following chapter.

5.3.1.2 Overcoming the foreign complex

All the participants’ interviewed at firm A to different degrees highlighted that Egyptian brands suffer from negative country of origin effects from its own domestic consumers. This is not related to other countries that perceive Egyptian products or services negatively, but rather Egyptian consumers view their own domestic industries and companies negatively. This view is commonly known as the “Khawaga complex”, which translates into English as the “foreign complex”\(^1\). The interviewees explained that due to the poor performance, and unreliability of

\(^1\) “Foreign complex” is a perception widely held by Egyptian consumers that local brands are inferior in comparison with foreign brands.

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Egyptian products and services in the past, consumers have developed negative, cynical, and pessimistic attitudes towards Egyptian brands. Egyptian consumers consider foreign brands to be trustworthy, legitimate, and reliable.

“The following phase, which is the interesting part is that we were doing well, but we were lacking that international status that foreign companies have like McDonalds so we felt or the owner and our team decided that going abroad would give us this quality image or put us in a higher position at least to Egyptian customers, and it could overcome the foreign complex problem we have in Egypt. So we would turn our Egyptian local image into an international Egyptian achiever”. (Interviewee 3)

“The local Egyptians have a brand now they have more faith and more confidence in. We already had a good consumer base, but now we stand out from the rest as we are international, and it tackles this foreign complex we have in Egypt that all foreign brands are better. We now ask the customers if they still see this as the case”. (Interviewee 5)

“We looked at the brand positively, not in negative ways, inside Egypt the case has a different issue to get out of the Khawaga complex…we looked at it and thought how will we move forward with the brand to get out of this complex, so one of the marketing strategies was ‘pride’…look maybe people opened up food shops with one branch, but not all people that opened became an achiever, like Ahmed Zewail [Egyptian Noble prize winner], like Naguib Mahfouz [Egyptian Noble Prize winner] so we moved the brand from being a local brand to the Egyptian achiever status that is the exit from the complex… for example, when you look at Ahmed Zewail who goes anywhere there are many like him, but Ahmed Zouweel inside Egypt is seen as great, and the best as he won a noble prize. So if you took Einstein, if he were still alive, and put him next to Ahmed Zewail in Egypt, who would an Egyptian go towards? So you see the fact that we have entered 4 other markets adds to our portfolio, and tries to remove the khawaga complex. So it is a strategy to remove this, and to be seen as different from Egyptian companies, as an achiever to customers, and to start moving towards that global brand, at least an international brand status like the foreign companies that are looked at with so much respect”. (Interviewee 4)
When identifying the khawaga complex as a motive for internationalisation, this research acknowledges that it can also be viewed as something impinging on the motive to internationalise. However, it is mentioned here in this section as it appears to be interlinked with the motive for internationalisation.

Due to this negative country of origin view, firm A believes that it can overcome and reduce this by positioning itself as an achiever within its own industry. This seems to be viable as the internationalisation of food service firms from Egypt and the Middle East region are relatively unheard of. Firm A considers itself to be one of the first to internationalise in the region, therefore creating a hype and excitement around customers. It seems that the firm has identified a strategy to overcome the foreign complex; by positioning itself as a local achiever to domestic consumers, and by upgrading itself to a status of legitimacy and an international brand.

The firm made clear the need to combine internationalisation with communication strategies aimed at educating and informing consumers about their activities. The firm appears to be confident that this strategy can only work if it possesses a fairly known brand in the local market prior to internationalisation. This seems to suggest that a firm will struggle to reap the benefits of this strategy unless it has a reputation, albeit a small one in the domestic market that forms the basis from which to build on. Firm A appears to have enhanced its reputation, appealed to a wider customer base, and has attracted more franchisees. However, internationalisation is a strategy devised by the firm to enhance the brand, image, status and reputation to domestic consumers.

5.3.1.3 Entrance of incumbent MNEs
The entrance of competition could also be viewed as something affecting the motive to internationalise. However, it is discussed initially in this section as it relates to the previous two findings that were presented. Competition from foreign MNEs began to enter the Egyptian market slowly starting in the seventies, and this began with Wimpy. By the late 80’s Pizza Hut and KFC had entered the market, with McDonalds establishing itself in1994. However, after the remarkable success of
these companies other players started entering the market, so it became more important for firm A to upgrade and distinguish itself.

While the entrance of foreign MNEs helped educate the market about food servicing as a concept or lifestyle; it exposed Egyptian consumers’ to the best practises, and this amplified their expectations of firms operating in the industry.

It appears to be that competition from foreign MNEs, in addition to the foreign complex aided firm A to devise a strategy of brand augmentation by the means of internationalisation. However, it is important to stress here that firm A believes that foreign competition never pushed firm A to internationalise, rather it was another reason for devising a legitimacy augmenting strategy, in order to distinguish itself.

“What happened then is that the company realised it needs to expand more and it was expanding well, but there was a lack of a brand. I mean the brand was known as a chain, but it still would never be classed as a KFC or McDonalds, because it is still local. In Egypt as you know we have the khawaga complex, all foreign brands are high quality and Egyptian ones are poor”. (Interviewee 4)

“Competition gives you a reason to grow or improve your operations, or to give you an opportunity to learn, and McDonald’s in Egypt started this competition. Before McDonald’s entered this was not the case you had a few foreign brands, local restaurants, local brands and no big investments happened. When McDonald’s entered Egypt it was a different story. They are very professional in operations, investments, and they are opening branches every month that is why all other Egyptian brands started to copy McDonald’s, but very few companies had a long term strategy to offer something different, and to find ways to improve their status. They only copied which leads to a bad result, you have to differentiate yourself from other local players and look similar to the foreign companies”. (Interviewee 2)

“Foreign competition did not push me to go international, what they did do was force me to upgrade the standards, and sustain high quality standards all the time. They actually pushed me to improve the quality of my products and the
quality of my team, in all areas actually. I realised that when McDonalds came to Egypt that the competition would really start, so I realised that upgrading everything would be essential or else we would be eaten. So that is why I had to be prepared. The other thing is that they forced me to think of ways to compete with them, and to keep or expand my customer base, and so in this way going international became a way to improve the company image”. (Interviewee 1)

Internationalisation appears to be a way of standing out from other Egyptian players in the local market, and an opportunity to upgrade the company from a local brand to an international one. It appears that foreign competition was a stimulator for firm A to think strategically about internationalisation in order to enhance and upgrade its image. The interviewees stressed that firm A had not reached market saturation in the domestic market, and therefore internationalisation appears to be a proactive strategy pursued by firm A.

Table 5.1 below shows the accumulated themes identified for firm A’s motives, in terms of the number of sources and references; each node is given a ranking (themes with more sources obtain a higher ranking).

<table>
<thead>
<tr>
<th>Themes</th>
<th>References</th>
<th>Sources</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhancing brand equity</td>
<td>15</td>
<td>5</td>
<td>(1)</td>
</tr>
<tr>
<td>Foreign complex</td>
<td>10</td>
<td>5</td>
<td>(3)</td>
</tr>
<tr>
<td>Entrance of incumbent MNEs</td>
<td>13</td>
<td>5</td>
<td>(2)</td>
</tr>
</tbody>
</table>

Source: Author

5.3.1.4 Interactions

From the previous section, the researcher constructs a figure summarising and documenting the interactions between the different themes that contribute to the enhancing brand equity motive (see figure 5.2).
The foreign complex and the entrance of foreign competition appear to be related to each other, and have both contributed to firm A devising a legitimacy enhancing strategy, which is achieved by the means of internationalising. Firm A informs its domestic consumers about its international activities through various communication channels, converting the foreign complex into an international achiever status. The firm also uses internationalisation as a means of distinguishing itself from other local players in the market and positioning itself as an international company, thereby catching up with foreign MNEs in the domestic market.

5.3.2 Enablers for internationalisation (addressing RQ2)

The empirical data reveals the enablers for firm A’s internationalisation. There are a number of reasons that appear to explain why firm A was capable of achieving internationalisation. It is one thing for a firm to want to internationalise (motives), and another thing to achieve this (enablers). Each of the enablers identified are presented in this section.
5.3.2.1 Entrepreneurial mind-set and vision
Firm A can be considered to be an entrepreneurial firm, and this is evident by the characteristic of the owner and the management team. Firm A appears to believe that they are set apart from most other Egyptian companies in the industry simply because they have a long term strategy and a vision. This may seem to be simple, however most Egyptian companies lack a vision and long term strategy and are not connected with customers in the market. The owner of Firm A has a vision for the company which involves becoming a market leader and has aimed to create a philosophy of taking risks and experimenting. The owner appears to be essential to the company and appears to be seen as a leader. The owner appears to have created an entrepreneurial culture and team that stresses the importance of opportunity seeking and autonomy.

It is quite uncommon to find this in firms that originate from Egypt, and possibly the MENA region. The firm appears to have a flat organisational structure allowing managers and the owner to discuss formally and informally about new ideas and strategies. The owner and the management team appear to be committed to resource enhancement, and the owner gives managers autonomy to come up with ideas and make decisions. Furthermore, the owner of Firm A explains that when he moved away from the production and began working on strategies, he was able come up with creative ideas, such as becoming an international player. According to the managers at firm A the owner is considered to be a key internal reason why firm A was able to internationalise.

“I must say at the very beginning, I was very much into the production part and I was doing things hands on; then I moved to something like nose in and hands out, and I started to think more in terms of strategy than operationally. That is why I started to think outside of the box, and thought of investing in a production facility, going international, and growing in Egypt. Together with my executive team they made my dreams come true as they say. We work very closely together and we are always cooking ideas together”.
(Interviewee 1)
“A lot of what we have achieved is because of our owner’s character. He is a real entrepreneur, but that is not it only. He created an entrepreneurial process in the whole company. Look one aspect of an entrepreneur is that they have a feeling of knowing when to quit a process and start a new one that will be better. He is innovative not only in terms of a product, but in managerial terms. He has created a culture of innovation and process discontinuity, and when you do this of course you end up with risking failure, and the company is managed in this way. There is no view of firing someone or being angry if they were innovative, and it went all wrong because you already set a culture, and decided on a path of innovation, discontinuity of processes and differentiation, and you will take risks. (Interviewee 4)

“The owner was entrepreneurial, ambitious, and had a long term vision, and he created an environment that is not available in every organisation, especially in Egypt. He makes you feel like you make decisions and you are part of the company. This is a unique management style. I know this, and like I said he is the reason why I joined the company. You feel like you own the company, another thing is his ability and the team’s ability to come up with new ideas, whether it is a product or a marketing campaign, and again this is because of the teams created here.” (Interviewee 5)

5.3.2.2 Proactively seeking and creating opportunities by attending Trade fairs

The empirical study reveals the importance of attending trade fairs to increase the awareness of the brand outside of the local market. Firm A proactively attended trade fairs in the Middle East, including Dubai to meet potential franchisees. Due to Egypt being a hub in the MENA region, sometimes foreign businessmen visit Egypt and look for business concepts. However, it appears to be more important to actively create opportunities and expose the brand to other countries and potential franchisees. The firm in addition to this explained the importance of attending trade fairs that exhibit machinery that is important for the industry.

“We started going to international fairs and exhibitions to demonstrate what we had to offer, we had a form that explained what we needed our partner to look like, here we were trying to show what person we would need, we asked things like, what is your turnover, what brands do you have,
what companies do you have, we had also rules that the person cannot be associated with a competitor.”. (Interviewee 4)

“I travelled a lot, and looked at all the possibilities as I was determined to be competitive, to grow, and become a leader in the market. I attended many trade exhibitions in Egypt, and abroad to start exposing the brand and find potential franchisees”. (Interviewee 1)

5.3.2.3 Differentiation

When the company was established in the late 80’s it began by offering something different. The company offered consumers an alternative to KFC’s chicken and Wimpey’s hamburgers. The firm combined Western and Egyptian offerings to stand out, and it has continued with this strategy as it is dedicated to differentiation. Firm A set McDonalds, KFC, and Pizza Hut as the top players in the industry globally, and therefore firm A aims to benchmark itself against these players. The empirical study shows that firm A believes that a company has a slim chance of catching up and competing with established multinationals if the firm tries to mimic everything, and be a low cost version. The key is to develop so that the firm starts appearing like a foreign MNE to consumers. The Interviewees explained that the dedication to differentiation was an important strategy that contributed to enhancing the resource deficiency of firm A, and helped build a unique concept that enabled the company to grow domestically and internationalise.

“We worked hard to upgrade our brand and we invested a lot in the store image, things like back of the house, front of the house you know, so we were on a similar wave length or platform as other multinational companies. We had to be strong and we invested a lot of time and money in preparing our own manuals, quality control manuals, maintenance manuals, so we have a key set of manuals like any other multinational company. We had to build a skeleton to be ready for entering foreign markets in a manner like franchising. We aimed to be different or unique, not low cost this will allow other companies to eat you up”. (Interviewee 1)
“We benchmarked against McDonalds, KFC, and Pizza Hut and so on. What we did was keep to what we are good at serving, keep our offering the same. This would be called a differentiation strategy; if we start copying McDonalds exactly then we look like a poor Egyptian copying firm. So we agreed that we needed to be a specialist in something else, and we were already good at what we offered so we kept this. We improved it and innovated some products like our signature dish.” (Interviewee 3)

“[Firm A] did start with a differentiation strategy to distinguish itself. In order to avoid being swallowed up overnight by someone like McDonalds, we have maintained this differentiation, which means that you come up with your own products, and in my opinion this helps innovation, small innovations, but still something new”. (Interviewee 4)

5.3.2.4 Imitation
The empirical data reveals that the firm aims to imitate certain aspects of the foreign MNEs that have entered the Egyptian market. In addition to the entrepreneurial mind-set and dedication to differentiation, the firm acknowledges its resource deficient position. The findings here suggest that firm A looks for resources that are imitable, such as store layout, logos, developing standardised manuals, store ambience, consistency across stores, and focusing on hygiene and cleanliness. The findings do indicate that imitation can be a viable strategy, as long as it is not pure imitation, whereby there is enough room for creativity and differentiation. The interviewees at firm A stressed that imitation allows firm A to augment resources, which enabled it to grow and internationalise. It appears that EM firms will often seize opportunities to enhance their resource base by searching for resources that are least rare, most imitable, and most transferable.

“It was also an opportunity for us to watch foreign firms closely and copy what we needed in order to upgrade our company. We did this by going to their stores, and trying to understand their operations, watching what they served, buying their products, and learning about what they put into it, and how they processed them...the company looked at what it needed, clearly we are much smaller and weaker than them, so we needed to get what we lacked, and there are some things that are easy to copy like a consistent store
“We have managed also to adopt a strategy that is to copy the best or benchmark against the best and to adapt it to our concept…You do not want to compete directly with McDonalds, they will kill you, you need to take things from them that they do well, and offer your own unique concept or product or service. Here at [Firm A] I believe we coordinate this well”. (Interviewee 5)

5.3.2.5 Entrance of incumbent MNEs

Firm A stresses that while other local players were pessimistic regarding their chances of survival when foreign companies entered, firm A perceived this as an opportunity to learn and develop. Firm A made it clear that foreign competition never pushed the firm to internationalise, rather it presented the company with three options, such as exit the market, remain the same size, or see the entrance of foreign incumbents as an opportunity to learn from them. Firm A viewed the entrance of incumbent MNEs as an opportunity to observe these firms directly, and therefore coordinate different strategies, such as differentiation and imitation (mentioned previously) in order to augment and improve the existing assets of the firm.

“You have to have the vision to benchmark against the best, and really learn from them to improve your own business. Some companies in Egypt copy us, and that is not benchmarking against the best because we are copying someone else so you have to aim high”. (Interviewee 2)

“At the time the Egyptian market had some players like KFC and to most people it was considered number one. Of course when McDonald’s arrived it completely changed the opinions of people in Egypt. So now you have in Egypt Egyptian companies who are one of two teams. The first team that considers shall I compete with McDonald’s and world players in Egypt or will I give in and be a local player. So at that time you had two options and the owner decided no I will be a person who will compete with international chains”. (Interviewee 3)
“The entrance of competition gives you as a local player a choice: remain small or exit the market or compete with the best, and use this opportunity to watch and learn with a differentiation strategy. The stores improved, marketing, logos, design, store layout, menu items all improved, and you could start to look like a chain”. (Interviewee 4)

5.3.2.6 Information/knowledge seeking

Due to the vision set out by firm A, recruitment of key personnel from other companies, particularly those that have worked with incumbent firms was a key strategy. Firm A began by recruiting from Pizza Hut and KFC, the first players in the Egyptian market. At the initial stages of growth, firm A recruited employees from incumbent firms and provided them with a higher positions. This means that an employee at an incumbent firm is recruited and given a higher position, such as a supervisor at firm A. A number of the managers interviewed explained that the personality, vision, and ambition of the owner led managers to join firm A. The key issue is that managers recruited in operations, marketing, and manual development train other managers in the firm and are given autonomy to use their existing knowledge and information gathered from working with incumbent firms. Post internationalisation the firm is able to recruit the higher level managers from incumbent firms. The managers stress the importance of the firm’ growing reputation in the marketplace.

“We recruited the people that we wanted to recruit or were able to and this improved our operations, layout, and systems”. (Interviewee 3)

“We also recruited a lot from Egypt we got marketing managers who were ex Pizza Hut, KFC, Papa Jones and the operations manager was ex ex ex ex…So we recruited people who were experts from the multinational companies and had experience in Egypt and in the GCC region, and we did our best to improve our standards so that we would be more competitive and these are all things that contributed to our success”. (Interviewee 4)

“Also, because of his long term vision and his ambition he recruited people with know-how and information about quality, operations, and service aspects from companies like...”
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Americana. You have to remember though that recruiting is not that easy you have to have a personality and reputation for people to want to join, and you have to know what it is exactly you are looking for, and to recruit or match the right person for the right job, and I would say [Firm A] has done this well over the years”. (Interviewee 5)

5.3.2.7 Institutional limitation

The Egyptian government is considered by interviewees as a barrier. Interviewees stressed that the government has not only played a limited role in aiding Egyptian firms, but rather it has been a nuisance. Firm A interviewees were critical of the government for not enforcing the rule of law and neglecting local firms. Firm A stressed that this was part of the reason for limited success among Egyptian firms.

“There is a lot of corruption, and it is not just the government but the local authorities, they are stopping us from growth. They put blocks in the way of our roads, and of course I do believe if [Firm A] was an American company or a British company we would be so much bigger… like ten times bigger”. (Interviewee 1)

“The government does not have a real system, in the last few years they put businessmen into the government as ministers so that they could be more in touch with business in the country. But the system is corrupt, and things you need done in a day take a year, and you have to go through loops to get somewhere”. (Interviewee 4)

“It is not helpful. It did a good job in terms of letting foreign companies enter, but they did not provide any help to local companies. There was no protection, it was like a situation where they opened the market and if you can compete well done, if you cannot someone will buy you out and that is it. It is not like other countries, like China and Malaysia where the government has an active role. Here they allowed companies to enter, and if you make it yourself you make it”. (Interviewee 5)
Table 5.2 below shows the accumulated Themes identified for firm A’s enablers, in terms of the number of sources and references; each theme is given a ranking.

**Table 5.2 Identified themes for firm A’s enablers**

<table>
<thead>
<tr>
<th>Themes</th>
<th>References</th>
<th>Sources</th>
<th>Ranking</th>
</tr>
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<tbody>
<tr>
<td>Entrepreneurial mind-set and vision</td>
<td>11</td>
<td>5</td>
<td>(3)</td>
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<tr>
<td>Differentiation</td>
<td>13</td>
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<td>Imitation</td>
<td>12</td>
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<td>Information/knowledge seeking</td>
<td>9</td>
<td>5</td>
<td>(4)</td>
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<tr>
<td>Entrance of incumbent firms</td>
<td>11</td>
<td>5</td>
<td>(3)</td>
</tr>
<tr>
<td>Proactively seeking and creating opportunities by attending trade fairs</td>
<td>7</td>
<td>5</td>
<td>(5)</td>
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</tbody>
</table>

Source: Author

Figure 5.3 demonstrates firm A’s enablers for internationalisation and growth.

**Figure 5.3 Firm A enablers**

Source: Author
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5.3.3 Path of internationalisation (addressing RQ3)
Having identified firm A’s motives and drivers for internationalisation in the previous sections, the researcher here presents the path pursued by firm A. The paths of the firm are described under the following three headings: Prior to internationalisation; Markets, Entry Modes, and Speed of Internationalisation; and Post Internationalisation Expansion, Related Diversification, and Forming a Group of Companies.

