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RESEARCH ARTICLE

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Revisiting models of internationalization: Pre-export phase and lateral rigidity of emerging market Small and Medium Enterprises

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Abstract

The purpose of this paper is to revisit theories of internationalization and explore their export commencement processes from emerging market lenses. The paper combines the two important concepts, the pre-export phase and lateral rigidity to deliberate the internationalization phenomenon of SMEs. The paper draws on extant literature on the SME internationalization process and applies qualitative methods to provide deep insights into the pre-export phase. The study uses four longitudinal context-based case studies based at India for generalization. The conceptualization and findings show that SMEs in emerging markets require processes and innovations from a strategic and planning perspective. Emerging market SMEs require a combination of resource-building in the pre-export phase and the right stimuli to overcome lateral rigidity to start internationalization. This paper addresses the phase before internationalization and the concept of lateral rigidity to provide a holistic view of SME internationalization from the emerging country's perspective.

KEYWORDS
emerging/developing markets, internationalization, lateral rigidity, pre-export phase, SMEs, theories of internationalization, Uppsala model

1 | INTRODUCTION

SMEs form the backbone of an economy and contribute significantly to income and employment generation (Ho, Ahmad, & Ramayah, 2016; Mishra, 2020; Stoian, Dimitratos, & Plakoyiannaki, 2018). The internationalization of SMEs provides the opportunity for growth and expansion. However, many SMEs do not internationalize despite existing for several years (Crick & Crick, 2015; Paul, 2020). Most SME owners focus on domestic markets and hesitate to export despite government incentives (Tan, Brewer, & Liesch, 2018). Among several internationalization theories, the Uppsala model remains the most used model (Dow, Liesch, & Welch, 2018; Forsgren, 2016; Verbeke, 2020; Yamin & Kurt, 2018). This model discusses factors responsible for incremental internationalization once a firm has decided to start the process. However, the issues companies face internally before arriving at this step are not fully explored. Theories and studies address SMEs' external environment (or barriers faced), how to proceed, and the benefits (Kahiya & Dean, 2016; Roy, Sekhar, & Vyas, 2016). However, it is important to understand what comes before internationalization to anticipate possible outcomes (Vahlne & Johanson, 2020).

The pre-export decision-making process marks the beginning for exports (Caliskon, Joern, Meijnen, Von Moers, & Schapmann, 2006; Casillas, Acedo, & Barbero, 2010; Caughey & Chetty, 1994; Mejri & Umemoto, 2010; Song, 2017; Tan, Brewer, & Liesch, 2007; Tan, Plowman, & Hancock, 2007) is a very important phase for SMEs. However, the pre-export phase has received little scholarly attention (Song, 2017; Tan et al., 2018). Another important concept, "lateral rigidity," introduced by Luostarinen (1979), refers to the resistance within an organization towards internationalization. Lateral rigidity is highly relevant in the context of the SME internationalization process (Tan et al., 2018). For any firm to export successfully, they must overcome lateral rigidity; this even includes born-global companies (Welch, 2004). Like the pre-export phase, the concept of lateral rigidity has not received much attention in internationalization research.

There have been attempts to develop internationalization theories in recent years (Axinn & Matthyssens, 2002; Paul & Sánchez-

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Morcilio, 2019). However, significant gaps remain in this field. First, prior studies have focused on external or internal barriers to internationalization. However, it is important to analyze the phase before export and the rigidity toward export decisions (Song, 2017; Tan, Brewer, & Liesch, 2007). Second, several studies exist on SMEs' internationalization process with high-technology-based products or services, but few studies cover low-technology-manufacturing SMEs (Dabić et al., 2020; Prakash & Mishra, 2016), which are typically slow to internationalize. Third, there is a noticeable gap in relevant literature; the majority of internationalization theories and SME studies focus on developed markets and pay less attention to the diverse set of challenges faced by emerging market SMEs (Javalgi & Todd, 2011; Paul, Parthasarathy, & Gupta, 2017; Ramamurti, 2012). India has seen a growth of services, but manufacturing is lagging in productivity and contribution (Rath, 2018). The low-technology-manufacturing SMEs' internationalization has been analyzed here to understand and derive insights.