5.3.3.1 Prior to internationalisation
Firm A spends 17 years in the domestic market before internationalising. According to the literature we cannot consider firm A to be a born global firm, international new venture or any other label identified in the research that stresses instant or early internationalisation.

At the time of establishment, the food service concept was relatively new in the Egyptian market. Firm A needed to learn and to spend time in the home market prior to conducting any internationalisation activity. The firm rather than possessing resources, needed to acquire and build them. While established MNEs were entering the market to exploit opportunities in Egypt, firm A as a latecomer needed to address its resource deficient position. This perspective was outlined in the previous section, and the researcher demonstrated the importance of entrepreneurship in terms of opportunity seeking and strategic vision in terms of advantage seeking. The firm spent a number of years preparing for internationalisation, and this was stimulated by enablers, such as management’s proactive international mind-set and trade fair attendance.

5.3.3.2 Markets, entry modes, and speed of internationalisation
After entering three markets between the end of 2005 and the end of 2006, firm A refocuses attention on the domestic market for four years before embarking on further internationalisation to one additional market at the end of 2010. This was due to an opportunity that arose. This sudden shift from local to international and back again to local is a path determined by the motives and drivers outlined in the
previous sections. When firm A first internationalises, it is clear that the domestic market is not saturated, and the firm enters three regional markets in a very short space of time. The entrance into regional markets is achieved in around one year, demonstrating a lack of sequential steps taken by the firm when internationalising. However, the company does enter markets that are culturally close, virgin (untapped), where appropriate partners reside, and where a number of Egyptian consumers reside. Internationalisation is achieved through franchising agreements in all the markets entered, and this appears to limit the liability of foreignness, and risk associated with internationalisation. An interesting observation is the lack of emphasis on learning during internationalisation, as opposed to the importance of learning prior to internationalisation. This can be explained by the reliance on the partners’ knowledge and networks in the host market. The firm appears to be less dependent on experiential learning and does not appear to transfer this to subsequent markets. Firm A did not commit to higher entry modes in the markets entered over time, the mode of entry remained the same.

5.3.3.3 Post internationalisation expansion, related diversification, and forming a group of companies
During firm A’s entrance to the first three markets, the firm promoted their international activities in the local market through various communication channels such as in store, public relations, media, billboards, and on their website. The internationalisation of firm A to three markets appears to have aided firm A with a legitimate and enhanced brand to exploit in the local market, and therefore the firm appears to augment assets.

It appears that firm A’s internationalisation to the three markets, communication strategies that position the firm as an Egyptian achiever, and capabilities have contributed to growth. In addition to this, the Egyptian Franchising Development Association (EFDA)’s may have played a role by bringing franchisors and franchisees together by hosting annual trade fairs. This is supported by Firm A receiving over 1,000 offers for the franchise at the 2007 trade fair in Cairo, Egypt. Firm A appears to have acquired a status of legitimacy and trustworthiness among
domestic consumers, and generates interest from more potential franchisees, and gains an international reputation among existing and new customers.

Firm A prior to internationalisation established plans for diversification and this was carried out after the initial phase of internationalisation. Firm A diversifies into related industries, where it can rely on its core business, which revolves around food. Firm A acquired a small food service firm that was failing in the market, but appeared to have good potential. This enabled firm A to offer a different concept to the market, which is associated more with casual dining, rather than quick servicing. The firm appears to be perceived by other businesses as a reliable and more legitimate firm, as the firm supplies industries with condiments, including international players and international hotel chains. Firm A also introduced a new line of frozen food and supplies this to retailers.

Due to the diversification of firm A, the owner converted the company in 2009 to a corporate governance structure whereby the owner of the company became the chairman. The firm became a group of companies under one holding company specialising in the food industry. Firm A explained that the international status and capabilities of the firm enabled it to attract top managers more easily from other companies, including foreign MNEs such as Pizza Hut and KFC. Prior to growth and internationalisation, the reputation and personality of firm A’s owner, and the newly recruited staffs desire to utilise their knowledge obtained at incumbent firms appear to be the reason for attracting managers from well established companies. However, as the company internationalises and diversifies top managers from other companies appear to be more attracted to the firm as it becomes a more established brand in the market. From the empirical data, it appears that firm A is able to appeal to staff from foreign firms, franchisees, and local customers. Figure 5.4 shows the path pursued by firm A.
Figure 5.4 Firm A’s internationalisation path

Pre-internationalisation — Internationalisation Phase — Post internationalisation

(Local market) —> (International markets) —> (Refocus locally)

17 years spent in the domestic market.
Resource building
Learning from incumbent firms
Strategic vision

Virgin markets
Egyptian consumers
Appropriate partners
Regionally
Franchising
Small scale

Leverage Brand and image
Utilise EFDA
Exploit concept domestically
Diversify (form a Group)
Recruit higher level incumbent staff

Time

Source: Author

5.3.4 Firm A Summary

The researcher has constructed a diagram that depicts the interactions between the interrelated aspects of internationalisation: motives, enablers, and paths of firm A. This provides a more comprehensive account of firm A’s internationalisation (see figure 5.5).
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Figure 5.5 Interactions between firm A’s aspects of internationalisation

Source: Author

(Box 1) shows the date firm A was established and leads to (box 2) which explains that firm A’s vision is to be a market leader at home. Two forces shown in (boxes 3 and 4): the entrance of international players and Egyptian consumers’ foreign complex impinge on firm A. Due to the long term vision, firm A undertakes a number of strategies and proactive steps, such as augment existing resources and proactively searching for suitable partners internationally. This is best described and encapsulated by strategic and entrepreneurial behaviour and enables firm A to undertake a phase of internationalisation in a short period of time (box 6). (Boxes 5 and 6) both lead to firm A being able to counteract and reduce the threat from the entrance of incumbent firms at home (box 3), and the Egyptian consumers’ foreign complex (box 4). Furthermore, it seems that (boxes 5 and 6) allow firm A to exploit the concept domestically, diversify, recruit a higher level of incumbent staff, and to utilise EFDA as seen in (box 7), before finally converting to a fully integrated food company, and being able to attract bigger partners abroad (box 8).
5.4 Case B

5.4.1 Motives for internationalisation (addressing RQ1)
The data here presents the motives for firm B’s internationalisation. One central theme that appears to explain why firm B internationalises, which is based on consumers’ perceptions and the entrance of well-established foreign competition, each of these are presented in the following sections.

5.4.1.1 Maintaining brand equity
Maintaining the existing brand was a key motive identified in firm B. The interviewees from firm B explained the need to maintain their image in the local market by creating an international profile. Firm B internationalised by the middle of 2005 and the start of 2007 to two regional markets. Firm B was a well-known brand in the market as it was established in the 1940s. The firm positions itself as an elite and traditional restaurant, and this has always been the theme of the firm. However, since internationalisation it has continued to position itself as elite, traditional, and international to its customers in the home market.

“We always attracted Egyptians because we offered the best Egyptian cuisine in the country. We were always traditional, and we attracted many tourists especially from countries around us. There are many concepts available to customers now including foreign ones, so you must keep your customers attracted, and so we always present our heritage as a company with a past, and we were the first to go abroad, and we informed our customers about this as it reassures them about the brand, and it makes the company more prestigious”. (Interviewee 1)

“We were the first company in this industry to go outside of Egypt, and this gives us a status advantage over other companies here, especially other local companies. Our brand is positioned as one that has history, and has survived over many years, while reassuring customers about the quality. Going abroad was a tactical decision to continue reassuring our customers, and we managed to establish relationships with other partners to introduce our concept to their markets”. (Interviewee 3)
Firm B does not appear to consider internationalisation necessarily as a way to attract new customers, but rather it is a means to augment its existing brand in the local market to existing customers. The firm aims to stand out from competitors; local and international brands, and positions itself as a company with heritage and international status. The company has informed customers through various marketing tools such as newspapers, company website, in store, and later in T.V. commercials. The company in 2007 celebrated its sixth decade of existence with a T.V. commercial and in store menu’s that highlight the company’s heritage and international status.

5.4.1.2 Consumers’ perception of brands

Firm B’s situation is unique as it offers local food in a traditional setting. However, while this served the firm well in the past, the company is not immune to foreign firms that have aggressively entered the Egyptian market. Foreign firms have managed to attract Egyptian consumers with their global brands, and have helped educate the market about Western concepts. Firm B explains the importance of continuing to distinguish itself in the market.

“We felt that customers would always be interested in our concept as it is a local offering. We survived because we were different from fast food companies. We offered healthy meals, but over time Egyptian customers appreciated foreign companies, and it was not just fast food, but casual dining started to enter, which is more directly related to our concept. At first we were protected by our local offering, but then we needed to maintain our reputation and the brand so we started to present the company as one that has a history. Firstly, it was about positioning the company as one with history that helped us grow and survive, and then an international positioning combined with heritage became our position”. (Interviewee 3)

“The company always had the advantage of appealing to Egyptian customers, and overtime every company needs to keep customers interested, and so you have to update your menu and your image according to what is happening in the market. Customers in Egypt have always trusted foreign companies because foreign means high quality, and reliable. Those who have travelled also know about these brands before they come here. A firm can stay the same or think of
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ways to be different. We went to two countries where a lot of Egyptians live to show that we were capable of going abroad, and we used this as our way of showing our success, and this is something we portray to customers alongside our heritage”. (Interviewee 5)

As firm B has been operating in the local market for a long time, it seems that the firm has already established a brand. However, with the increasing number of brands entering the market, especially foreign companies, the firm appears to undertake steps to maintain its status, rather than extend it. Internationalisation and heritage are communicated to customers to reassure them, and to stand out from other players in the market. The firm acknowledges Egyptian consumers preference for foreign brands, and this appears to have contributed to the need for the firm to take a number of steps to reinstate its position to customers. Firm B appears to believe that a company must first be known in the market, and have a customer base in order for it to succeed at portraying itself as one with an international status and heritage.

5.4.1.3 Entrance of incumbent MNEs
Firm B explains that foreign incumbent firms introduced Egyptian consumers to a certain standard, raised expectations, and introduced different concepts to the market. Before the entrance of incumbent firms the Egyptian market was made up of independent companies, each one selling their concept to Egyptian consumers. The entrance of foreign firms exposed Egyptian consumers to best practises, alternative offerings from recognised brands. The firm believes that Egyptian consumers perceive foreign brands with a much higher quality. The entrance of foreign competition over time appears to have contributed to Firm B’s motive to internationalise.

“Big brands were entering Egypt, and they helped educate the market about different habits like fast food, casual dining, and cafes. This is because the Egyptian market has a large young population, and this is who they want to target. They were showing Egyptian customers what they had and how things are done at the best standards...Egyptians like foreign brands because they already have heard of them, and they know the quality is much higher than Egyptian brands. What
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you have to do is keep your customers interested, and be different from other local companies, and become closer to the foreign ones. We stand out because our food is different, and our setting is a distinctive theme, we have been in the market for decades, improved things in the company, and we are the first company in this industry to operate outside of Egypt”. (Interviewee 4)

“Foreign brands kept coming to Egypt and now as you can see it is a big industry selling Egyptian food, Sushi, hamburgers, Pizza, all of this is here. Our company fits into casual dining and fine dining, At first the companies coming here were fast food like KFC and McDonalds. Then other more casual dining places entered later on. We carefully placed ourselves as better than other local companies, and with features of foreign ones by having more than one branch, a particular setting, consistency, one with a long past and an international brand. This all helps you look unique, maintain trust, and gain confidence from your customers”. (Interviewee 2)

Table 5.3 shows the accumulated nodes identified for firm B’s motives, in terms of the number of sources and references; each node is given a ranking.

**Table 5.3 Identified Themes for Firm B’s motives**

<table>
<thead>
<tr>
<th>Themes</th>
<th>References</th>
<th>Sources</th>
<th>Ranking</th>
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<tr>
<td>Maintaining brand equity</td>
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<td>5</td>
<td>(1)</td>
</tr>
<tr>
<td>Consumer’s perception of brands</td>
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<td>5</td>
<td>(3)</td>
</tr>
<tr>
<td>Entrance of incumbent MNEs</td>
<td>13</td>
<td>5</td>
<td>(2)</td>
</tr>
</tbody>
</table>

Source: Author

**5.4.1.4 Interactions**

From the previous section, we can construct a figure summarising and documenting the interactions between the different elements that contribute to the maintaining brand equity motive (see figure 5.6 below).
Firm B appears to internationalise as part of a strategy to maintain its status in the domestic market. This strategy or vision is contingent on customers’ exposure and positive attitude towards foreign brands entering the market, which is associated with the increasing number of foreign firms entering the local market. Firm B informs its domestic consumers about its international activities in order to maintain its status, distinguish itself from local players, and position itself closer to foreign brands, while offering an alternative concept.

5.4.2 Enablers for internationalisation (addressing RQ2)

The research here reveals the enablers for firm B’s internationalisation. There are a number of reasons that appear to explain why firm B was capable of achieving internationalisation. Each enabler identified is presented in this section.

5.4.2.1 Entrepreneurial mind-set and vision (change of ownership)

Firm B remained as one successful outlet from its establishment until 1990. When the owner’s sons took over the business they decided to expand the concept in the local market. The owners explain that they were exposed to foreign companies’ entrance and practices and this was seen as an opportunity to grow. The owners
proactively saw opportunities for the firm to grow, and undertook a number of steps which helped them achieve this. The vision was for the firm to be number one in its category, and the change of ownership led to devising a long term vision for Firm B. The young owners’ are from another generation that is young and open to change and willing to take risks. This entrepreneurial mind-set and willingness to take risks in order to achieve a certain objective is a key driving force behind Firm B’s internationalisation. The owners’ devised a strategy whereby they could position the company as one with heritage, and they added the international status to this dimension which together provides a powerful message to local consumers.

“The vision was to grow in the market serving what we felt was different, the new owners were from another generation, and so they were open to change. They wanted to have a share of this growing industry here in Egypt. The key decision was to keep offering what the company did as this was the companies’ strength. It was a risky decision by the owners, but it was the right one to make... In 2003 with all the competition here the company needed to sustain its image and our marketing strategy was to focus on the heritage as I mentioned before, and the owners combined this with an international image once the owners were approached by suitable partners. These two aspects together give you a strong position. It helped us maintain our brand and move into other categories”. (Interviewee 3)

“I think the important thing is to have a strategy, and we have this at the company. You must know where you want to be in the future, this means that when you see an opportunity to achieve your vision, then you must be open and willing to take a risk. It is about being flexible if you want to be successful. You must improve and be different if you want your customers to see you as one of the best in the market”. (Interviewee 5)

5.4.2.2 Responding to opportunities from interested partners
The empirical data reveals that Firm B relied on differentiation, a local offering, and its length of time in the Egyptian market. This appears to have generated response from a number of franchisees in the region. Firm B engaged with two partners between 2005 and 2007. This was an opportunity for firm B to establish an
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international footprint, and to serve Egyptian customers as well as locals in those markets. Firm B by engaging with interested partners was able to differentiate itself further in the Egyptian market from competitors, and impress existing customers. Due to the entrepreneurial mind-set and vision explained previously, the owners recognised opportunities to expand internationally in order to distinguish the firm from other local players. The offer from interested partners is a key enabler that stimulated firm B to consider internationalisation strategically. Firm B considered internationalisation as a means to maintain the company’s value in terms of status and reputation.

“When you receive interest from partners in other countries you have to be careful, and you have to evaluate them. We have had offers from a number of countries, but going abroad in a franchising form in other markets was not yet in our plan. However, it was an opportunity and you have to work out what the advantages will be to the company. The first obvious points were that we would be the first company to do this, it would strengthen our brand to our customers, and make us different from the competition”. (Interviewee 1)

“This is what I was talking about earlier, when we spoke about opportunities. Most companies here in Egypt would not think about going to another country, but again here at the company we evaluate all the possibilities. We now have a presence in two countries, and this strengthens the image of the brand, it indicates quality to customers, and it is another way of distinguishing yourself from others”. (Interviewee 5)

5.4.2.3 Differentiation

This investigation reveals the importance of adopting a differentiation strategy, rather than a low cost strategy. Firm B appears to rely on differentiation in order to survive, and this strategy is essential in order to stand out from the foreign brands entering, and offering new concepts to local consumers. Differentiation appears to be essential for establishing a brand associated with quality. A differentiation strategy allows firm B to build and sustain a unique concept, and therefore become attractive to partners in other markets. Furthermore, the interviewees from firm B argue that this
strategy is essential to avoid being wiped out by foreign incumbent firms, and forces the company to be more innovative and to upgrade the firm’s resources.

“If you want to be here in five or ten years, and grow then you have to be dedicated to being different. Ok the company offers local food, but it has a number of products that are unique compared with other local players. The company is not the same as American companies, but that is the strength of the company, it has chosen to be unique, and you have to work on improving that so you are not directly in competition with the international brands, customers do not compare us to an American chain directly, because we do not offer any item that they offer. This is how we want the company to be known. The best at what we do, and different to other companies. I cannot think of any successful Egyptian companies that have just copied international brands, and even if they had some success they would not be attractive to companies outside of Egypt, because what are you offering that is new” (Interviewee 3)

“Differentiation is a must for building a brand around quality. If you are trying to put yourself in a unique position to customers then you have to show that you are different from the competition, with your service and the food. It would be a very poor decision to abandon your own concept, and start copying the foreign brands, this would not make sense; you would lose out to them in a second. You have to look at what you are good at, find your strengths and build on that. How can a company really show customers that it is a quality brand by simply copying?” (Interviewee 5)

5.4.2.4 Imitation

The empirical data reveals that while firm B is dedicated to a differentiation strategy, imitation of incumbents aspects play a very important role. Firm B does not appear to adopt a pure imitation strategy, but it searches, scans, and learns from foreign players, in order to upgrade its own appearance. The search is for simple aspects that incumbent firms do well, and to make sure the firm benchmarks against those standards. Firm B appears to search for resources that are imitable, as opposed to those that are inimitable and rare. This dedication to imitate certain aspects that foreign incumbents do well, such as store layouts, consistency in terms of service and logos, and clean stores all contribute to Firm B’s resources. The firm is constantly
improving and augmenting the resource base that could initially be best described as resource deficient. The interviewees see the presence of incumbent firms in the home market as an opportunity to deploy an imitation strategy that seeks to improve its existing resources and assets. This strategy was an important one for firm B to adopt as it enabled the company to succeed in terms of growth and internationalisation.

“Our company is dedicated to being different and better than other local companies. This is our strategy, but this does not mean that you ignore other companies in the market. We decided on being unique a long time ago, but the company still does not have experience like the chains from abroad. You can learn from them, find out what they do well. We know that they are consistent, every store looks the same, they offer core products, and they update and upgrade their logos, they are hygienic and very clean. Here we have to make sure we have the same standards. So we are not competing over the same store, but over features around the stores”. (Interviewee 1)

“You learn from better companies that are more experienced, you find out what attracts the customers to them. You keep your own style, food, and settings in store, but you make sure you are similar in terms of standards. Foreign companies gave Egyptian companies a chance to raise the standards, and if a company wants to succeed then you have to be aware of what they do, and how they present themselves to the customer. Having consistent stores is one of the key things that reflect the image of the company”. (Interviewee 5)

5.4.2.5 Entrance of incumbent MNEs

Earlier in the motives section the entrance of incumbent firms were mentioned as contributing to the motives for internationalisation (section 5.4.1.3). This was described in the sense that incumbent firms increasingly entered the Egyptian market over time. This affected consumers’ perceptions of brands and exposing them to new concepts. However, there is another angle to view competition, and that is from the perspective of opportunities they brought to the market. Incumbent firms provide opportunities for firms to emulate, learn, and observe them closely. This investigation shows that competition can be viewed as providing opportunities to local firms to improve and develop. This led to the firm undertaking three strategies
simultaneously: differentiation, imitation (both explained earlier), and recruiting staff with experience and knowledge. These strategies appear to be undertaken as a result of foreign incumbents entering the local market, and this has contributed to the augmenting the firm’s resources, and therefore enabling growth to occur domestically and internationally.

“Earlier you asked about the competition, and this is the positive side to it. They are a threat everyone views competition as a threat to your business. It can make firms feel weak if you try to compare yourself to big brands. The other side is that some Egyptian companies including ourselves see the chance to get better. Again we are different, but they show you what a company should look like, you realise you can grow, your branches must look the same, there should not be a difference between your stores. The service must be the same, the menu, and the atmosphere in the restaurant”. (Interviewee 3)

“You do not compete with these firms, you learn from them. They are helping the market grow, but they are also appealing to customers here. Watch how they present themselves, and do the same. You have to know what you need to improve, like your hygienic standards. You make sure you are consistent, and you put your own touch on this. The logo of the firm as an example was the same for all our stores, but you also improve these every few years. It is a balance between your own unique concept and improving the standards. A company must find the balance between being better than other local companies and acceptable compared with foreign companies”. (Interviewee 5)

“Foreign companies educated the Egyptian market; they showed Egyptian companies what was possible. So it was an opportunity to learn from them, and to watch them operate in Egypt. We were always going to offer what we had, but we realised that we could also expand in more places. They also put pressure on us to improve our standards and to keep our customers interested”. (Interviewee 1)
5.4.2.6 Information/knowledge seeking

The empirical data reveals a small number of managers were recruited to help with upgrading the company to a chain of restaurants. Most of the recruited staff was through the social networks of the owners. The owners’ ambition to turn the company into a chain of restaurants required the need to recruit experienced managers that had worked in the service industry, such as international hotel chains and other food service firms in Egypt. This added to the knowledge base of firm B, as staff members with extensive experience in the industry and who have worked abroad or been trained internationally joined the firm B. This was possible as there are a large number of Western firms that operate in Egypt in various service sectors, and the staff recruited or headhunted added to the existing assets and resources of the firm. This is a key strategy implemented by firm B to augment resources that enabled growth and internationalisation.

“When working in this industry for a long time a person meets other people, and there are always people looking to change jobs, looking for a new challenge or have been trained, but their contract has finished, and will not be renewed. We recruited people who we thought could add to the operations, and marketing of the company. This helped with growth, and improvements in the company, the total experience from everyone helped the company's performance. We became more attractive in the industry, and this is the reason why more people wanted to join us”. (Interviewee 1)

“The company wanted to grow, and so it needed to hire experienced managers that could understand the vision of the company. The staff were not necessarily hired directly from international companies, but the staff needed to be people with experience or trained by established companies. They needed to be people who were well trained, and could help the company grow... The owners’ used their contacts and headhunted to recruit these managers. Today, our general manager is someone who has worked with a lot of companies here in Egypt, he has more than twenty years’ experience in this industry, and he worked in other countries so he brings to our company more contacts and so much experience, and he is the one in charge of finishing our factory, and creating our new quick service branch”. (Interviewee 4)
5.4.2.7 Institutional limitation

This investigation reveals the lack of support by the government. The government appears to have played a distant role by encouraging privatisation, and allowing the entrance of foreign firms to enter the market. However, the data reveals a negative perception towards the government, and firm B particularly emphasises that there are no clear laws, rules or even procedures in place, and there is no support for local companies.

“Our government should do more to make sure companies follow clear laws. The problem is that they are not aware with what really happens. They have made moves to privatise sectors, but where is the support. They allowed foreign companies to come in, and this is not a bad thing of course, but where are the rules and procedures that come with this. I am not even talking about financial support, but where are the clear laws and fairness. This is something that has been a problem here”. (Interviewee 4)

“There is a lot of corruption here in Egypt. The laws are also outdated, and do not reflect the changes happening in the industry. You get used to dealing with this yourself; if you do not then you will not survive. It is the lack of understanding and appreciation for local companies, and the government has no real agenda”. (Interviewee 5)

Table 5.4 below shows the accumulated themes identified for firm B’s enablers, in terms of the number of sources and references; each node is given a ranking.

Table 5.4 Identified themes for firm B’s enablers

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<td>Information/knowledge seeking</td>
<td>6</td>
<td>3</td>
<td>(6)</td>
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<tr>
<td>Entrance of incumbent firms</td>
<td>11</td>
<td>5</td>
<td>(3)</td>
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<tr>
<td>Responding to opportunities from interested partners</td>
<td>9</td>
<td>4</td>
<td>(5)</td>
</tr>
</tbody>
</table>

Source: Author
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Figure 5.7 demonstrates the enablers that support firm B to internationalise and grow:

**Figure 5.7 Firm B enablers**

![Diagram showing Firm B enablers]

Source: Author

5.4.3 Path of internationalisation (addressing RQ3)

The previous sections described firm B’s motives and enablers for internationalisation. The researcher here presents the path pursued by firm B. The paths of the firm are described under the following three headings: Prior to internationalisation; Markets, Entry Modes, and Speed of Internationalisation; and Post Internationalisation Expansion, Related Diversification, and Forming a Group of Companies.

5.4.3.1 Prior to internationalisation

Firm B was established in 1947 and remained as one independent outlet until the early 90’s. The empirical research reveals that the change in ownership led to a change in the vision of the company. The owners of firm B realised the potential of the firm to expand in a growing domestic market. Firm B adopted a differentiation strategy, while seizing opportunities to grow and develop in the local market. The perceptions of Egyptian consumers and the entrance of a number of Western incumbent firms led firm B to embark on a process of a dedication to differentiation.
The firm also sought to improve its resources by hiring experienced management and observing incumbent firms. The company undertook a phase of upgrading and reconfiguring its resources and building a brand in the market. The company initially focused on its unique offering and heritage in the Egyptian market to capture and retain its customers before receiving interest from overseas partners. This led the firm to strategically consider internationalisation as an opportunity to further distinguish its position in the local market to consumers.

5.4.3.2 Markets, entry modes, and speed of internationalisation

The firm proactively seized the opportunity to engage with interested partners in two regional markets that are populated with Egyptian consumers, and with local customers that regularly visit Egypt, particularly in the summer months and are aware of the company.

The mode of entry is franchising as this is perceived to be a lower risk strategy, and a chance to rely on the partners networks in the local market. Franchising is the same mode used by the firm when expanding in the Egyptian market.

The firm spends 58 years in the local market before internationalising. Internationalisation is considered to be a phase whereby the firm aimed to serve niche markets, establish an international footprint, and maintain its status in the local market.

5.4.3.3 Post internationalisation, related diversification, and forming a group of companies

Post internationalisation the firm markets itself as an international brand through various communication channels, such as newspapers, the company’s website, in store, followed by T.V. commercials. The marketing strategy adopted by the company was to position itself as a unique Egyptian company with heritage and an international reputation. In 2007 the firm celebrated its 60 years of existence with a T.V. commercial, and in store promotion focusing on its heritage and international status.
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Since internationalisation the company has diversified into related industries. Firm B offers a catering service targeting upper class Egyptians for events such as weddings, parties, and conferences. The company at the start of 2011 began offering its concept in a quick service format, with the aim of capturing a share in the fast food category. The firm leverages its brand name in all the related businesses. Firm B has recently converted itself into a group of companies, whereby one of the owners is the chairman of the group.

Firm B aims to expand further in the domestic market, while further upgrading its facilities and outlets at home, before embarking on further internationalisation. The firm has been able to recruit higher level managers with experience in the industry, and it has received more interest from partners abroad. However, the firm’s vision is to focus on domestic market expansion, where the market is still not saturated before considering future markets. The firm plans to enter new markets on a larger scale, and possibly in the form of joint ventures. Figure 5.8 shows the path pursued by firm B.

Figure 5.8 Firm B’s internationalisation path

<table>
<thead>
<tr>
<th>Pre-internationalisation: Local market</th>
<th>Internationalisation Phase: International markets</th>
<th>Post internationalisation: Refocus locally</th>
</tr>
</thead>
<tbody>
<tr>
<td>58 years spent in the domestic market.</td>
<td>Internationalisation phase (2005 and 2007)</td>
<td>Leverage brand and image</td>
</tr>
<tr>
<td>Resource building</td>
<td>Egyptian consumers</td>
<td>Diversity (form a Group)</td>
</tr>
<tr>
<td>Learning from incumbent firms</td>
<td>Consumers from countries familiar with the brand</td>
<td></td>
</tr>
<tr>
<td>Strategic vision</td>
<td>Appropriate partners</td>
<td>Recruit higher level incumbent staff</td>
</tr>
<tr>
<td></td>
<td>Regionally</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Franchising</td>
<td></td>
</tr>
</tbody>
</table>

Source: Author

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5.4.4 Firm B Summary
In order to summarise the motives, enablers, and paths pursued by firm B, the researcher has constructed a diagram that illustrates the links and interactions between the interrelated aspects of internationalisation. This illustrates a more comprehensive explanation of Firm B’s internationalisation (see figure 5.9).

**Figure 5.9 Interactions between firm B’s aspects of internationalisation**

(Box 1) shows the date firm B was established and leads to (box 2) which explains that firm B’s vision is to be a market leader at home. This is due to the change in ownership, whereby the Owner’s sons took over the company. Two forces shown in (boxes 3 and 4): the entrance of international players and Egyptian consumers’ positive perceptions and exposure to foreign brands impinge on firm B (Box 5). Due to the long term vision and the objective to maintain an image in the local market, firm B undertakes a number of strategies to augment existing resources (strategic) while recognising and responding suitable partners internationally (opportunity recognition). The strategic and entrepreneurial behaviour enables firm B to undertake
a phase of internationalisation, in order to maintain brand identity and image to customers in the local market (box 6). (Boxes 5 and 6) both lead to firm A being able to respond to the threat from international players at home (box 3), and the Egyptian consumers’ perceptions and exposure to foreign brands (box 4). Furthermore, it appears that (boxes 5 and 6) allow firm B to maintain its status, diversify, and recruit higher level staff, which cause the firm to convert to a group of companies (box 8).

5.5 Case C

5.5.1 Motives for internalisation (addressing RQ1)

The empirical data here presents the motives for firm C’s internationalisation. The themes that appear to explain why firm C internationalises are presented here. The section concludes with the explanation of the interactions between the different themes contributing to the motive of the firm.

5.5.1.1 Enhancing brand equity

This empirical study reveals that firm C perceived internationalisation as a strategic marketing tool to enhance its image to local customers. Firm C appears to view internationalisation as a strategy to upgrade the image of the organisation. This appears to be viable only if the firm already has an existing reputation in the marketplace; albeit a small one. The following quotes illustrate the motives of firm C:

“What helps us open more stores in Egypt, and grow is our brand; as a company that has become international it makes us more appealing to customers in Egypt, and local franchisees as they know they are part of a winning company with a winning recipe, and this was the aim like I explained at the start, to enhance the brand value in Egypt”. (Interviewee 3)

“The brand of course, when we went to three countries this gave us an international brand position that we were looking for to be classified in a similar category as KFC and other strong international players. Our reputation spreads to our customers, through word of mouth, public relations, and on take away bags”. (Interviewee 5)
5.5.1.2 Overcoming the foreign complex
This empirical study reveals that firm C recognises the foreign complex in Egypt, and the need to be different from other players in the market. Egyptian consumers appear to be attracted to foreign brands, and view them as more reliable. Internationalisation along with appearing like a foreign brand appears to be important to counteract this view.

“We needed to get something that we could not get here, the missing element if you like, and this was the brand. We needed to be an international brand to expand further in Egypt and to show consumers that we do not only look like McDonalds and so on, but we are international. We are an achiever and this is very important when you understand the Egyptian consumer. They have a foreign complex, this is a feeling that foreign brands are superior, and this is a feeling in the Arab countries in general. So in order to tackle this weakness or obstacle to growth, you need to take the brand abroad”. (Interviewee 2)

“You have a unique product offering, high quality products, good atmosphere, and consistency in store layout, but you need that higher brand perception. The Egyptian customers saw us as a consistent high quality company, but we needed that international image to be considered as good as Pizza Hut or KFC or whoever”. (Interviewee 4)

5.5.1.3 Entrance of incumbent MNEs
This investigation reveals that firm C views in addition to the foreign complex in Egypt, the entrance of foreign companies as appealing concepts to domestic customers. Foreign companies were a threat to the existence of Egyptian companies. This at first stimulated the firm to upgrade its image and later internationalise to enhance its appeal to customers and franchisees in the local market.

“Competition is interesting because when big brands entered Egypt, this gave the company a chance to learn from them. Competition does bring a lot of benefits as long as the company can view it this way. At the same time they attract customers here, and they are well known, and have operated for much longer than companies here in Egypt. The first step is to benchmark against these companies so that you can
improve and look like them, of course while offering your own concept. As more competition enters you search for ways to increase the image of the brand, and becoming an international brand helped the company achieve this‘’. (Interviewee 2)

“We are one of the few companies that have a vision to be like McDonalds in Egypt. The other company is [firm A]. We were both started in the market around the same time, and were simple companies. We are the only companies here in Egypt that I would say are on a similar level as McDonalds. They also had a vision to be different, and to improve and upgrade the company, while presenting the brand as an achiever”. (Interviewee 4)

Table 5.5 below shows the accumulated themes identified for firm C’s motives, in terms of the number of sources and references; each theme is given a ranking.

Table 5.5 Identified themes for firm C’s motives

<table>
<thead>
<tr>
<th>Themes</th>
<th>References</th>
<th>Sources</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhancing brand equity</td>
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<td>5</td>
<td>(1)</td>
</tr>
<tr>
<td>Foreign complex</td>
<td>10</td>
<td>5</td>
<td>(2)</td>
</tr>
<tr>
<td>Entrance of incumbent MNEs</td>
<td>9</td>
<td>5</td>
<td>(3)</td>
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</tbody>
</table>

Source: Author

5.5.1.4 Interactions

From the motives section, this research constructs figure 5.10 which summarises and documents the interactions between the different elements that contribute to enhancing the brand equity motive.
Figure 5.10 Firm C motive interactions

Enhancing brand equity:
strategic motive for
internationalisation

Foreign complex among
Egyptian consumers,
and their positive view
of foreign companies

Foreign firms entering
the Egyptian market
over time

Source: Author

Firm C appears to internationalise as part of a strategy to enhance its status in the domestic market. This strategy or vision is contingent on the consumers’ foreign complex, and positive attitudes towards foreign brands entering the market, which is associated with the increasing number of foreign firms entering the local market. Firm C informs its domestic consumers about its international activities in order to upgrade its status, distinguish itself from local players, and position itself as similar to foreign brands. Firm C adheres to providing its own unique concept in the Egyptian market. However, it appears that the firm C is aware that this is the strategy adopted by firm A.

5.5.2 Enablers for internationalisation (addressing RQ2)

This investigation here presents the enablers for firm C’s internationalisation. There are a number of reasons that appear to explain why firm C was able to achieve internationalisation. Each of the enablers identified are presented in this section.

5.5.2.1 Entrepreneurial mind-set and vision

This empirical study reveals the importance of the entrepreneur, and the culture of the organisation. Firm C appears to be creative, risk taking, and focused on
improving. The firm at the same time is strategic in the sense that it has a long term vision, and strives to be number one in the market. The interviewees at firm C cited the owner as a key enabler for internationalisation. Firm C’s owner is viewed as having a vision, being ambitious, creative and a key driver for introducing new ideas to the firm, and willing to take risks. This distinguishes firm C and sets it apart from other companies.

“It is essential you are gaining at home experience you do not have, I mean remember the owner started this straight after university so there was no business experience even. Also you have to do well at home to have confidence. Some companies are happy with one or two stores and do not have ambitions like us. This depends on the owner really. The owner here always wants to do better, introduce new items, and look for opportunities everywhere”. (Interviewee 2)

“We have Mr. [x] of course who is the entrepreneur who started [Firm C], and he is the number one person advancing and progressing [firm C]. All of our products are his ideas and the teams; he travels a lot and sees what is offered abroad, he is very creative. He studied business at university, his passion is and always was food and this gave him the ability to come up with products that were not offered by others”. (Interviewee 4)

“I mean I would start with the vision of the owner and managerial team. The culture of freedom, looking for opportunities, and the owner’s passion are important. Most of our products were created by the owner. This definitely set the culture of driving the business to improve, to be the best, and introduce new products and to take risks like going abroad”. (Interviewee 5)

5.5.2.2 Responding to opportunities from interested partners and attending trade fairs

The empirical data reveals that firm C proactively attended trade fairs to seek franchisees, while at the same time the firm also received offers from interested partners. The offers received may have been stimulated by firm C’s attendance to trade fairs, whereby the firm exposed the brand. In this case firm C appears to be
attractive outside the home country, while the firm undertook proactive steps to promote the concept.

“We always wanted to go abroad, this was the owner’s vision and we received offers from people who were interested. We took steps ourselves to promote the brand by attending trade fairs in Egypt, which takes place once a year in the Marriot hotel or Cairo’s exhibition centre”. (Interviewee 4)

“The company went to trade fairs here to get more exposure; this made more people aware of the brand. Businessmen from this Middle East travel looking for concepts and become aware of successful companies in the market, and if they were interested then they would contact the company”. (Interviewee 2)

5.5.2.3 Differentiation

This study unveils that firm C adheres to differentiation rather than adopting a low cost strategy, whereby the firm aims to distinguish itself from other foreign and local companies. This strategy appears to be important for survival, and it demonstrates that the firm is creative and innovative by building a company based on differentiation. The adoption of a differentiation strategy sets the firm apart from companies in the industry, and firm C believes that many companies simply adopt an imitation strategy, and do not leave enough room for creativity. The entrances of Western MNEs in the home market provided the firm with the opportunity to benchmark, and improve resources and capabilities. Firm C set companies like McDonalds as the standard to benchmark against, while offering alternative products. This dedication to differentiation is important as it allowed firm C to build its own concept, and therefore upgrade and reconfigure its resources over time.

“We would not be talking here today if we were competing on the same product as McDonalds. Other foreign companies, not even Egyptian companies have failed against them here like Arby’s. We are very careful to be different. There are other companies copying us now...They should be using a differentiation strategy instead and they should benchmark against McDonalds not us. We are trying to be like McDonalds so they should do this also if they want to be different and have the same international standards, but this
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"all starts with the organisation and the owner's attitude". (Interviewee 5)

"You have to be careful what you are learning from them or taking from them, for example just because McDonalds is good at making burgers it does not mean that I should make burgers and do a copy paste. This would be the worst thing to do it will fail". (Interviewee 3)

"The other thing is that we have a unique product that distinguished us in the market place. [Firm C] was innovative and different from everyone else. We come up with ideas that can be marketed to the customer, or produce or come up with products that respond to trends. Yes we have competition in the market, but we want to offer something unique, and come up with new ideas". (Interviewee 4)

5.5.2.4 Imitation
This empirical investigation reveals that firm C is aware of the need to imitate, as it is a latecomer in the industry compared with foreign multinational companies that have been operating for decades. The data reveals that firm C does not choose between two strategies: differentiation and imitation, rather the firm employs both. The desired outcome appears to be to offer an alternative in the market, so that the firm is not in direct competition with foreign multinationals on products offered.