Emerging market SMEs have different resources, capacities, networks, and institutional setups; therefore, they require dedicated studies (Bianchi, 2014; Kujala & Törnroos, 2018). At the method level, empirical and quantitative studies exist (Caputo & Tron, 2015; Cavusgil & Knight, 2015), but they do not derive testable propositions and lack generalization. Longitudinal studies focusing on SMEs are rare and necessary (Dabić, Vlačić, et al., 2020; Johnson & Vahlne, 2009; Vahlne & Johanson, 2020) for addressing regional aspects. To this purpose, the research questions guiding this study are as follows:

RQ1: What happens in the pre-export phase of emerging market SMEs? What prevents or encourages them to initiate internationalization?

RQ2: Do existing models explain the start of the internationalization process for these SMEs? Can these models be applied to all situations across industries or countries, or do they require modification and integration of theories?

We make two contributions to answering these questions. First, we integrate the Uppsala model with the pre-export phase and lateral rigidity to understand the export commencement process. Existing internationalization theories should be applied in combination to provide a better solution for SMEs facing a unique set of challenges (Dimitratos, Johnson, Slow, & Young, 2003; Whitelock, 2002). Second, we triangulate and propose a conceptual model through longitudinal case studies to understand the process of internationalization, thereby contributing to theory development. Such longitudinal qualitative studies are required to understand the changes and development of new relationships in the field of internationalization (Vahlne & Johanson, 2020). This paper proposes that the pre-export phase is highly relevant to internationalization decisions for SMEs in emerging markets. We also explore lateral rigidity by proposing that SMEs' reluctance or motivation to export can partially be understood through examining the pre-export phase.

The paper is structured as follows. Section 2 discusses theories of internationalization, the pre-export phase, and lateral rigidity concepts. In the third section, we describe four Indian SMEs' case studies, showing their key phases during their journey from domestic to international. A longitudinal case analysis procedure was used to explain phenomena in different time zones. We then highlight the conceptual framework for the internationalization of SMEs. In the final section, we conclude with a discussion, managerial and theoretical implications, limitations, and conclusion.

2 | THEORETICAL BACKGROUND

Internationalization research began in the 1970s and has received much attention since then (Bilkey & Tesar, 1977; Cavusgil, 1980; Johnson & Vahlne, 2009). Regardless of the many theoretical frameworks, internationalization remains a significant challenge for SMEs (Dabić et al., 2020). Despite the benefits of exporting, many choose domestic orientation and do not explore international opportunities. The internationalization of firms opens the door for new opportunities and value creation for all types of organizations (Desouza & Awazu, 2006; Scuotto, Santoro, Bresciani, & Del Giudice, 2017). The existing internationalization models are inadequate and require integration across theories to understand the actual marketplace (Axinn & Matthyssens, 2002; Vahlne & Johanson, 2020). Therefore, this study examines internationalization theories from an emerging market perspective to explore the export process and its important phases. Available studies have been conducted on MNE or SME internationalization strategies in developed markets (Kujala & Törnroos, 2018). This study is important as it focuses on non-high-tech SMEs, unlike previous studies that mostly focused on MNCs. Such studies shed light on much-needed non-tech SMEs' internationalization important for the growth of the economy.

2.1 | Internationalization theories

Internationalization theories include the Uppsala model (Johanson & Vahlne, 1977), the network approach (Johanson & Mattsson, 1987), the international new venture model (INV) (; Coviello, 2006), the resource-based view (RBV) (Wernerfelt, 1984), the innovation-oriented internationalization model (Salomon, 2006), the 7-P framework for internationalization (Paul & Mas, 2019), and the CPP model (Paul & Sánchez-Morcilio, 2019). The most referenced model is the Uppsala internationalization theory, highlighting the role of gradual experiential learning and psychic distance (Cavusgil, 1980; Johanson & Vahlne, 1977). Although this model has been criticized for its several simplistic assumptions (Dow et al., 2018), it remains one of the most influential theories (Love, Roper, & Zhou, 2016). Later, the Uppsala model added the network's roles (2009) and market commitment (2017) to previous variables of the model. The Uppsala model states that firms choose to enter nearby and low commitment markets once they decide to internationalize. However, the Uppsala model does not identify a starting point for the process of internationalization.