At the same time the firm benchmarks against the incumbent firms by imitating store layouts, and focusing on hygiene and cleanliness, while maintaining consistency to stand out from other local players. This allowed the firm to catch up with foreign multinationals, which would not have been possible if these firms had not entered the Egyptian market. Firm C is very strategic by identifying which resources are deficient compared with Western incumbents, and undertaking proactive steps to improve this. According to firm C other Egyptian companies did not see the entrance of foreign MNEs as an opportunity to improve; rather it is regarded only as a threat and instead these firms set other local players as the benchmark. The dedication to imitate features of foreign MNEs is important as it enabled firm C to augment, improve, and reconfigure their resources which enabled them to survive, compete, and internationalise.
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“But you have to be careful not to copy a market leader, you benchmark yourself against them knowing that they are at the top so we have to get there, but be careful not to copy everything. You copy the things that they do well, and you adjust or adapt it to your product. We have already started low fat options with low fat sauces and this is a trend in Europe; the healthy eating, but it is starting to happen here in Egypt, and it will become more popular so we moved into this so you must have your own vision”. (Interviewee 4)

“The aim was to benchmark against McDonalds, Pizza Hut, and KFC. We wanted to be the Egyptian version of this. In Egypt there were so many things we could do to position ourselves as an International player. We recruited from these foreign firms, we updated our machinery, implemented our own quality control, and gave face lifts to the brand, and most importantly we achieved consistency. So when you go to a [Firm C] store you cannot tell the difference between an owned and franchised store”. (Interviewee 2)

“Egyptian competitors have a problem because they are copying us, and not the foreign companies. They are also trying to copy our products, which will not work. They are like the companies that failed trying to make fried chicken and become like KFC, for example Basmati is one copier. You also have another company called smiley’s they started around the same time as us, but they only have a few branches in Egypt, around 12 or something like that because they do not have a plan or a vision really”. (Interviewee 5)

5.5.2.5 Entrance of incumbent MNEs

This empirical study finds that Firm C views competition as an advantage if local firms view this threat also as an opportunity. The entrance of the top global players to the Egyptian market provided opportunities to those entrepreneurial firms who view this entrance as an opportunity to improve, upgrade, and benchmark against these firms. This allowed firm C to devise and undertake the two strategies: differentiation and imitation which were described previously. In addition to this, the entrance of incumbent firms were followed by world class suppliers, and this allowed firm C to link up with these companies to learn from them, which further enhanced the resources of the firm.
“I believe what made us successful was the team I build relations with, and the fact that we were different. We differentiated ourselves from the rest, and then really spent time on introducing new products, improving the service and building relationships with specific suppliers and competitors, while watching carefully and copying things that we could from McDonalds and Pizza Hut who are in our country. This was a great opportunity to learn from the best, while keeping our dedication to being different and not just offering the same or at lower costs, a low cost strategy in this area will make your appearance weak”. (Interviewee 3)

“We had our own recipes that were tested, and then we joined with GSF which is a global company that supplies McDonalds actually, and under a confidential agreement they produce it for us, but we did this of course when we started growing and our space could not produce a large number of sauces, so GSF does this... GSF played a key role as part of [Firm C’s] improvement, but it is important later to take the next step, and learn from them to produce your own sauces”. (Interviewee 1)

5.5.2.6 Information/knowledge seeking

The empirical data further reveals the importance of recruiting experienced staff from incumbent firms and their suppliers. Firm C started initially by recruiting members of staff with experience in the industry, and those with information and knowledge of incumbent firm’s methods, systems, and operations. Despite the importance of recruiting staff with information and knowledge, the more essential point appears to be firm C’s ability to identify and recruit the right people who can add value to the firm in a number of ways. This is possible as some managers recruited feel that they have reached saturation at their existing company and cannot reach a higher level. These managers want the challenge of moving to a firm whereby they can utilise and leverage their knowledge and experience. Therefore, identifying and being able to recruit the right people with the right skills complements, augments, and reconfigures firm C’s resources.

The ability to recruit staff with information and knowledge is an important strategy along with differentiation and imitation. Coordinating these strategies simultaneously enhances the resources of firm C, such as the firm’s manuals for the store layouts,
and menus. Overtime the firm has been able to attract the top managers from incumbent firms such as McDonalds.

“You will always find someone willing to join, and these are the people we want. The people who see it as a challenge, and the chance to use their skills in another environment. They know that the company has the potential to grow more than others, and they know it is not as rigid as McDonalds who has been around for years. The production and management has been established and the manuals and they replicate it everywhere so you work according to a system. Here at [Firm C] the system is still improving, and so it offers flexibility and the chance to use your creative side, and what you have learned. Especially those in high positions feel that at the company they are at they have reached saturation in learning, and so they want a challenge…” (Interviewee 4)

“McDonald’s and other companies are good to work for of course, but managers have reached some level of saturation, so you can learn everything but after that there is not much new, and if they reach a position like operations manager that is it they cannot climb higher, but by joining a smaller company you get to use the knowledge gained at places like McDonald’s, and transfer it to [Firm C] to be part of the growth story, and they can use their expertise, we are always looking for people that can add something, develop and advance us”. (Interviewee 2)

“However, companies can make the mistake of assuming oh he worked for McDonalds he knows everything about their operations or manuals. Then when they join the Egyptian company they do not know how to create a system for you. We did not fall into this deception...The important question is what they know, and what they did in the company... It is like recruiting an engineer to design your store and the engineer is a good designer, but in the end designs a store that is not useful for a food restaurant. The restaurant needs certain specifications; where the counter should be, even where the utensils in the kitchen should be in a certain order so that the staff do not knock into each other”. (Interviewee 5)

5.5.2.7 Institutional limitation

The empirical findings here reveal that the Egyptian government is perceived negatively. Firm C believes that the government is incompetent at creating a stable
environment for firms to operate in. The sector is neglected and exposed to corruption, the laws and regulations are not adhered to by most companies. Due to the lack of law enforcement, not only have firms in Egypt implemented their own quality control systems, but firms can still run into problems with bureaucratic local authorities.

“In terms of work they are against me. When I open stores, and growing, and I employ Egyptians to work that cannot work, and then they do not give me a license. They ask for things and we implement them, they ask for more and more trying to put me off so that I leave and do not open the store, and it can be as bad as the person has a benefit of giving someone else the license at my expense. They might know each other, and they are corrupt. We are helping create jobs, and they are against me. All the government bodies like the health and safety, and the health ministry are not qualified. They just want to benefit from you, and they will always try to find something wrong, and if they cannot they will find some way to find a benefit for themselves”. (Interviewee 2)

“I would say they do not help. They are a problem when trying to operate and get things done, especially paper work they punish you. It is not the law that is the problem it is because there is no law, so they make their own laws up and we have to follow this”. (Interviewee 3)

“There is no support of course that you would want. It is hard to get licenses for stores here, and the rules are not clear, put it this way no one comes or has the intention of coming from a government office to help you open a store. If anything the person is in his office interrupting the business. We try as much as we can get on with what we want to achieve, and just deal with these issues when they come up. The problem is the mentality that they have, to them they do not care if you open or expand or do not open”. (Interviewee 4)

Table 5.6 shows the accumulated themes identified for firm B’s enablers, in terms of the number of sources and references; each theme is given a ranking.
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Table 5.6 identified themes for firm C's enablers

<table>
<thead>
<tr>
<th>Themes</th>
<th>References</th>
<th>Sources</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial mind-set and vision</td>
<td>11</td>
<td>5</td>
<td>(3)</td>
</tr>
<tr>
<td>Differentiation</td>
<td>14</td>
<td>5</td>
<td>(2)</td>
</tr>
<tr>
<td>Imitation</td>
<td>15</td>
<td>5</td>
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<td>Information/knowledge seeking</td>
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</tr>
<tr>
<td>Entrance of incumbent firms</td>
<td>10</td>
<td>5</td>
<td>(4)</td>
</tr>
<tr>
<td>Responding to opportunities from interested partners, and attending trade fairs</td>
<td>5</td>
<td>5</td>
<td>(6)</td>
</tr>
</tbody>
</table>

Source: Author

Figure 5.11 demonstrates the drivers that enable firm C to internationalise and grow.

Figure 5.11 Firm C enablers

5.5.3 Path of internationalisation (addressing RQ3)

This section presents the path pursued by firm C. The paths of the firm are described under the following three headings: Prior to internationalisation; Markets, Entry Modes, and Speed of Internationalisation; and Post Internationalisation Expansion, Related Diversification, and Forming a Group of Companies.
5.5.3.1 Prior to internationalisation
Firm C spends 18 years in the domestic market before embarking on internationalisation. At the time of firm C’s establishment, the food service concept was not fully established in the Egyptian market. Firm C’s first store was simple, and the firm did not possess any overwhelming resources. The firm needed to spend time in the home market to learn, acquire and build a brand in the local market.

When established MNEs started to enter the Egyptian market to exploit opportunities in Egypt, firm C as a late mover needed to learn and enhance its resource base. Firm C appears to be entrepreneurial and strategic at the same time, whereby the firm recognises opportunities, and through various strategies aims to build a brand in the local market. Firm C clearly spends a number of years in the domestic market before embarking on an internationalisation phase, which was possible due to the enablers outlined in the previous section.

5.5.3.2 Markets, entry mode, and speed of internationalisation
Firm C enters 3 regional markets in just under 3 years beginning at the end of 2006. The firm aims to establish an international portfolio, in order to enhance the brand to local customers and franchisees in the Egyptian market. Firm C’s aim is to stand out from other local players, and to be viewed as similar to the foreign incumbent firms in the Egyptian market.

Firm C enters all the markets using franchising. This appears to be an appealing entry mode as the firm operates in this manner in the domestic market. In addition to this, firm C is aware that incumbent firms in this industry operate in this form. The firm relies on the partners’ networks in the international markets.

Firm C internationalises in a short space of time, and after 18 years in the domestic market. Firm C appears to consider internationalisation as an opportunity to create an international portfolio. This is similar to firm A’s strategy, and firm C is aware of this. Firm C leverages its international image in the domestic market in order to
augment its status to Egyptian customers. In addition to this, firm C aims to attract new customers and interest from other local franchisees.

5.5.3.3 Post internationalisation, related diversification, and forming a group of companies

Firm C refocuses on the local market whereby it aims to continue to grow, positioning itself as an international brand. Firm C by the end of 2010 operated 48 outlets in the domestic market.

The firm post internationalisation has been able to attract a higher level of incumbent staff, including the previous general manager at McDonald’s. Firm C has diversified in the local market into related industries, such as supplying other local firms, and new international brands that have entered the market with condiments and bakery products according to company specifications. In addition to this the firm has established a small call centre and rents out the space to other food service firms focusing on delivery services. Firm C is in the process of providing packaged sandwiches to sell in petrol stations. Finally, firm C has considered becoming a franchisee having been approached by a European café that plans to enter the Egyptian market.

By the start of 2011, the firm formed a group of companies, and aims to grow further in the domestic market before expanding further internationally and on a large scale, preferably in the form of partnerships. The firm has been approached by many interested franchisees from international markets. Firm C is able to supply local and international players, grow, and attract new partners from overseas. This appears to be due to the firm’s international reputation, the owner and the management teams’ ability to recognise opportunities, and by enhancing the brand of the firm further by publicising franchise awards received. Figure 5.12 shows the path pursued by firm C.
5.5.4 Firm C Summary

In order to summarise the motives, enablers, and paths pursued by firm C, the diagram below has been constructed to elucidate the links and interactions between the three interrelated aspects of internationalisation. This illustrates a more comprehensive account of firm C's internationalisation (see figure 5.13).
Chapter 5: Data presentation and within-case analysis

Figure 5.13 Interactions between firm C’s aspects of internationalisation

(1) Firm C established in 1988

(2) Firm C’s long term vision is to be a market leader in the local market

(3) Entrance of international players sets standards

(4) Egyptian consumers’ positive perceptions and exposure to foreign brands

(5) Strategic and entrepreneurial behaviour (opportunity creation and recognition)

(6) Internationalisation phase: to enhance brand identity and image to customers, franchisees and other businesses in the local market.

(7) Leverage brand related diversification, recruit higher level incumbent staff

(8) Convert to a group of companies

Source: Author

(Box 1) shows the date firm C was established and leads to (box 2) which explains that firm C’s vision is to be a market leader at home. Two forces shown in (boxes 3 and 4): the entrance of international players and Egyptian consumers’ positive perceptions and exposure to foreign brands impinge on firm C. Due to the long term vision of firm C’s owner, firm C undertakes a number of strategies, such as differentiation, imitation, and information/knowledge to enhance existing resources, while seeking and proactively searching for suitable partners internationally, and responding to offers (box 5). This is best described and encapsulated by strategic and entrepreneurial behaviour which allows firm C to undertake a phase of internationalisation in a short period of time for strategic reasons (box 6). (Boxes 5 and 6) both lead to firm A being able to respond to the threat from the entrance of international players at home (box 3), and the Egyptian consumers’ positive perceptions towards foreign brands (box 4). Finally, it appears that (boxes 5 and 6) allow firm C to leverage the brand domestically, diversify, and recruit a higher level
of incumbent staff (box 7), which leads firm C to convert to a group of companies (box 8).

5.6 Case D

5.6.1 Motives for internationalisation (addressing RQ1)

The research unveils the motives for firm D’s internationalisation. Firm D internationalises for a number of reasons: enhancing and defending brand equity, to learn about trends from a developed market, awareness of other internationalised Egyptian firms.

5.6.1.1 Enhancing and defending brand equity

The empirical data reveals that firm D views internationalisation as a strategy not only for enhancing the brand equity to local customers, and creating an impression on them, but rather to defend its status and position in the local market. The firm does not only appear to distinguish itself from other Egyptian companies that could become potential imitators, but also to hedge against international foreign brands that would be attracted to the Egyptian market. Firm D as an innovative firm started a new Western style concept in the local market, which previously had been dominated by local traditional café’s that sell tea and water pipes.

“It the company took the incentive to put the brand on the international scene. The company wanted to have an international perception that could be plugged into the brand equity, so that it can be attractive regionally like it did do with [market B] and [market C]. this gave more equity and raised more awareness about the brand, and gave Egyptian consumers the image of a winning company”. (Interviewee 2)

“It is an Egyptian brand but most people do not care because they already like the concept, and there are no similar concepts in the market. So going outside of Egypt gives you a new dimension that protects the company and guards its position to customers from other companies that try to copy the concept and from other international companies that want to come in”. (Interviewee 4)

“Yes performing well in the domestic market was important for confidence, and to have assurance that you have a
successful concept. For us to protect our position in Egypt we needed an international image... Starbucks were coming and so everybody was wondering what we would do, will be shut down and so on and we thought no we will be stronger, we are different and we can compete. When Starbucks came in we knew it was an international giant that everyone was waiting for”. (Interviewee 1)

5.6.1.2 Learning about trends from a developed market

This investigation uncovers that firm D recognises the importance of learning in specific markets. Firm D entered three markets in under a year: firstly, one European market, followed by two regional markets. The data reveals that some markets are trend setting markets, and global players reside there. This offers opportunities to learn and acquire strategic assets to bring back to the Egyptian market.

“[Market A] is the Mecca of café’s in the world, this is where you get recognised, the second thing is we used to go to [Market A] to learn about new trends, new developments, and new ideas.” (Interviewee 1)

“[Market A] has the biggest players in the industry there. It is important to learn from there about trends by having a permanent presence there and bring ideas back to Egypt. It helped with promoting the franchise of [firm D] at home and abroad because we were building a profile to business people and customers”. (Interviewee 5)

5.6.1.3 Awareness of other internationalised Egyptian firms

This study reveals that firm D, which is the latest of all the companies to be established was aware of other Egyptian players in the market that have internationalised. Firm D seems to distinguish, and position itself as a truly unique brand by being the first to enter a developed country outside of the region. This appears to create hype around the brand, receives public attention, and spreads through word of mouth to customers in the local market.

“Most Egyptian companies in fast food or fine dining or casual dining or cafes are local players here. You need to distinguish yourself, and in some unique cases some companies have ventured outside in the region, and this undoubtedly gives them credibility as a strong reliable
player. In our case we wanted something more, we wanted not a global image because we are not a global company, but to be an international company and we wanted a place that gives you a unique image attached to it, such as New York, London or Dubai. That positions the brand on the international stage”. (Interviewee 1)

“[Market A] is a well know market here in Egypt, what I mean is to Egyptian consumers. So the fact that we are there gives them confidence in our brand. I know that few companies go abroad because they lack confidence and a vision. The other companies that have gone abroad have gone regionally, which will give them equity but we were looking to be the first to go to a well-known market which is recognised for image”. (Interviewee 2)

Table 5.7 below shows the accumulated themes identified for firm D’s motives, in terms of the number of sources and references; each theme is given a ranking.

**Table 5.7 Identified themes for firm D’s motives**

<table>
<thead>
<tr>
<th>Themes</th>
<th>References</th>
<th>Sources</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhancing and defending brand equity</td>
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<td>5</td>
<td>(1)</td>
</tr>
<tr>
<td>Learning about trends in a developed market</td>
<td>7</td>
<td>4</td>
<td>(3)</td>
</tr>
<tr>
<td>Awareness of other internationalised</td>
<td>4</td>
<td>4</td>
<td>(2)</td>
</tr>
<tr>
<td>Egyptian firms</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Author

**5.6.1.4 Interactions**

From the previous section, the researcher constructs a figure summarising and detailing the interactions between the different elements that contribute to the strategic motives for internationalising (see figure 5.14).

The diagram shows that firm D aims to enhance its image to domestic customers, and defend its position in the domestic market against competitors and potential foreign new entrants. The firm seems to view a permanent presence in a market that is a trend setter as important in order to bring back learning to the Egyptian market. Finally, the firm is aware of other firms that have undertaken internationalisation in
the industry. The firm appears to not only follow their moves, but to differentiate themselves by entering a market that offers a higher status.

**Figure 5.14 Firm D’s motive interactions**

![Diagram of Firm D’s motive interactions](image)

Source: Author

**5.6.2 Enablers for internationalisation (addressing RQ2)**

This empirical investigation reveals the enablers for firm D’s internationalisation. There are a number of reasons that appear to explain why firm D was capable of achieving internationalisation; each of the enablers are identified and presented in this section.

**5.6.2.1 Entrepreneurial mind-set and vision (Change of ownership)**

Firm D was established in 1999 by two entrepreneurs in Egypt, this is much later than the other firms in this study. However, with just 8 outlets in 2005 the firm was sold to another entrepreneur who had a long term vision for the firm. It is under the new owner that the firm has grown, internationalised, and managed to withstand competition from western incumbents. The owner appears to have created an entrepreneurial culture that encourages autonomy, and the freedom to identify opportunities.
The owner of firm D aimed to continue expansion in the local market, in order to become a leader in the food service industry, and not only in the category in which the firm operates. The owner adopts a unique management style, which is rare to find in Egyptian companies. Rather than adopting a ‘one man show’ and dominating all decisions in the company, managers are given the freedom to come up with ideas and make decisions. This provides the managers with a sense of ownership and the freedom to act. Therefore, the owner’s entrepreneurial mind-set allows ideas to emerge from anywhere in the organisation.

“First of all our owner [Mr.X] is a very hands off person, so he trusts the management and he comes to [Firm D] as a customer, he even pays. He leaves us, and just backs us up he is not the type of person who is scared about his money. He has the attitude of go and try, he is sort of entrepreneurial and experimental and he leaves us to do our job, and I think this was important. It gave us a sense of ownership, that this is our brand. I feel like this is my company, and that I own it, but of course I do not this is just the feeling, I think an important thing is confidence…and not being intimidated by other brands”. (Interviewee 1)

“[Mr X] is great he puts faith in his team, and asks them to get on with what they do without interfering. He was very excited about [Market A]. He puts a lot of trust in his team, and asks us to look for opportunities and look for new ideas, so he is very hands off and lets people do their job which is great”. (Interviewee 4)

“We might not replicate everything in other markets, but all this at home will support at least let us say the expansion of [Firm D’s] concept, and protect the brand. We are creative, we want to grow, and we have to look for new business lines and opportunities, and there is still a lot of room in the Egyptian market for this”. (Interviewee 5)

5.6.2.2 Networks and responding to interested partners
The empirical data reveals that firm D had limited success at attracting partners from abroad, and so the firm decided to take the step of entering a developed market without a partner. This appears to be possible due to one of the managers’ social network, and familiarity with the foreign market. Utilising a manager’s social network
is a result of the previous theme that stresses the owner’s entrepreneurial mind-set and vision. Entrance into a trend setting market appears to have stimulated interest from franchisees at home, and regionally. The firm enters two other markets regionally in the form of franchising.

“Several things, first when we started thinking about going abroad we started by visiting Dubai so we started looking there, and I also go to [market A] a lot so I know the market, and so on and [market A] is a very cosmopolitan market, but it is easy to understand, and at least to me it was familiar. It was easy for me to understand the consumer there, maybe I am part of that culture, and I have friends and family there. My friends and family are the consumers there. It is a globalised market, and the customer trends are globalised it is easy to grasp”. (Interviewee 1)

“The first thing that is important is that the GM visits [Market A] a lot, and she was with her husband there, and she asked her Egyptian friend [Mr. Y] who lives there to help her find a location there, she was looking at the coffee shop market and trends there”. (Interviewee 5)

“[Market B] was very receptive; they were the first to be receptive to the brand. They picked it up immediately, this is what I was telling you they picked up the operation in [market A], so this started more awareness, and gave more credibility to the company of course, then [Market C] picked it up, and these are the markets we went to. It also gave us credibility to the Egyptian consumer”. (Interviewee 2)

5.6.2.3 Differentiation of concept

The empirical data reveals that firm D did not only begin with a differentiation strategy, but rather it was incrementally innovative in the domestic market, by adding a new dynamic to the food service industry. Firm D paved the way for foreign MNEs to enter the market, and appears to be dedicated to differentiating itself from other food service firms, and even from foreign multinationals. As firm D started much later than the other firms in this study, the firm was able to scan the market and identify what was available and what gaps existed. Since the change of ownership, the firm has continued to bring new ambiances to the stores, and this provides a unique service to customers while offer innovative products. This dedication to
offering something new and to continue differentiating the firm from other players has enabled firm D to build a new concept in the market, and later to internationalise. Firm D stands out from other players in the wider industry, and aims to defend itself against imitators by continuously building and enhancing its resources.

“It would be, how can I say this; difficult to survive if you adopt a low cost strategy it means the quality is lower, and I do not think it would work unless you are a niche player, but this is not our aim here we want young students, and we want young executives and even families. The only way for long term survival is to position yourself like the foreign companies, with differences because just copying can be dangerous, also you have to have your own theme or take on this”. (Interviewee 3)

“[Firm D] is known for the service and hospitality. We have always been known for very good service and hospitality, this gives us a competitive edge, people feel comfortable when they come to our stores because they know they are going to get good service. What we are trying to do now is maintain our market share, refurbish the stores, offer new products, change menu, and offer more beverage ranges that are slightly different than what competitors offer”. (Interviewee 4)

“We use a differentiation strategy, and this helps us, we made creative products and we are different from Costa...The other thing is our atmosphere is different. Our seating is more comfortable, we are making it a second home. This was our emotional message; this is your second home when you are away from home”. (Interviewee 5)

5.6.2.4 Information/knowledge seeking from incumbent staff

This empirical investigation unveils the importance of recruiting a number of managers and employees who are experienced, well trained, and in some cases who have worked internationally for established companies. This appears to be possible due to the company’s prospects for growth, and the owner’s networks. Firm D’s Owner aimed to recruit and headhunt staff with experience in other food service firms, particularly from Americana; a company that has so many well trained and successful people. Firm D is capable of recruiting the right managers needed, and
they are given the authority to make decisions and come up with creative ideas. Furthermore, Firm D was able to recruit staff that have worked for international companies and who have worked and lived abroad, even young managers who were trained in other countries. The owner’s entrepreneurial mind-set and vision firm D to devise and implement a strategy committed to innovation/differentiation, and to recruit experienced staff from established companies. This led firm D to create and augment a unique concept that could achieve growth and internationalisation.

“Americana is probably the company most recruited from by firms that want to improve...If you look at the head count they have in Egypt you are talking about 3 to 4 thousand employees...I mean they have a brand name so people want to work with them to learn from one of the best. So they join based on learning and the brand name. They join for one or two years, and after they gain sufficient experience in whatever it is they are doing, they leave to other companies for a better package. But the key thing here is to recruit the right people for the right things you need in your company, you have to be able to use the right recruitment strategy.” (Interviewee 5)

“We hired the right people, young people from different companies, and we just gave them the authority to think outside of the box, and to come up with ideas. We just put down our mission and values, and asked people to go and work with these values; we look after our people because they then look after the customers”.

( Interviewee 1)

“For sure people with experience and know-how, the majority of people we bring in are ex Americana people who have worked for international brands. We do have a lot of this, and a few years ago we recruited the marketing director, who used to work for Costa”. (Interviewee 4)

5.6.2.5 Institutional limitation

This investigation reveals that firm D perceives the Egyptian government’s role negatively. The government is criticised for a lack of strict and clear law enforcement in the industry. It appears that Firm D’s solution to this is to create its own quality control system.
“There is no support or help from them you do everything yourself, your own quality control checks, everything. To be honest though if you want to succeed it would be nice to have help, but you have to believe in your own concept, your company, your people, and drive it forward. It can be tough, but nothing is impossible, and we are a success story that shows you it can be done”. (Interviewee 4)

“There needs to be a clear check list that says what you need to do is 1,2,3, and one that says amend 1,2,3 because that is what our quality assurance person does when he goes to the stores…I am sure only a small number do this, and if we fall back who is going to follow up. So the point is we try internally, but we are not sure it is always enough, and who else is doing this, there should be strict, clear and fair rules. If it is fair on everyone then yes we can all live together”. (Interviewee 3)

“It is important for the customer, and for your own business to operate in the appropriate way, but it is not enforced on all people in the same way. They need to be more organised, there is no problem with being firm, but they need to be more organised, and treat everyone the same. This makes it fair competition, but some companies and not many have an inside quality control system like we have, and you have to spend time on quality measures”. (Interviewee 2)

Table 5.8 below summarises the accumulated themes identified for firm D’s enablers:

Table 5.8 Identified themes for firm D’s enablers

<table>
<thead>
<tr>
<th>Themes</th>
<th>References</th>
<th>Sources</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial mind-set and vision</td>
<td>11</td>
<td>5</td>
<td>(2)</td>
</tr>
<tr>
<td>Differentiation of concept</td>
<td>15</td>
<td>5</td>
<td>(1)</td>
</tr>
<tr>
<td>Information/knowledge seeking</td>
<td>11</td>
<td>5</td>
<td>(2)</td>
</tr>
<tr>
<td>Networks and responding to interested partners</td>
<td>7</td>
<td>5</td>
<td>(3)</td>
</tr>
</tbody>
</table>

Source: Author
Figure 5.15 below shows the enablers that allow firm D to internationalise and grow:

**Figure 5.15 Firm D enablers**

![Diagram showing Firm D enablers](image)

Source: Author

### 5.6.3 Path of internationalisation (addressing RQ3)

Having identified firm D’s motives and enablers regarding internationalisation, the researcher here describes the path pursued by Firm D. The paths are described according to the following headings: Prior to internationalisation; Markets, Entry Modes, and Speed of Internationalisation; and Post Internationalisation Expansion, Related Diversification, and Forming a Group of Companies.

#### 5.6.3.1 Prior to internationalisation

Firm D spends 9 years in the domestic market before embarking on internationalisation. Despite firm D’s earlier internationalisation compared to the other firms in this study, the company is not a global start up, born global, international new venture, or any other similar term used in academic literature to specify early internationalisation. This will be discussed further in the following chapter.
Internationalisation Motives, Enablers, and Paths of Location-intensive service SME’s from emerging markets

At the time of Firm D’s establishment in the Egyptian market, the food service industry was a growing industry with a number of local and foreign chains having established themselves in different categories, such as casual dining and quick service restaurants. Firm D as a late entrant began with a new concept that added to the dynamics of the food service industry. The firm was already surrounded by foreign multinationals, local chains, and independent stores. The firm started from a more advanced position than the other cases in this study, this appears to be aided by the evolving food service industry in Egypt compared to the country’s position in the 80’s. The firm however, rather than possessing overwhelming resources, needed to augment them. The change of ownership and the vision of the new owner created more ambitious plan for firm D. The combination of different enablers outlined in the previous section contributed to the internationalisation of firm D in 2008.

5.6.3.2 Markets, entry modes, and speed of internationalisation

The entrance into the international scene that is achieved in one year demonstrates the lack of sequential steps taken by the firm when internationalising. However, the company does enter on a small scale in order to achieve a presence, build a portfolio, and expose this to the home market through the company website, in store magazines, social media, public relations, and word of mouth. The first market entered deliberately was a trend setting market that offers learning that can be repatriated to the Egyptian market. Market A enhances and defends the brand identity and image to Egyptian consumers and franchisees. This stimulated interest from franchisees in regional markets, and these were selected based on the level of competition in those markets and reliable partners.

Firm D entered three markets in a very short space of time, to be more specific in one year. Firm A began in the middle of 2008, and completed the entrance into three markets by the Middle of 2009. However, firm A refocuses its attention on the domestic market, and this shift from local to international and back again to local is a path best explained by the motives and enablers outlined in the previous sections. When firm D first internationalises it is clear that the domestic market is not
saturated, the firm possesses around 28 outlets and by 2011 the firm possessed 55 outlets.

Firm D enters the first market alone, and in 2011 the firm converted this into a franchise, whereby a suitable franchisee approached the firm. In the other markets the firm relies on franchising, and this entry mode remains the same without committing to higher modes of entry.

5.6.3.3 Post internationalisation expansion, related diversification, and forming a group of companies

During Firm D’s entrance to the first three markets, the firm promoted their international activities in the local market through various communication channels such as in store, public relations, company website, and word of mouth. The internationalisation of firm D appears to have aided firm D with an enhanced brand image to aid further expansion in the local market, while at the same time defend its position against other imitators and incumbent foreign firms.

Post internationalisation Firm D has diversified into related industries, one new concept is a bakery whereby the firm sells to class A customers freshly baked products that are similar to a European delicatessen; this idea was created due to the exposure gained in the European market. The Firm in 2011 recruited higher level managers who are restructuring the company to cope with growth, and to add further value to the company. Firm D plans to expand its other concept in the local market before embarking on further internationalisation, whereby it would consider joint ventures to exploit the concept in virgin markets on a large scale. Figure 5.16 shows the path pursued by firm D.
Figure 5.16 Firm D’s internationalisation path

Pre-internationalisation → Internationalisation Phase → Post internationalisation

(Local market) → (International markets) → (Refocus locally)

- 9 years spent in the domestic market.
- Resource building
- Strategic vision

- Internationalisation phase (2008 and 2009)
- Virgin markets/trend setter
- Appropriate partners
- Franchising/Alone
- Small scale

- Leverage brand and image (enhance and protect)
- Explicit concept domestically
- Diversify into related business lines
- Recruit higher level incumbent staff

Time

Source: Author

5.6.4 Firm D Summary

This section summarise the motives, enablers, and paths pursued by firm D. The research here presents a diagram that illustrates the links and interactions between the three interrelated aspects of internationalisation under study. This provides a more comprehensive explanation of firm D’s internationalisation (see figure 5.17).
Figure 5.17 Interactions between firm D’s aspects of internationalisation

Source: Author

(Box 1) shows the date firm D was established, and leads to (box 2) which explains that due to the change in ownership firm D’s long term vision is to grow in the local market and defend its brand. Due to firm D’s vision, the company recognises other Egyptian firms that have internationalised, and is aware of possible learning opportunities about trends in developed markets (boxes 3 and 4). Firm D initially introduced a new concept to the market (incremental innovation), and undertakes strategic and entrepreneurial behaviour (box 5). A differentiation strategy is pursued and the firm recruits staff with experience in the food service industry before proactively undertaking a phase of internationalisation. The firm establishes itself in a developed market, and responds to other interested partners (box 6). This allows firm D to exploit the brand domestically, diversify into related industries, and recruit a higher level of incumbent staff (box 7). This influences firm D to restructure the company to cope with growth before exploiting new markets (box 8).
5.7 Chapter Summary

This chapter explained the data presentation and within-case analysis. The findings were presented according to the three research questions, and each case was dealt with separately. The important themes were demonstrated according to the ‘data display’ aspect of the ‘interactive ladder of analytical abstraction’ that was presented in the methodology chapter. The following chapter involves the cross-case analysis, and the discussion of these findings. This means that the research findings move from describing to explaining in relation to theory.
Chapter 6: Cross-case Analysis, Discussion, and the New Conceptual Framework

6.1 Introduction

This chapter is devoted to an explanation of the findings that were presented in the previous chapter. The structure is highlighted as follows: firstly, the research will discuss the findings in a cross-case manner; each case study in this investigation will be compared with the other cases in relation to the research questions posed. Secondly, according to the findings that emerged in response to each research question in this empirical study; the researcher will explain how the findings relate to theory (the contribution to knowledge will be stated here). Guided by the conceptual framework each research question is dealt with separately according to the motives, enablers, and paths in a similar manner to the previous chapter, in order to maintain a systematic approach. This chapter introduces the newly proposed conceptual framework that emerged from this investigation before concluding with a chapter summary. Figure 6.1 displays an overview of this chapter.

Figure 6.1 Chapter Overview

![Chapter Overview Diagram]

Source: Author
6.2 Motives

In this section the researcher explains the motives for internationalisation undertaken by the four firms studied. Here we can advocate that the four firms view internationalisation as a strategic objective, whereby they are concerned with the brand. All four firms appear to regard the brand as one of the most important aspects of the company. This is probably due to the firms operating in a consumer-centred service industry, whereby the brand reputation and legitimacy are important.

6.2.1 Cross-Case Analysis

Firm A and firm C aim to extend brand equity by becoming international players, and positioning themselves as this in the domestic market. This is influenced by the two forces that were identified in this investigation: consumer perceptions, and the entrance of well-established foreign MNEs.

Firm B appears to believe it operates in a niche category, and has already built a reputation around its history and heritage. However, firm B was the first firm to internationalise, and position the firm as elite in comparison to other local firms. This enables the firm to maintain a reputable status in a domestic market, which is increasingly becoming exposed to the entrance of foreign incumbent MNEs in various forms and offering different concepts.

Firm D was established later than the other firms studied, and has been able to capitalise on the domestic market. However, the entrance of well-known foreign MNEs in the same category stimulated the firm to consider internationalisation as a means of defence, and to further augment its brand identity to customers and franchisees in the home market. In addition to this, the firm differentiates its internationalisation strategy due to the awareness of other players, and aims to explore assets in a developed market that can be repatriated to the Egyptian market, such as new trends, ideas, and packaging.
Internationalisation Motives, Enablers, and Paths of Location-intensive service SME’s from emerging markets

It is clear from the findings that prior to internationalisation; the four case study firms have established some form of legitimacy and acceptance in the domestic market. However, all the firms have a long term vision; which is to become leaders in the domestic market, improve, and position themselves as superior to other local companies. Furthermore, the firms in this investigation aim to be perceived as similar to foreign MNEs that have entered and operate in the local market. Table 6.1 provides a summary of the four case study firms’ internationalisation motives.

Table 6.1 Cross-case Internationalisation motives

<table>
<thead>
<tr>
<th>Motives</th>
<th>The case study firms</th>
<th>Case A</th>
<th>Case B</th>
<th>Case C</th>
<th>Case D</th>
</tr>
</thead>
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<tr>
<td>Strategic motive</td>
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<tr>
<td>Maintaining brand equity</td>
<td>X</td>
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<td>Enhancing brand equity</td>
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<tr>
<td>Defending brand equity</td>
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<td>Exploring new assets</td>
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<tr>
<td>Awareness of other internationalised players</td>
<td>X</td>
<td>X</td>
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</tbody>
</table>

Source: Author

As shown in table 6.1, all the firms in this study consider internationalisation strategically; affected by consumer perceptions and the effect of competition, which are the two forces impinging on the strategic motives. However, the firms view these two forces to different degrees according to their own unique case, and this was described in the findings chapter.

6.2.2 Firm motives and previous literature

According to this investigation, internationalisation motives are not due to client following as suggested by authors such as (Bell, 1995, O’Farrell et al., 1996, Coviello and Martin, 1999; Fernandez Fernandez, 2001). The findings here differ with the view that firms internationalise due to small domestic markets and saturation as proposed by authors such as (Coviello and Munro, 1995, 1997; Coviello and Martin, 1999). However, the findings are in agreement with competitive pressures to an extent (Terpstra and Yu, 1988; Erramilli, 1992). Furthermore, some
insights offered by Knickerbocker (1973) on competition deserve credit. Two of the firms in this study are aware of the internationalisation of the other players, and this can be seen as influencing internationalisation. Despite Knickerbocker (1973) referring to an oligopolistic industry and FDI, the awareness of other firms’ behaviour to an extent is observed in this investigation.

The findings from this empirical study pay significant attention to the importance of the brand to the case study firms. This finding is closely associated with research undertaken on emerging market MNEs, particularly in the Asian region. Research on established MNEs explain that internationalisation is regarded as a strategy aimed at strengthening the firms themselves due to the accumulation of resources that were not previously available. This perspective has been commonly stressed in the literature by authors such as (Chen and Chen, 1998; Makino et al., 2002; Child and Rodrigues, 2005; Mathews, 2006b; Li, 2007; Luo and Tung, 2007; Yiu et al., 2007).

However, it is important to note that prior to internationalisation, the firms in this study were medium sized enterprises, and this differs from previous research which has predominantly focused on emerging market MNEs and FDI decisions. The common point is that the motive for internationalising is related to augmenting assets, and in one case exploring new ones (Aulakh, 2007), rather than asset exploitation often associated with developed country conventional MNEs. This is in agreement with a number of Mathews works (2002; 2006a, b, and c). Mathews’ main criticism is that in most of the cases MNEs from emerging countries do not possess overwhelming domestic assets which can be exploited. Furthermore, the findings are in agreement with Narula (2010) that strong competition due to liberalisation has encouraged EM firms to upgrade their firm specific assets, and internationalisation provides an opportunity to do so.

This research investigates medium sized location-intensive service enterprises from a developing country, and identifies the brand as the asset necessary for augmentation, which may not require large investments in the form of FDI. This supports the view to an extent that developing country firms hardly possess resources, such as
proprietary technology, financial capital, brands, and experienced management to exploit (Bonaglia et al., 2007). In addition to this, service branding has been considered to be an important firm specific advantage for service firms (Buckley et al., 1992). It appears that the importance of the brand arises due to the service firms operating in a consumer-centred industry. Furthermore, the unique characteristics found in the domestic market, such as consumers’ attitude toward local firms and foreign MNEs entering the market affect the significance of the brand.

The research findings in this study are closely related with those identified by the springboard perspective offered Luo and Tung (2007). This perspective advocates that internationalisation is a springboard to improve deficiencies, such as brand recognition and a consumer base. Furthermore, the springboard perspective explains that it is a deliberate strategy to facilitate a firms’ growth and it is a long-term strategy aimed at strengthening competitive positions. These perspectives are consistent with this study’s findings. Finally, Luo and Tung (2007) argue that internationalisation may be used as a springboard for several reasons. A number of those reasons are found in this study, such as compensating for competitive disadvantages, alleviating domestic constraints, and to counter-attack global rivals’ major foothold in an emerging market firms’ home market. These are consistent with the findings observed in this study, whereby the firms view internationalisation strategically with the aim of strengthening their position at home.

This research sheds light on the importance of asset augmentation, and to a small extent in the case of firm D asset exploration. However, this research uncovers the importance of maintaining, enhancing, and defending the brand in the context of location-intensive service firms. The firms aim to strengthen the reputation of the firms to an international status, and in some cases to further expansion locally to catch up with foreign multinationals in the local market which have been embraced by local customers.

In the literature on service internationalisation, the debate is centred on the market seeking and client following debate (Lommelen and Mathyssens, 2005). The client
following perspective is useful when explaining information-intensive firms (Bell, 1995, Coviello and Martin, 1999) that involve a business to business relationship. However, the majority of service firm studies do not take into account emerging market firms and their motivations for internationalisation. Therefore, it is not surprising that the asset augmentation motive is not recognised in the literature. It is clear that the asset augmenting perspective found in emerging market manufacturing MNEs is a reasonable explanation for international venturing by smaller emerging market location-intensive service firms. In this research, strengthening the brand and upgrading the firm reputation to an international one is the desired motive.

The researcher identifies the two crucial forces impinging on the strategic decision to internationalise: consumers’ perceptions and the entrance of well-known established MNEs from developed countries. Here under the broad umbrella of asset augmentation and its extension to location-intensive food service SMEs; the firms’ motives in this study are best understood and further captured when weaving in Legitimacy theory.

6.2.3 Legitimacy theory and its significance

Legitimacy theory is broadly defined as follows: “a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Suchman, 1995: 574).

Legitimacy at the top level is known as Institutional legitimacy, and one layer down is known as ‘Organisational Level’, also known as Strategic Legitimacy Theory (Tilling and Tilt 2010). The principal of organisational legitimacy is “a process, legitimation, by which an organisation seeks approval (or avoidance of sanction) from groups in society” (Kaplan and Ruland, 1991: 370).

Furthermore, a detailed definition of organisational legitimacy that is appropriate to this empirical study is provided as follows: “Organisations seek to establish congruence between the social values associated with or implied by their activities
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and the norms of acceptable behaviour in the larger social system in which they are a part. In so far as these two value systems are congruent we can speak of organisational legitimacy. When an actual or potential disparity exists between the two value systems there will exist a threat to organisational legitimacy” (Mathews, 1993: 350).

Legitimacy can be viewed as an important resource that a firm requires in order to operate successfully (Tilling and Tilt, 2010), and this appears to advocate that certain actions can increase legitimacy. Legitimacy theory offers a powerful standpoint when addressing the motives of the location-intensive service firms that were investigated in this study. This research proposes that the firms internationalise to maintain, enhance or defend their image and status to domestic customers, franchisees, and other players in the market.

This appears to be a viable strategy in order to stand out from other local firms, and to catch up with foreign MNEs in the home market. This view is best captured by weaving in the theory of strategic legitimacy theory, whereby the firms in this study view internationalisation as a means by which to acquire an international status. This is believed to appeal to local customers, and affect their legitimacy in a market full of Western MNEs that are perceived positively by domestic customers.

Some studies have looked at legitimacy in relation to MNE’s operating in foreign markets. A study by Hadjikhani et al., (2008) demonstrates that a firm’s socio-political commitment in a foreign market can strengthen trust and legitimacy. The investigation undertaken here also highlights the importance of legitimacy in the context of IB, however, it advocates that firms undertake international activities to maintain, enhance, or defend legitimacy in their home market.

Therefore, this study contributes to the literature by introducing legitimacy theory to internationalisation motives. It can be viewed under the umbrella of asset augmentation, however, the specific behaviour and motives are best understood by
applying strategic legitimacy theory. In the following section this is applied to the four case studies in this empirical study.

### 6.2.3.1 Legitimacy theory applied to empirical data

Within organisational legitimacy theory, a firm may be viewed as being in one of a number of phases with regards to its legitimacy. The phases include establishing, maintaining, extending, and defending legitimacy (Tilling and Tilt, 2010). These phases are shown in figure 6.2.

**Figure 6.2 Legitimacy Phases**

Source: Adapted from Tiling and Tilt (2010)

It is clear from the empirical data that the case study firms in this study appear to view internationalisation as a means to augment the brand, and leverage this in home market due to customers’ perceptions toward local and foreign brands. Therefore, the researcher argues here that they aim to legitimise their status, brand, and organisation in the home market.
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As differences exist between case study firms, each firm can be plotted on the previous figure with respect to what type of legitimacy it aims to achieve. The following figure applies the case study firms according to the phases of legitimacy. It is clear from the figure that the firms all have established some form of legitimacy in the home market. However, internationalisation is influenced by consumer perceptions and the entrance of western incumbent firms, which are two important forces that impinge on the decision to internationalise. Each firm sees internationalisation as contributing to the existing legitimacy (see figure 6.3).

Figure 6.3 Legitimacy Phases applied to firms

Source: Author

The firms’ internationalisation status is communicated to consumers in various forms, and differs slightly from case to case. However, this includes newspapers, publicity, billboards, company websites, word of mouth, T.V. advertising, and in store. This means by which to communicate activities to the market could best be understood by exploring impression management theory. From sociology and social psychology, impression management theory states that any individual or organisation
must establish and maintain impressions that are compatible with the perceptions they want to convey to their public (Goffman, 1973). From a communications and public relations viewpoint, the theory of impression management incorporates the essential ways in which one establishes and communicates congruence between personal or organisational goals and their intended actions, which create public perception. However, further study is needed to explore this theory and its possible applicability to the field of international business. At this stage the research highlights the possible relevance of impression management as a possible future avenue to explore.

6.3 Enablers

This section is devoted to the enablers that contributed to the case study firms’ internationalisation. This research acknowledges that the firms do share a number of similarities; however, there are also intrinsic differences that distinguish the firms from one another.

6.3.1 Cross-Case Analysis

Firm A is proactive with respect to achieving internationalisation. The firm established networks by attending trade fairs to expose the brand to interested franchisees. The firm is driven by the owner’s ambitions and vision to become a leader in the domestic market. The firm embarked on strategic objectives to improve the firm’s resources by positioning itself as different from other local players. At the same time the firm pursues a simultaneous strategy of differentiation and imitation. Firm A aims to stand out from other players, including Western ones, and to copy and learn about successful aspects associated with incumbent firms. Recruiting staff to acquire information and knowledge to aid positioning the firm as a consistent chain, in order to upgrade its appearance to consumers in the market appear to be essential.
Firm A appears to be strategic and entrepreneurial simultaneously. The firm searches for possible ways to stand out, while strategically aiming to upgrade the resources of the firm. This occurs in order to compete with well-established incumbents in the domestic market, and fulfil the vision of becoming a market leader.

Firm B’s internationalisation is considered to be reactive to opportunities presented to the company. The firm responds to the opportunities in order to become the first firm in the industry to internationalise. Therefore, unlike firm A; firm B does not embark on opportunity creation, but rather is best described as capable of opportunity recognition. Due to the change in ownership, the firm’s vision was to expand in a niche category in the local market. The owner’s vision is to remain a leader and unique in the market among other local firms and international players. To achieve this objective the firm at home embarks on a number of strategies that enable growth and internationalisation. The firm is dedicated to a differentiation strategy to maintain uniqueness, while learning and imitating aspects of incumbent Western MNEs. In addition to this, more qualified and experienced managers are recruited to provide information and knowledge about upgrading the firms’ resources.

Despite the differences in comparison with firm A, firm B can be considered to be entrepreneurial and strategic. In this case, despite the reactive nature of firm B the company takes advantage of potential opportunities. The firm creatively pursues options presented, in order to gain advantages over other players in the market. The firm may not have created opportunities per se, however, the firm still takes advantage of them, and therefore the firm recognises opportunities as opposed to proactively pursuing them. In addition to this, the firm is strategic as it has a long term vision, imitates, differentiates and recruits managers with experience. These strategies are pursued simultaneously, and the firm takes advantage of the opportunities presented by the entrance of foreign incumbent MNEs entering the market.
Firm C’s internationalisation appears to be a combination of attending trade fairs to establish contacts, and responding to offers of interest for the brand. The evidence provided in the previous chapter demonstrates that the firm is aware of firm A’s internationalisation activity. To a small extent the researcher cannot ignore the imitative behaviour. However, the firm explains the benefits of establishing an international brand in the local market by enhancing the image and furthering legitimacy.

Firm C resembles firm A and firm B in a number of ways, whereby the owner appears to drive the growth of the firm. The firm has a vision to be a leader in the market and stand out from other players. The firm is entrepreneurial by creating opportunities, and taking advantage of the benefits associated with the entrance of foreign MNEs in the market. However, in strategic terms the firm aims to remain a unique player in the market by pursuing a differentiation strategy. The firm acknowledges the need to address resource deficient aspects. This is achieved by utilising the owner and family networks to hire managers with experience, information, and knowledge about foreign MNEs in the home market. The firm learns and imitates aspects of foreign MNEs to upgrade the firm’s existing resources.

Here the researcher argues that firm C is entrepreneurial and strategic simultaneously, similar to firms A and B. The firm perceives the benefits and threats associated with the entrance of foreign MNEs to the domestic market. However, the firm’s internationalisation activity is entrepreneurial and the means by which the firm positions itself differently from other players. However, the firm can be considered to be strategic by continuously upgrading its resource base by differentiating, recruiting incumbent staff, and imitating aspects of foreign MNEs, which contributed to the internationalisation and growth of the firm.
Firm D's internationalisation is proactive, however, the firm is aware of other international players and the company aims to distinguish itself from other firms by internationalising to a European market (see motives in the findings chapter and discussion). Firm D is able to internationalise beyond the region due to the General Manager’s familiarity with market A, and social contacts albeit to a small extent. Firm D reacted to other offers that were presented rapidly from regional markets. The change of ownership enabled the recruitment of more experienced staff, and the establishment of a new vision to become a market leader. The firm augmented its position in the domestic market, while defending itself against local imitators and the entrance of well-known established foreign MNEs in the same category. The firm is dedicated to a strategy that enforces differentiation similar to firms A, B and C, but does not pursue imitation to an evident degree, and this distinguishes firm D from the other firms in this study. However, this is explained by the firms late entry into the industry, whereby firm D could take advantage of the food service industry and competent suppliers that were not available in the 70’s and 80’s to the other firms. Therefore, firm D’s starting position and entry begins with a modern Western style appearance as opposed to building this over time.

It is clear that firm D is entrepreneurial by creating and responding to opportunities internationally, and by pursuing innovative ways to compete with international players and to differentiate the firm from other local imitators. However, the firm is strategic by establishing a long term vision, learning about trends and ideas to bring back to the Egyptian market from the internationalisation activity in a developed market.

Table 6.2 summarises the enablers for the case study firms in this study, and it incorporates the industry experts’ corroborated views on the enablers.
### Table 6.2 Cross-case Internationalisation enablers

<table>
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<tr>
<th>Enablers</th>
<th>The case study firms</th>
<th>Industry expert views</th>
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<td></td>
<td>Case A</td>
<td>Case B</td>
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<tr>
<td>Entrepreneurial mind-set and vision</td>
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<td>X</td>
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<tr>
<td>Differentiation</td>
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<td>X</td>
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<td>Imitation of incumbent firm traits</td>
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<td>Information/knowledge seeking from incumbent of experienced staff</td>
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<td>Entrance of incumbent firms</td>
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<tr>
<td>Proactively seeking partners in other markets</td>
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<td>Responding to opportunities from interested partners</td>
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<td>Responding to opportunities from interested partners and attending trade fairs</td>
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<td>Networks and responding to interested partners</td>
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Source: Author
6.3.2 Firm enablers and previous literature

The findings indicate a number of enablers that aid the firms in this study to internationalise. It is clear from the findings that a number of the identified enablers are important for both: growth and internationalisation. The existing literature is more silent at distinguishing enablers from motives, and enablers are given various names, such as facilitating factors and drivers. However, as shown in the discussion earlier on motives in this chapter, this should be discussed according to perspectives such as market seeking, efficiency seeking, client following, asset augmenting, and asset exploration (section 6.2.2). Here this research discusses the enablers identified in this study with theories that can be viewed as enablers.

The firms investigated in this study show that internationalisation is enabled due to a number of reasons. The firms’ possess a differentiated or unique offering, the ability to recruit talented managers with experience in the industry, and to upgrade the firms’ resource deficient positions by imitating. This provides the firms with a stronger resource base, but not necessarily an overwhelming one. In addition to this, the owners’ or managers’ ability to network with foreign partners, or familiarities with a foreign market in the case of firm D are important features. Overall, the various enablers that accomplish internationalisation can best be defined as either entrepreneurial or strategic.

Despite firm B receiving interest as well as firm C to an extent, internationalisation is not a response due to unsolicited foreign orders as proposed by authors such as (Bell, 1995; Coviello and Munro, 1995, 1997; O’Farrell et al., 1996; Björkman and Kock, 1997; O’Farrell and Wood, 1998). The foreign interest or orders are enablers to achieve the motives identified earlier in this research (see section 6.2). In this study, foreign interest or orders are enablers to achieve a strategic objective, or stimulate a strategic motive.

The firms in this empirical study are not in complete agreement with the use of formal and informal networks as found in studies such as (Coviello and Munro, 1995, 1997; Bjorkman and Kock, 1997; Coviello and Martin, 1999). The firms are
networking, rather than relying on existing networks. However, Firm D does have a social contact in one market that aids the firm to internationalise, but this is also due to the general manager’s familiarity with the market.

The findings in this study are in agreement with the view that the attitudes and initiatives of management are important enablers, as identified by authors such as (Majkgård and Sharma, 1998; Winsted and Patterson, 1998; Javalgi et al., 2003). In addition to this, the owner’s international orientation is important as suggested by Deprey et al., (2012). Finally, there is a close alignment with the unique product offering perspective as identified by authors such as (Winsted and Patterson, 1998; Coviello and Martin, 1999).

The findings do not support ownership advantages or RBV as a useful framework to explain the enablers, since the firms in this study are trying to enhance or augment them over time. The research findings here are in agreement with Mathews (2002), who argues that the resource-based view of the firm provides a satisfactory explanation of how firms go about sustaining their existing competitive advantages. However, it is less successful in accounting for how firms create such advantages in the first place, or overcome incumbent firm advantages, when the firms begin with few resources.

RBV is static and too broad to explain internationalisation, and in this context the author argues that internationalising on a small scale to achieve a strategic objective may not require the possession of overwhelming resources. Instead, emerging market firms may draw on existing resources, while aiming to continuously improve them, and augment them. Therefore, firms from emerging markets, especially SMEs may not necessarily possess resources that are valuable and rare (distinctive), non-imitable (not easily imitated by rivals); non-transferable (not easily bought or sold on markets, but having some intrinsic connection to the firm). These firms may target resources that are least rare, most imitable, and most transferable (Mathews, 2002).
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Networks are important in this study, however, the firms are networking and not utilising existing social or business ties. The firms form new relationships with other partners in new foreign markets, and this supports the category known as ‘international extension’ by Johanson and Mattsson (1988). However, Networks alone are not sufficient to explain the internationalisation of location-intensive food service firms from emerging markets. The strategic aspect such as differentiation, a long term vision, and addressing resource deficient resources appear to be important and strategic. Networks are not motives for internationalisation as identified by authors such as (Coviello and Munro, 1995, 1997; Coviello and Martin, 1999), but rather enablers. The firms in this study rely on the networks abroad to reduce the liability of foreignness. However, networks are not sufficient alone to explain enablers for internationalisation in this study as one theory cannot account for a comprehensive explanation and this is in agreement with (Coviello and Martin, 1999; Jones and Coviello, 2005).

International entrepreneurship introduced by (Oviatt and McDougall, 1994) stress the importance of the entrepreneur, as this perspective has slipped through the cracks in the IB frameworks (Mathews and Zander, 2007). This study acknowledges that the initial IE definition by (McDougall and Oviatt, 2000) draws on the definition of entrepreneurial orientation (EO) presented by (Shane and Venkataraman, 2000). EO is a theory established in the entrepreneurship literature that describes firms as proactive, innovative, and risk taking, while adding an international dimension “across borders”. This study agrees that entrepreneurs play a significant role in identifying and recognising opportunities. However, in this study it cannot be ignored that the firms are strategic with a long term vision. International entrepreneurship is important in this study in the sense that it draws attention to the entrepreneur, as advocated by Mtigwe (2006). However, the researcher argues that it does not account for strategic intent by emerging market firms. IE is a theory that was developed primarily based on observing INVs and firms that internationalise from inception (Oviatt and McDougall, 1994; Knight and Cavusgil, 2004). Therefore, IE may not be a suitable fit for established SMEs from emerging markets.
It is clear from the previous studies conducted, including this empirical study that there are a number of enablers that contribute to the internationalisation of firms. However, despite previous literature identifying a number of proactive or reactive triggers, the researcher in this study argues that the enablers identified are best understood by incorporating a theory that addresses entrepreneurial and strategic aspects. The researcher proposes that the enablers for firm internationalisation in this study are best understood by a theory that recognises advantage seeking and opportunity seeking. The following section incorporates the concept of strategic entrepreneurship.

### 6.3.3 Strategic Entrepreneurship and its significance

Strategic entrepreneurship is a relatively new perspective, whereby it encapsulates the intersection of two fields; namely strategy and entrepreneurship. The entrepreneurship aspect entails identifying and taking advantage of entrepreneurial opportunities. However, in order to effectively craft the most value, entrepreneurial firms will need to act in a strategic manner (Hitt et al., 2001).

Strategic management is concerned with competition, and forms the basis of many strategic management perspectives, such as competitive strategies, benchmarking, learning to consistently outperform competitors, and strategic positioning (Eisenhardt and Schoonhoven, 1996). Entrepreneurship on the other hand is a separate field which focuses on discovering and exploiting opportunities, and this is considered to be the source for wealth creation (Shane and Venkataraman, 2000).

Entrepreneurship and strategic management both focus on how firms create change by exploiting opportunities that result from uncertainty in their external environment (Hitt et al., 2001; Ireland et al., 2001). According to the strategic entrepreneurship perspective “wealth is created only when firms combine effective opportunity-seeking behaviour (i.e. entrepreneurship) with effective advantage-seeking behaviour (i.e., strategic management)” (Ireland et al., 2003:966). Figure 6.4 below illustrates the strategic entrepreneurship perspective.
This research acknowledges that entrepreneurship and strategic management are not mutually exclusive disciplines; rather they are complimentary (Ireland et al., 2003). Some authors take this further, and believe that the two disciplines are inseparable (Meyer and Happard, 2000). The researcher argues here that the results that emerged from this empirical investigation would be difficult to discuss without giving credit to strategic and entrepreneurial traits. Despite building resources, networking, and long term visions; none of these perspectives independently and adequately capture the enablers for internationalisation or growth of the firms in this study. The researcher argues here that resource building, networking, and long term strategic visions are best encapsulated and described by a theory that emphasises advantage and opportunity seeking as the main attributes. Otherwise, each perspective in isolation cannot account for the enablers uncovered here.

In the following section, this research applies the tenets of strategic entrepreneurship to the case study firms investigated. This study adapts the figure presented above to not only account for the activities of the firms in this study, but to provide an adapted version of strategic entrepreneurship from an emerging market perspective.

**6.3.2.1 Strategic entrepreneurship applied to empirical data**

All the case study firms in this research without exception can be described as strategic and entrepreneurial. The tenets of strategic entrepreneurship are applied to the case study firms and illustrated in figure 6.5:

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**Figure 6.4 Strategic Entrepreneurship**

![Diagram of Strategic Entrepreneurship](image)

Source: Ireland et al., 2003
Figure 6.5 Strategic Entrepreneurship applied to firms

Source: Author

Figure 6.5 begins with the entrepreneurial mind-set and vision, which is the driving factor that enables the strategic activities to take place. In addition to this, it fulfils the vision of the case study firms, which is to not only improve, but to become market leaders in the domestic industry.

The firms recognise their resource deficient position, and so they are concerned with building resources strategically (consistent with research on EM MNEs). This means that the firms view the entrance of foreign incumbent firms as an opportunity to improve, rather than viewing competition only as a threat. The firms then deploy a number of strategies simultaneously to improve their resource base. Firms A, B, and C deploy a combination of strategies: differentiation, imitation, and information/knowledge seeking simultaneously to improve. Firm D is also concerned with differentiation, and information/knowledge seeking, but does not deploy imitation to an evident degree. The firm is creative in the sense that the firm
positions and offers new products in a new setting that does not already exist in the marketplace. Firm D is able to do this due to creative and experienced managers, and the firm’s late entry into the market, whereby it could take advantage of the existing market position. All the firms aim to enhance their deficient resource base, such as appearance, operations, logos, and consistency. The aim is to stand out from other local players, and to move closer to the image of the foreign incumbent firms.

As the firms continuously deploy strategies by recognising competition as an opportunity to improve; they develop a stronger resource base. Furthermore, firm B recognises an opportunity to become the first international player and maintain legitimacy in the market by responding to foreign interest. Meanwhile, firm A creates opportunities to internationalise; firm C is a mixture of creating and recognising opportunities to obtain an international status. Finally, firm D enters the first market by creating an opportunity, and in doing so stimulates interest from other countries and the firm responds to some of these requests. The important argument here is that the firms are able to respond to or create international opportunities due to continually enhancing their resource base. The international involvement in turn strengthens the firms’ resources.

The continuous development and enhancement of resources, including the acquired international status provides the firms with an enhanced resource base with which the firms leverage in the domestic market. It could be argued that this contributes to wealth creation in the form of growth and an upgraded status.

6.4 Paths

This section is dedicated to explaining the internationalisation paths pursued by the case study firms in this empirical study. The firms are similar in a number of ways, and this is likely due to the similar motives and enablers identified earlier. In addition to this, the firms in this study operate in the same industry, and originate from the same country. This section commences with a cross-case analysis, and this is followed by a discussion of the findings with previous literature on internationalisation paths. The Uppsala model, the non-sequential path known as the
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born global perspective (accelerated internationalisation), and the more recent born-again global introduced by Bell et al (2001) are discussed here. In the final part of this section this research introduces and proposes the born-again local concept, which appears to best describe the firms investigated in this study. This new concept could possibly be specific to smaller firms from secondary emerging markets that are first movers in consumer-centred industries.

6.4.1 Cross-Case Analysis

Firm A spends 17 years in the domestic market before embarking on internationalisation. The firm spent a number of years addressing resource deficient positions, seizing opportunities to grow and to improve, and adopting various entrepreneurial and strategic actions. The local market became more competitive, and local consumers positively perceived and embraced the entrance of foreign MNEs. Firm A appeared to view internationalisation from a marketing perspective, with the aim of enhancing the brand, company, and its legitimacy to consumers, and more broadly to the market as a whole. Firm A internationalises to three regional markets in just over one year, in the form of franchising. The small entry to three regional markets achieved the strategic objective of firm A. The firm leverages this, and refocuses on further expansion in the local market, while diversifying to form a group of companies at a fairly rapid pace. The firm adds one more prestigious market regionally to add to the international portfolio, and has begun negotiations with a partner from Asia to establish a joint venture agreement. This will be the firm’s first time to shift from asset augmenting to asset exploiting or market seeking.

Firm B spends 58 years in the domestic market before undertaking a phase of internationalisation. Firm B remained as one successful outlet in the local market from 1947 until the early nineties. The change of ownership led to a new vision envisaged for the firm; the company began opening more outlets in the domestic market, and appears to be inspired by the foreign MNEs that have entered the market and capitalised on it. Firm B is best described as an elite firm that serves a niche market. Through a number of entrepreneurial and strategic actions the firm aimed to
address resource deficient positions, improve and upgrade resources, while recognising and seizing opportunities. Firm B internationalised on a small scale to two regional markets in the form of franchising. This was encouraged by interested offers that were presented to the firm, and this stimulated the strategic motive for undertaking internationalisation. Internationalisation occurred in 2005 and in 2007, whereby the second internationalisation activity coincided purposely with the celebration of the firm’s sixtieth anniversary and heritage. The firm does not continue to internationalise as it aimed to augment the brand and company image, and presents this to local customers. However, the firm does expand into related industries, such as catering stimulated by consumers’ demand, and latterly fast food.

Firm C spends 18 years in the domestic market before embarking on internationalisation. The firm prior to internationalisation aimed to stand out from other players by providing unique offerings. The firm strategically and entrepreneurially aimed to differentiate the firm in the marketplace while upgrading, and addressing resource deficient positions of the firm. Firm C is very similar to firm A, whereby the owner of the firm aims to imitate most features of Western incumbent MNEs and to position itself as an achiever to local customers. Firm C internationalises to three markets in less than three years on a small scale adopting franchising as the mode of entry. Internationalisation is achieved by attending trade fairs to increase awareness of the brand, and the firm responded to offers presented by interested parties that approached the firm. Firm C similarly to firm A leverages its international status and expands fairly rapidly in the domestic market, and diversifies into a group of companies. It is important to reiterate that the firm is aware of firm A’s activities, and so imitative behaviour cannot be ruled out. Despite establishing a call centre as one of the diversified activities by firm C, this is highly associated with the industry in which the firm operates.

Firm D is the latest firm to internationalise, and the firm was established at a time when the Egyptian market was more established with local and foreign players. However, the change in ownership in 2005, led the new entrepreneur to set out a vision of becoming number one in the industry in terms of outlets and sales. The
vision is still a local one, and 9 years after establishment the firm embarks on internationalisation to a developed market in Europe. This enabled the firm to draw significant public and media attention in the home market as the first firm in the industry to venture outside of the region. The firm’s motives as explained earlier appear to be aimed at defending its brand and legitimacy at home from foreign MNEs entering the market in the same category (section 6.2.3.1). One could consider firm D to have paved the way for other firms to imitate in the Egyptian market, and for foreign firms to exploit their concepts as this appears to be an accepted trend by Egyptian consumers. Firm D enters three markets almost simultaneously (within one year) starting in 2008. The firm enters the first market alone, three years later converting the operation into a franchise. Meanwhile the firm argues that the equity obtained by the internationalisation of the firm stimulated offers regionally from other interested partners and franchisees in the home market. The firm enters on a small scale in the form of franchising to two regional markets. Firm D almost doubles the number of outlets in two years and forms a group, while introducing a new concept to the home market enabled by having a permanent present in a foreign trend setting market. Firm D aims to introduce other related concepts in the home market before embarking on further internationalisation, whereby it aims to exploit future markets. Figure 6.6 summarises the paths pursued by the case study firms.

Figure 6.6 Cross-case Internationalisation paths

![Cross-case Internationalisation paths](image)

Source: Author

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6.4.2 Paths and previous literature

The findings here in this study shed light on the paths pursued by location-intensive food service SMEs from emerging markets. The paths pursued by the case study firms confirm aspects associated with existing theories that describe paths pursued by firms. However, there are unique features identified in this empirical investigation. This section presents a discussion with dominant viewpoints that were presented in the literature review; namely the Uppsala ‘stage’ model, born global, and born-again global concepts.

The Uppsala model (Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977) describes firm internationalisation as a gradual process through a series of evolutionary stages (see section 2.4.3.2). The firms in this study mostly gravitate towards psychically close markets as suggested by (Reid 1981; Czinkota 1982; Cavusgil 1984; Luostarinen and Welch 1990), with the exception of firm D’s first market. However, entrance into regional markets does not appear to be due to managers, who have little or no experience in international markets. It appears to be associated with the network or contact they attract or engage with, and firms rely on the networks’ knowledge of the foreign market. In this study, there is a lack of increased international involvement due to increased knowledge and commitment as suggested by authors such as (Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977, 1990; Luostarinen, 1979; Luostarinen and Welch, 1990).

The Uppsala model explains that firms will enter gradually to foreign markets, whereas in this case it appears to be best described as a phase of internationalisation and firms A and D enter markets almost simultaneously, not necessarily allowing time for experiential learning as such. Due to the firm’s strategic intent, it appears that the firms aim in these initial stages of internationalisation to create an international portfolio, and to continue expansion at home. The firms appear to refocus domestically to utilise their international status. Therefore, an outward-inward path that is linked occurs and emerges as suggested by Fletcher (2001), rather than an on-going outward internationalisation path. Therefore, this study supports the
critique that the Uppsala model is irreversible and too deterministic in nature (Reid, 1981; Turnbull, 1987; Melin, 1992).

The firms do not progress through stages; from low entry modes and move to higher entry modes as suggested by the model (Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977, 1990; Reid, 1981; Cavusgil, 1984). The firms adopt the industry norm and low risk option, and do not commit to higher modes. Firm D is the exception by entering alone, however, the firm then retracts to franchising which is a shift from a higher to a lower risk entry mode. Therefore, the firms do not follow the establishment chain. The research here indicates that firms maybe more strategic than initially believed, and in addition to this the Uppsala model was never based on emerging market firms or service firms. Researches on EM MNEs lend support for accelerated internationalisation (Bonaglia et al., 2007; Mathews and Zander, 2007) as opposed to gradual incremental steps. However, the firms in this study do enter culturally close markets, but this appears to be due to the networks the firms engage with. Furthermore, the Uppsala model does not address why firms internationalise, it is assumed that the domestic market is saturated, and it does not address strategic intent as uncovered in this study. This supports Andersson (2000), who argues that as the model is behavioural it does not consider managers’ abilities to make strategic choices.

The born global or ‘early internationalising firms’ phenomenon explains rapid and dedicated internationalisation by smaller entrepreneurial firms from inception or soon after their establishment (explained in the literature review). The firms in this study cannot be considered to be born globals or INVs that advocate early internationalisation, such as (Rennie, 1993; Oviatt and McDougall, 1994). The born global phenomenon advocates a more aggressive strategy at least compared with the Uppsala model. The firms in this study may not all internationalise rapidly, but it is considered as a phase in a short space of time to create an international portfolio and the same entry mode is adopted that is considered to be the industry norm as mentioned earlier. This is a new emergent theme that helps extend IB literature.
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The born global perspective is a very aggressive and outward oriented view, and again it is important to note that this theory was based on developed country firms, emerging market SMEs unlike MNEs may not be as aggressive, and may not possess overwhelming resources to penetrate foreign markets. In addition to this, the firms do not operate in the high technological industry, a category where born globals are most commonly found (Madsen and Servais, 1997; Crick and Spence, 2005; Laanti et al., 2007).

The firms in this study do not view the world as their market from inception, and do not internationalise in three years or less after their establishment (Autio et al., 2000; McDougall and Oviatt, 2000). The firms aim to present themselves on a small scale in international markets with the aim of surviving and enhancing their legitimacy in the home market. The firms aim to compete with Western incumbents that have been embraced in the home market, and aim to stand out from other local players. This emergent theme further contributes to the IB field.

Bell et al (2003) explained that there are multiple pathways and variants of the born global firm and incremental internationalising firm. This is further supported by Mathews (2006b) who states that many firm species exist that together contribute to the new zoology of the global economy, such as ‘hidden champions’, ‘Micromultinationals’, ‘newcomers’, ‘born-again globals’, and ‘born globals’. However, as explained in the literature review Bell et al (2001) presented ‘born-again global’ firms to the academic literature, and these are firms that focus on the domestic market for many years, before commencing rapid and dedicated internationalisation. The underlying motivations and triggers leading to the internationalisation of born-again global firms are acquisitions, and changes in management or ownership (Bell et al., 2001). This is an interesting perspective, and it has common aspects with the firms in this study with an important difference. The born-again global firms spend time in the local market as do the firms in this study, and as advocated by the Uppsala school of thought. According to the born-again globals certain triggers then cause the firms to behave like born global firms. However, the researcher argues here that the firms in this study enter markets
through a phase, and a short space of time due to the two forces, foreign competition and consumers’ exposure and attitude toward foreign brands. The firms in this study then expand locally either by diversifying or penetrating the local market with an enhanced image, in addition to the firms vision and continued strategic upgrade of resources. This extends existing theory on paths of internationalisation.

Therefore, the firms in this study could be labelled and categorised as born-again locals. This is only a proposed emerging concept, and such firms may only be found in emerging markets. In addition to this, such firms may be specific to secondary emerging markets; rather than advanced emerging markets such as China. This perspective will highly depend on consumer attitudes toward foreign brands, and the entrance of foreign competition to EM firms’ home markets.

**6.4.3 Born-again locals as a possible perspective from the empirical data**

The researcher proposes the concept of born-again locals; whereby firms may internationalise to achieve strategic objectives in the home market. This research acknowledges the need for further investigation, in order for this to be considered as a possible extension. However, at this tentative stage the research proposes this as an extension to the born-again global perspective, introduced by Bell et al (2001).

Born-again local firms at this stage can be considered to be medium-sized firms from emerging markets that strive to become leaders in their home market; this is their long term strategic vision. This type of firms’ internationalisation can be considered as a phase to augment, maintain, enhance or defend their legitimacy and status at home. Born-again local firms perceive the initial internationalisation activities as asset augmenting that is influenced by two forces: foreign competition and customer perceptions. Born-again local firms will consider the actions of other players in their industry, and should be considered as entrepreneurial and strategic. Furthermore, they can be regarded as firms that consider themselves to be inferior to foreign multinationals entering their home market. They can be considered to be advantage
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seeking and opportunity seeking as proposed by the strategic entrepreneurship perspective, which was explained earlier.

Born-again locals will predominately prefer lower risk entry modes, and rely on partners’ and their networks in the host country. It is not necessarily true that firms will only enter culturally close markets; it may depend on other firms’ moves, and the need to differentiate oneself to attract public attention. The path associated with born-again locals is not an outward sequential path as proposed by the Uppsala model. Although one can argue that there are three stages or phases the firms will progress through: local, international, and local with an enhanced reputation, image and legitimacy. The firms will leverage this in the home market and not only expand further, but also diversify to form groups possibly preparing them for the next phase which will be higher entry modes to exploit international markets. It is important to note that internationalisation undertaken for the purpose of furthering legitimacy may not suffice, as this appears to aid growth locally rather than cause it. It is necessary that the firms continue to upgrade their capabilities at home, and this is achieved by recruiting key staff and differentiating the firm from others in the market.

In addition to this, three of the four firms in this study continue to imitate aspects of incumbent foreign firms that position themselves as consistent chains. The born global perspective is not considered to be relevant here, as the firms are international rather than global, and do not derive the majority of their sales from foreign markets, nor do they internationalise from inception using multiple entry modes. However, the similarity is the speed at which they enter new markets, which is referred to here as (the phase), and the market selection, which is contingent on networks.

This research acknowledges that born-again local firms are specific to emerging market firms, and its applicability to developed country firms remains uncertain. The born-again local firm may only be a category identified in consumer-centred service industries, whereby a close interaction between the provider and the consumer occurs. In addition to this, the strategic objective and advantage associated with internationalising may only be effective for first movers in the industry. It is not clear
whether other firms would reap the benefits of this strategy, if they are not among the first movers to do so.

Location-intensive food service SMEs from emerging markets internationalisation path may be strategic and implemented in order to achieve the objective of becoming market leaders at home. Born-again locals are those that will internationalise due to a feeling of inferiority in comparison with MNEs from the West, and concerned with the perception of local customers. These firms will devise strategic plans in order to overcome these issues; the firms will be devoted to continuous resource improvements by acting in a manner that can only be described as advantage and opportunity seeking. These actions enable successful internationalisation on a small scale (as they do not possess overwhelming assets, and have no intention of exploiting foreign markets at this stage), and enable growth in the domestic market.

Overall, born-again locals appear to be firms that are location-intensive service SMEs from emerging markets that view internationalisation as a strategy to maintain, enhance, or defend their brand and legitimacy by undertaking a phase of internationalisation. They are firms that act strategically and entrepreneurially as one of these does not suffice as an adequate explanation, and undertake a unique path that ties local and international phases together.

The following section integrates the interrelated aspects of internationalisation that were examined in this thesis, and presents the new conceptual framework. There are interactions between motives, enablers, and paths as these are intertwined, and this is precisely why studies undertaken on firm internationalisation should be investigated in this manner.
6.5 Integration of discussion and new conceptual framework

The new conceptual framework is presented in this section. The framework discussed here is constructed based on the findings that emerged from this study, and guided by the initial conceptual framework that was presented at the end of the literature review chapter. The research here discusses the interactions between the three internationalisation aspects that together contribute toward the understanding of emerging market firm internationalisation in a more comprehensive manner. Figure 6.7 illustrates the new framework based on the empirical investigation undertaken in this study. The framework incorporates all the findings of the four case study firms that were identified, described, and discussed in this study.

Figure 6.7 elucidates that the firms in this study strategically decide to internationalise as they seek to catch up with foreign players in their home market. Internationalisation appears to be more strategic than anticipated as the firms in this study are presented with challenges in their home market. The firms are particularly affected by consumer perceptions and the entrance of foreign competition; both forces affecting all the firms in this study, however, to different degrees according to each firm’s unique context. The companies in this study are unique as these outliers aim to overcome or anticipate the challenges in order to continue to grow or/and aid their legitimacy to remain competitive and become market leaders at home. The decision to internationalise by all the firms is best described and encapsulated by legitimacy theory, under the overarching perspective of asset augmentation. The firms aim to maintain, extend or defend their legitimacy in the local market.

The firms continuously aim to upgrade resources for continued growth driven by the entrepreneurial mind-set and long term vision. The firms reach a point whereby they do not possess overwhelming resources to exploit internationally, but have accumulated a sufficient amount to position themselves in other markets on a small scale to obtain an international status. In addition to this, networking takes place whereby the firms recognise opportunities or proactively create them (opportunity
creation or recognition). The upgrading of resources is a continuous process driven by the firms’ long term strategy, and it contributes to internationalisation and growth of the firms.

**Figure 6.7 New Conceptual Framework**

Source: Author

The differences between the firms rest on whether networks as enablers trigger the strategic motive, or whether the motive is strategically devised and networking is a result of this. However, this research points out that firm motives maybe more
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strategic than anticipated, and that there are interactions between motives and enablers, albeit small differences depending on each firm’s unique circumstance. The interactions between the enablers (best encapsulated by strategic entrepreneurship), and the motives (best captured by legitimacy theory within the broad asset augmentation umbrella); result in a unique path (best described as born-again locals). The firms in this study do not seem to depart attention from the home market, instead growth and/or diversification takes places whereby the firms form groups of companies. The firms seem to view internationalisation from a marketing oriented perspective; whereby they aim to augment the reputation of the firms. The researcher stresses the need to test the framework here on other emerging market firms, particularly those that would be considered as secondary emerging markets in the same and other industries that are considered to be location-intensive service firms.

The framework here reiterates the importance of investigating firm internationalisation in a more comprehensive manner as suggested (Coviello and Martin, 1999; Fletcher 2001; Crick and Spence, 2005), as this research uncovered there are interactions between the different aspects. Exploring firm internationalisation without a particular lens, particularly in under-researched areas may result in confirming existing theories or uncovering new perspectives or extensions as proposed by (Lommelen and MathysSENS, 2005). Furthermore, undertaking exploratory research can result in identifying theories or perspectives from other social science or business related fields that can aid and be applied to studies investigating internationalisation. It is important to note that investigating firms in such a manner does provide depth; however, this is limited in comparison to studies focusing on one internationalisation aspect. A more comprehensive account that involves researching the three interrelated aspects of internationalisation requires further attention given to the breadth of the aspects and their interactions.
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6.6 Chapter Summary
This chapter discussed the findings described in the previous chapter, and integrated the findings and discussion into a new single conceptual framework. Guided by the initial conceptual framework, this chapter followed a similar format to the findings (data presentation and within-case analysis) whereby each element was discussed independently, in order to maintain a systematic approach. In this chapter, the findings were initially discussed across the cases according to each aspect, and then related to existing theories and perspectives. It is not surprising that new perspectives and extensions emerged from this study as the research was an empirical investigation in an under-researched context. This study shifted attention to a new region with a particular focus on smaller service firms from an emerging market, rather than manufacturing MNEs from Asia. The following chapter of this thesis entails presenting the main theoretical, empirical, and research process contributions as a result of undertaking this study.
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Chapter 7: Conclusion

7.1 Introduction

This concluding chapter emphasises the contributions and implications that emerged as a result of undertaking this study. This thesis adds to existing IB research by presenting theoretical, research process, and empirical contributions, before offering the implications for practice and policy. The chapter commences with the theoretical contributions separately for each of the interrelated aspects of internationalisation: motives, enablers, and paths. This is followed by presenting the research process and empirical contributions that emerged as a result of undertaking this thesis, before addressing the implications for practice, policy, and education. Finally, this chapter culminates with recommendations for future IB research and final words.

7.2 Theoretical Contributions

The theoretical contributions to knowledge that emerged from this study are a result of investigating firms that draw on three strands of literature: emerging markets, SMEs, and services. The investigation was undertaken by exploring the interrelated aspects of internationalisation, which were identified as motives, enablers, and paths. Therefore, this research adopted a more comprehensive account of internationalisation as recommended by (Coviello and Martin, 1999; Fletcher, 2001; Crick and Spence, 2005). However, an exploratory approach, rather than an integrated one was adopted as the research area on EM service SMEs has received minute attention. Therefore, borrowing theories from developed country information-intensive SMEs was not viewed as appropriate. Instead, familiarity with existing mainstream theories was established and these were reviewed in the literature and categorised according to the main aspect of internationalisation they address. The combination of an exploratory and a more comprehensive account permitted new inductive findings associated with internationalisation motives, enablers, and paths to emerge. Each of the aspects of internationalisation and their theoretical contributions are concisely explained separately in the following sections.
7.2.1 Contributions to Internationalisation motives

With respect to motives, existing theory advocates that firms internationalise due to market seeking, client following, efficiency seeking, resource seeking, strategic asset seeking, or asset augmenting reasons. This study confirms that the motives of case study firms in this investigation are primarily asset augmenting, and therefore confirms the view that emerging market firms may initially internationalise in order to augment assets (Mathews, 2006b; Luo and Tung, 2007). Furthermore, there is some support for the Knickerbocker (1973), whereby firms may be influenced by other internationalising firms in the same industry. However, this study identifies two important contributions to the existing body of knowledge on EM firms. Firstly, this thesis extends the asset augmentation perspective found in EM MNEs to EM SMEs. In addition to this the asset augmenting viewpoint is extended to firms that operate in the service sector, rather than manufacturing. Secondly, this study identifies the strategic asset that location-intensive service firms aim to augment, which is the brand. This confirms the view that service branding may be particularly important for service firms (Buckley et al., 1992).

Moreover, this research contributes to IB theory as it identifies the importance and significance of legitimacy theory, and more specifically strategic organisational legitimacy and its phases as introduced by Tilling and Tilt (2010). Legitimacy is identified as an important strategic motive for internationalisation among the case study firms. As this study has shown, EM SMEs may internationalise in order to maintain, extend, or defend legitimacy in the home market. This motive is a result of two important factors that impinge on the case study firms, namely consumer perceptions, and the entrance of Western incumbent MNEs. The impact of these two factors varies to different degrees depending on a firm’s market position. Identifying the importance of consumers’ perspectives particularly highlights the need to consider and incorporate consumers’ perceptions as an important factor that can impinge on the internationalisation motives of EM SMEs.
This study contributes to IB theory on internationalisation motives by identifying the significance of strategic legitimacy theory and its phases as important internationalisation motives. Furthermore, this study contributes to knowledge by extending the importance of legitimacy theory for an EM firm’s home market, rather than the host markets.

7.2.2 Contributions to Internationalisation enablers

With respect to enablers, existing theory advocates that a firm requires resources in the form of ownership advantages, networks, and international oriented entrepreneurs. These have been important theories in IB literature, but predominantly based on developed country firms. This study contributes to theory by propelling the need for a more all-encompassing theory that best captures the enablers of the case study firms in this study. This is achieved by recognising advantage seeking (strategic) and opportunity seeking (entrepreneurial) behaviour simultaneously, and best encapsulated by strategic entrepreneurship (Ireland et al., 2003).

This study contributes to theory by demonstrating that perspectives such as RBV or ownership advantages are too broad, and do not capture or reflect the position of the firms in this study. The case study firms in this investigation are continuously aiming to build and develop their resources which provide credit to the perspective offered by Mathews (2002). EM firms aim to upgrade and improve resources that are least rare, most imitable, and most transferable. In addition to this, the findings in this study do not fully support the IE perspective which is often associated with born global firms. This study does confirm the importance of entrepreneurs; however, the owners in this study do not appear to be outward oriented as inferred by the IE perspective. The entrepreneurs in the case study firms are enablers that are best described as strategic, whereby they view internationalisation as a springboard for further enhancing their resource base in the home market, and focus on the long term benefits. Internationalisation to these entrepreneurs is considered to be a means to an end as opposed to an end in itself. Furthermore, this study recognises the importance of networks, whether proactively searching for partners or responding to
international requests. However, this study contributes to the literature by recognising that networking is only one enabler for firm internationalisation, and therefore cannot adequately explain or capture all the firm enablers.

Therefore, this study contributes to knowledge by advocating that a number of enablers both internal and external to the firm are important, and are best captured by an existing theory found in the entrepreneurship literature, known as strategic entrepreneurship (SE). The perceptions and actions carried out by individuals in the firms reflect the tenets of strategic entrepreneurship. This is considered to be a strong foundation and basis for understanding and capturing firm enablers. The entrance of incumbent MNEs is viewed as an opportunity to learn and improve. This initial view is entrepreneurial as it is an opportunity, despite being described as a threat at the same time. The strategies devised by the firms in this study, such as differentiation, imitation, and information/knowledge seeking builds a stronger resource base, but not necessarily overwhelming ones. These are strategic management tools that are implemented in order to take advantage of the opportunity presented. These strategies contribute to an enhanced resource base and wealth creation, and are enablers for the firms to internationalise and grow in the domestic market. Advantage seeking combined with opportunity seeking; the latter in the form of opportunity creation and opportunity recognition of networks provide a more comprehensive account and interpretation of the enablers for the internationalisation of EM SMEs.

Therefore, this study contributes and adds to existing knowledge by identifying and propelling the importance of SE to the internationalisation enablers of EM service SME. This study argues that SE demonstrates a strong potential to offer a more all-inclusive perspective of firm enablers. It is a strong starting point and foundation for understanding enablers of firm internationalisation.

7.2.3 Contributions to Internationalisation paths

With respect to paths, existing theory advocates two dominant internationalisation paths: the traditional stage model of internationalisation (the Uppsala model), and early internationalising firms (born globals). In addition to this, a more recent path
known as born-again globals has emerged capturing aspects from the aforementioned theories. In addition to this, Bell and McNaughton (2000) carefully introduce the term ‘state’ of internationalisation as it is not always a continuous outward expansion. Furthermore, depending on a firm’s motives, the initial phase of internationalisation maybe driven by asset augmenting perspectives as found in emerging market firms (Luo and Tung, 2007).

This study adds to existing literature by demonstrating that internationalisation paths maybe outward and inward linked. The firms in this study undertake what can be best described as a ‘phase’ of internationalisation with the strategic aim of enhancing the legitimacy of the brand in the local market. In addition to this, one case study firm explores new assets that can be repatriated to the home market. The Uppsala model is an outward oriented model that emphasises gradual incremental steps, and does not pay significant attention to the motives for internationalisation. In addition to this, the Uppsala model does not take into account external factors that can impinge on the firm, such as competition. The alternative perspective known as ‘early internationalising firms’ or born globals, whereby firms view the world as their market from the outset is also not deemed appropriate.

Therefore, this research contributes to theory by offering the term born-again locals, whereby internationalisation is considered to be strategic and a phase aimed at augmenting the firms’ resource base to maintain, extend, or defend legitimacy in the home market. Born-again locals are associated with the born-again global concept introduced by Bell et al (2001), as the firms in this study spend time in the domestic market before undertaking a phase of internationalisation in a short space of time. However, this study adds that firms may undertake this phase for the home market (local) purposes, which is not saturated. Therefore, this research contributes to the existing body of knowledge by presenting the born-again local perspective as a variation from born-again global concept.
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The significant contribution to theory here is the emergence of the term born-again local concept that best describes the internationalisation paths of EM SMEs, and the important effects that strategic motives have on firm internationalisation paths. This study contributes to the existing literature by confirming the view that internationalisation paths are not necessarily an outward perspective, but can be inward linked. Finally, this research contributes to knowledge by not only supporting insights offered in the springboard perspective by Luo and Tung (2007), but by extending it from the context of EM MNEs to EM SMEs in the service sector.

7.3 Research Process Contribution

The research process undertaken in this thesis began with extensive and thorough reading of internationalisation literature. The researcher carefully identified the major interrelated aspects of internationalisation. These three aspects were presented as firm internationalisation motives, enablers, and paths. The researcher reviewed and categorised the existing mainstream theories of internationalisation found in previous literature according to the aspect each theory predominantly addresses. This procedure allowed the researcher to construct a conceptual framework that presents a more comprehensive account of firm internationalisation, and it served as the foundation for this investigation. This enabled the researcher to be familiar with existing theories, while avoiding the selection of a particular theoretical lens over another with bias. This procedure further allowed the researcher to explore firms in such a way that it allowed the findings from the case study firms to inductively emerge from the data, within pre-existing categories (the interrelated aspects of internationalisation deduced for the literature).

Therefore, this research process demonstrates contributions to IB in a number of ways. Firstly, this research undertakes a more comprehensive account of firm internationalisation as recommended by authors such as (Coviello and Martin, 1999; Fletcher, 2001; Crick and Spence 2005). This means that the researcher did not isolate one aspect of internationalisation, such as firm motives and narrowly investigate this. Secondly, the researcher did not select one internationalisation
theory over the others (limiting bias), especially when it is clear that a number of existing theories can be complementary, and are needed to explain firm internationalisation (Dunning, 2000; Crick and Spence, 2005; Jones and Coviello, 2005). Thirdly, this research process employed deductive and inductive procedures, and clearly stated when the research adopted each approach in this study. Fourthly, this procedure enabled the researcher to adhere to a true inductive nature by allowing new perspectives to emerge, and to search for and recognise which perspectives best offer the most accurate explanation of the findings unveiled. This resulted in extending existing theories, searching for new ones in other business disciplines and the wider social science domain.

This research advocates that other scholars adopt such an approach in their research, particularly when adopting an exploratory study. This research process combined with a qualitative investigation provides the capacity to go beyond the investigated cases. It permits the investigator to capture new realities, new ideas, and theoretical insights on the research questions (Eisenhardt, 1989; Yin, 2009), while enabling the acknowledgment of existing theories and perspectives.

This thesis further contributes to IB methodology by offering a more detailed account of data analysis. As discussed in the methodology chapter of this thesis, researchers undertaking qualitative studies often limit their data analysis sections to brief and vague accounts (Eisenhardt, 1989; Zalan and Lewis, 2004), and do not clearly show which techniques were used to reduce data (Eisenhardt and Graebner, 2007). Furthermore, qualitative research does not provide a clear framework or strict guidelines to follow in order to reduce data (Miles and Huberman, 1994; Zalan and Lewis, 2004). This thesis acknowledged these views and provided a detailed, in depth, and comprehensive account of the data analysis procedure. In addition to this, the researcher contributes to qualitative research in IB by constructing and presenting a comprehensive framework for analysing data, and this was based on combining perspectives offered by recognised researchers, such as Eisenhardt, Yin, Ghauri, and Miles and Huberman.
7.4 Empirical Contributions and generalisation to other emerging market contexts

This investigation contributes to knowledge by revealing empirical contributions, and the most obvious empirical contribution is extending research to an under-researched context. Kiss et al., (2012) in their review of IE theory emphasise the lack of research undertaken in the MENA region, and authors’ argue is due to the difficulty of collecting data from this region. In addition to this, the authors argue that no studies exist on Egypt as a research context. As explained in the literature review of this thesis most studies are confined to certain regions, such as Asia, and to a less extent Latin America. Therefore, this contributes to empirical contributions by offering insights into a new country from an under-researched region. The study further contributes to the IB field by conducting research on service SMEs by empirically examining location-intensive firms, and thereby shifting focus away from information and knowledge-intensive SMEs. Furthermore, this study investigates these firms from an emerging market perspective in a more comprehensive manner.

This study contributes to the IB field by demonstrating that a research approach that combines deductive and inductive approaches in under-researched contexts clearly provide and unveil new empirical evidence and findings. This study advocates the strong need to research different types of firms from under-researched contexts in order to move the IB field forward. This can allow new theories to be revealed and existing ones to be extended by providing sufficient empirical studies.

It is unclear at this stage if the findings that emerged as a result of this study are transferable to other emerging market contexts, and other industries. However, further research should be undertaken in order to test the new conceptual framework that emerged empirically as a result of this study. The same industry and its variances should be studied in other secondary emerging markets using the new conceptual framework, which offers a more comprehensive account of firm internationalisation. Particular attention should be directed toward other countries that originate from the
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MENA region, and perhaps in other neighbouring African countries. This could further support for the empirical evidence unveiled in this study, and add to the new conceptual framework presented in the previous chapter. Other service industries should also be investigated; particularly those that are considered to be location-intensive firms. It is important to further test the empirical evidence that emerged from this study in other countries and location-intensive service sectors. This will enable researchers to acknowledge if the conceptual framework devised in this study is limited to a region, country, and industry or if it paves the way for a grand theory that best explains secondary emerging markets or developing country SMEs.

7.5 Implications for Practice and Policy

Every research project should provide a number of implications for practice and policy. The following section detail the key implications as a result of carrying out this empirical research, and begins with the implications for management.

7.5.1 Implications for practice

The findings from this study endorse the need for EM SME entrepreneurs and managers to adopt an entrepreneurial mind-set, and set a long term vision for their firms, rather than focusing on short term gains. There is a strong need to set objectives that will not only aid the growth of the firm, but distinguish it from other local and foreign competitors. It may be more beneficial for EM SMEs to adopt flat organisational structures rather than the one man show perspective, whereby the owner dictates all the decisions made in the firm.

The likely success of EM SMEs depends on the ability of entrepreneurs and managers to adopt certain actions that recognise, create, and seize opportunities, while devising appropriate strategies for long term survival and growth. There is a need to recognise and understand external stakeholders in their environment, in order to implement effective strategies that benefit a firm’s market position. This is essential if EM SMEs are to overcome home market constraints and obstacles, while being able to compete with large developed country firms in the home market. EM SMEs need to identify and recognise their resource deficient positions, in order to
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devise and implement strategies that enhance the resource base. At the same time they need to find ways to differentiate their company from the rest of the competition.

Most importantly, EM SMEs should recognise that it is possible to adopt many strategies simultaneously, including differentiation and imitation, while recruiting knowledgeable members of staff that can contribute to building firm resources. EM SMEs should find innovative ways to distinguish themselves, and catch up with global players if they are to become market leaders at home. This can only be achieved by devising a long term vision, implementing plausible strategies, and simultaneously seizing and creating opportunities. It is vital that EM SMEs expose themselves to networking opportunities, particularly ones that arise from other countries whereby firms can pursue these for strategic purposes.

It is evident from this investigation that the case study firms in this research demonstrate the desire and need to improve their resource base, in order to reduce the gap between themselves and foreign MNEs entering the market. This implies that foreign MNEs should consider and examine the adoption of increased standardisation strategies over adaptation with respect to certain firm elements. Foreign MNEs need to evaluate the potential benefits that can be reaped by implementing this strategy for certain regions or markets, whereby foreignness may be a competitive advantage that should be further exploited.

EM firms in consumer-centred industries need to recognise the importance of benchmarking their practises against developed country incumbent firms, if they aim to significantly progress, improve, and succeed. New entrants should learn from the firms in this study, and create a culture that allows for entrepreneurial and strategic behaviour. Finally, EM SMEs in other location-intensive and consumer-centred industries could become first movers and adopt similar strategic motives for internationalisation.
7.5.2 Implications for policy

It was clear from the findings in this investigation that the Egyptian government was viewed negatively with respect to their role and support for private firms. It is important that the government undertakes further effort to tackle bureaucracy and corruption. The government must enforce the rule of law by providing transparent procedures and clear rules that are standardised, and must be adhered to by all companies. The government should implement policies that allow fair competition, and some of the laws need to be updated that should reflect the challenges and changes in the Egyptian market.

A government that is cooperative, supportive, and proactive will be more aware of the problems and challenges that EM SMEs face, and could help remove unnecessary barriers, bureaucracy, and corruption. This will help create a more transparent, fair, and legal environment over time that could encourage weary and refrained entrepreneurs to enter the industry, as all companies are treated fairly. Therefore, non-conforming companies will be forced out, while only the best companies will succeed. This will further benefit the health and safety of consumers as firms are forced to conform to strict guidelines. Over time this could help improve the image and reputation of Egyptian companies among local customers.

More support should be provided to non-government organisations, particularly EFDA. EFDA was founded by a group of industry experts, who proactively took the steps to establish a governing body, without the assistance from government. However, little support by the government is provided, and therefore without this backing EFDA does not have the legal authority to implement new policies that companies must follow and adhere to. Furthermore, the government should provide sufficient funds for EFDA’s activities, which include organising trade fairs annually, conferences and seminars, while providing training and advice to start-ups. EFDA has already began working on a code of ethics for companies to follow, and hopes that it will receive support for this to be implemented as a legal policy that companies must adhere to.
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It is important that the Egyptian government draws on the success of other EM governments as a starting point; particularly China and Malaysia are noteworthy and were mentioned by a number of the interviewees. Although every country faces its own unique challenges, reflecting and learning from other EM governments progressive and successful policies are important. Adapting these to the Egyptian context would be a step forward in the right direction, if the institutional environment is to improve.

7.6 Future Research

Future research needs to investigate the same industry, and other consumer-centred industries in other emerging market contexts. The importance of adopting the research process that was undertaken in this study is highly advocated. When investigating emerging market or developing country SMEs in a qualitative study it is important to review prior theories, derive concepts, and not necessarily select one over the others. This is especially important when it is clear that not one theory is adequate to fully explain internationalisation (Coviello and Martin, 1999; Crick and Spense, 2005; Jones and Coviello, 2005). This will reduce a limited focus on one theoretical aspect; that is if it proves to be relevant in the first place. The selection of a theory prior to investigating a research topic may distract a researcher’s alertness to new findings. It may restrict and confine a researcher’s inductive approach to findings that are only associated with the prior theory that was selected for the investigation.

The new conceptual framework devised in this study should be tested in a quantitative manner in order to test the applicability in other countries, regions, and other service sectors. This will enable the conceptual framework to move from analytical generalisation to statistical generalisation.

Other investigations should take into account the usefulness and applicability of other theories in business related fields and the wider social science. The principles of legitimacy theory need to be reviewed and included in future research on emerging market service SMEs. The tenets of strategic entrepreneurship (SE) should
be considered as a possible starting point for understanding the behaviour of emerging market firms, and their enablers for internationalisation. Paths of internationalisation still merit attention, and further research on emerging market SMEs internationalisation paths in new contexts may unveil new observations, confirm or extend existing ones.

It is important that future research investigates firms in a more comprehensive manner, as the interrelated aspects of internationalisation can impact or affect each other. In this study the firms’ motives and enablers affected the path undertaken by the firms, and in some cases internationalisation motives encouraged firms to draw on their enablers, while other firms’ enablers stimulated motives for internationalisation. Therefore, the three aspects of internationalisation are connected and should all be included in future studies.

The research undertaken here only touched on the possible importance of impression management, which is a theory from the marketing literature with roots in sociology and social psychology. Impression management could possibly offer exciting explanations that can complement and aid the organisational legitimacy motives of secondary emerging market firms. Future studies should investigate this theory’s relevance and applicability to internationalisation research. The identification of impression management signifies the possible importance of understanding decision making and internationalisation from a psychology lens. Internationalisation research that draws on theories and perspectives from psychology are minute, and including this could offer valuable insights that enrich the understanding of the decision making process undertaken by entrepreneurs and top managers.

Future research should consider consumers’ perspectives when investigating the internationalisation of firms that operate in consumer-centred industries. This could be more important than when investigating information-intensive firms, which is usually comprised of a business to business relationship. EM consumers’ perceptions and the effect of foreign competition from developed countries into emerging markets merit further attention in other contexts.
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Drawing on EM MNE research is essential, as the asset augmentation and the springboard perspectives were related to the findings uncovered in this study. Future research investigating EM SMEs should consider concepts and perspectives offered by the EM MNE literature, and not necessarily draw on developed country SMEs as a starting point. It is likely that EM MNE research provides many valid perspectives that can be useful when investigating EM SMEs.

7.7 Final Words

This thesis contributes to the IB field by examining the internationalisation of emerging market location-intensive food service SMEs. This was achieved by investigating and exploring firms in a more comprehensive manner from an under-researched country in an under-researched region. The objective was to shift the focus from the Asian region and to focus on SMEs in an industry dominated mainly by American MNEs. The main research question was presented at the start of this thesis, and in the methodology section of this thesis. The answers were unveiled in the findings chapter, and subsequently explained in relation to theory in the discussion chapter, which concluded with the new conceptual framework. Contributions to theory, process, and practice occurred throughout this thesis, and were clearly stated in this concluding chapter.

New findings uncovered in the EM MNE literature, and developed country SMEs propelled the investigation of this topic as stated in the introduction chapter. It is anticipated that findings in this study and the contributions offered to internationalisation motives, enablers, and paths will encourage other researchers to explore new insights. This investigation envisages that future research will continue to support and extend existing theories, while offering new insights that better explain firm internationalisation in different contexts. This research is a prominent example of a thesis that has contributed to the IB field by extending existing theory, providing new perspectives, and exploring firms in an innovative way. Therefore, this research robustly furthers existing knowledge on firm internationalisation, and serves as a stimulating springboard for further research in new contexts.
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APPENDICES

Appendix 1: Interview Guide Firms

Required information in a structured form about the company
Company Name:
Main activities:
Number of outlets:
Ownership status:

Internationalisation history and activities of the case firms
Year of first internationalisation activity:
First internationalisation market and entry mode used:
Subsequent markets and modes used:
Country and mode changes:
Future agenda/plans:

Interviewee profiles
Name:
Position:
Age:
Education:
Degree(s):
Experience and years in the industry:
International experience and years, if any:
Years lived abroad, if any:

Categories
1) Motives for internationalisation
When did the company decide to enter other countries?
Why did the company go abroad?
What influenced the decision to go abroad?
What would you highlight as the main motives for going abroad?
Who made the decision to go abroad?
Did the motives change for any of the markets entered?
Did this occur after capitalising on the local market first?
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2) Enablers for internationalisation
Did anyone influence the decision to go abroad?
Why was the company able to go abroad?
What were the main internal aspects that helped the company achieve going abroad?
What were the main external aspects that helped the company achieve going abroad?
How do you view the role of the government?

3) Paths of internationalisation: Markets entered, entry mode, and change over time
When did the company enter the first country?
When did the company enter the other countries?
Why did the company choose those countries?
How much data was gathered and analysed about the countries, if any?
How did the company enter those markets?
Why did the company enter in that manner?
Did the company evaluate alternative options?
Did the way of operating change? If yes, then why and how did it change?
Did de-internationalisation occur at any stage? If yes, in which market/s did this occur and why?
Did the company learn anything from operating abroad to bring back to the Egyptian market?
Appendix 2: Interview Guide Experts

**Interviewee profiles**

Name:
Position:
Age:
Education:
Degree(s):

Experience and years in the industry:

**Categories**

1) **Country and Industry background**

How has the Egyptian market changed over the years?
What are the most important changes that have occurred?
What was the food service industry like in the 70’s?
How would you describe the food service industry in Egypt today?
What needs to improve for the food service industry to advance?
Who formed EFDA? And why was it formed?
What are EFDA’s main priorities?
Do you think EFDA could do more to help local companies go abroad?
What are EFDA’s future objectives and goals?

2) **Enablers for Internationalisation**

Why have only a few Egyptian companies been able to go abroad?
Why were the four companies able to go abroad?
What helped the companies go abroad?
What were the main internal aspects that helped the companies achieve going abroad?
What were the main external aspects that helped the companies achieve going abroad?
How do you view the role of the government?
Appendix 3: Coding with Nvivo - Example