The innovation-oriented model explains internationalization at different learning stages (Song, 2017). Innovation opens up avenues for knowledge management, which generates global opportunities for firms. Innovation and internationalization have been extensively studied from a developed market perspective. However, firms in developing countries face additional challenges and constraints. The network approach demonstrates that network ties facilitate the internationalization of SMEs (Mitgwe, 2006). However, the network formation and innovation of SMEs take longer and different processes compared to MNCs. Similarly, RBV explains the internationalization of MNCs rather than SMEs. Resource and network relationships, in terms of export, have been explored, but the extent to which they address specific contexts for emerging market SMEs is yet to be established. Young and small companies lack resources and networks compared to established, larger ones (Torkkeli, Kuivalainen, Saarenketo, & Puumalainen, 2019). Moreover, all these models do not answer the question of how and when the internationalization process begins. SMEs often deal with limited resources and a poor institutional image (Kumar & Dwivedi, 2019), requiring individual attention and studies. The INV model explains the phenomena of the rapid internationalization of born-global companies. Such INVs are often small, high-tech companies exploring competitive advantages across multiple markets (Knight & Cavusgil, 2005). Nevertheless, the INV theory does not explain the internationalization of low-tech SMEs. INVs contradict the gradual internationalization concept and explore the rapid internationalization of mostly high-tech firms.

Paul and Sánchez-Morcilio (2019) developed the CPP (Conservative, Predictable, and Pacemaker) model for firm internationalization. Firms that rely on the local market for generating substantial income and ignore opportunities from globalization are called conservatives, and firms that generate the majority of their revenue from legally-integrated, predictable markets (for example, multilateral or bilateral free trade areas) are classified as predictable firms. Firms that generate substantial (majority) revenue from global markets (beyond the predictable markets) are defined as pacemakers. Similarly, other typologies, such as the 7-P framework, propose a structure for strategic planning for internationalization (Paul & Mas, 2019).

Nevertheless, these models neither mentioned the pre-export phase nor addressed SMEs' rigidity towards such decisions. When the first export order is available and agreed upon, the firm moves from a pre-export state to the internationalization phase. Pre-export is a key phase for companies, whether small, large, or born-global, although a born-global firm's readiness is quicker than a traditional firm with a gradual approach. Various searchers have highlighted that the available internationalization theories do not provide a holistic view of the process and have their limitations (Axinn & Matthyssens, 2002; Buckley & Casson, 2020; Paul & Rosado-Serrano, 2019). Extending the study of Tan, Brewer, and Liesch (2007), this study explores the various elements that lead to an SME's entry into the pre-export readiness phase to commence internationalization. It is an addition to the existing internationalization theories and tries to integrate internationalization with the pre-export phase leading toward SMEs' international readiness.

2.2 | Pre-export activity

The first-ever conceptualization on "pre-export activity" was propounded by Wiedersheim-Paul, Olson, and Welch (1978). They examined the role of pre-export activity and noted the factors affecting it, including decision-makers, enterprise environments, the firm's extra-territorial expansion, and information. They proposed four factors (or goals of the firm) that significantly impact a firm's pre-export behavior: financial security, survival, sales performance with growth, and product lines. Wiedersheim-Paul et al. (1978) also discussed: (i) internal attention evokers; and (ii) external attention stimuli, such as orders from foreign customers, government export promotion, market opportunities, and competition. They also classified pre-export activities in terms of willingness to start exporting, information-gathering activity, and information transmission processes. This model takes a backward step and looks into what sets the tone of internationalization in a firm.

2.3 | Export stimuli

Export stimuli are factors that influence a firm's decision to initiate, develop, and maintain export operations (Leonidou, 1995). A study of the stimuli helps to explain the export behavior of decision-makers. It analyses personal characteristics that determine the perceptions of motivating factors in the decision maker's behavior. There are different classifications of export stimuli. The most referred to are based on proactive stimuli, which form a "pull factor" within the firm and involve internal competencies necessary in preparing for external challenges. There are also reactive stimuli, which refer to "push-factors" involving the external environment (Madanoglu, Alon, & Shoham, 2017).

Export stimuli are further classified as internal and external stimuli. Internal stimuli relate to factors within the firm's internal corporate environment, while external ones are based on a firm's domestic or foreign environment (Caughey & Chetty, 1994; Czinkota & Tesar, 1982; Morgan, 1997; Tan, Brewer, & Liesch, 2007). Together, they impact the export decisions of firms (Table 1).

Managers who are aware of foreign markets' opportunities and take proactive measures are more likely to succeed in their internationalization than managers who use reactive measures (Navarro, Acedo, Losada, & Ruzo, 2011). The study of stimuli helps SME owners/managers to understand factors that motivate firms to pursue export strategies. Therefore, proposition one (P1) is derived as follows:

> **P1.** Internal and external stimuli influence an SME owner/manager's thinking and planning towards export.

TABLE 1 Internal and external export stimuli

Internal stimuli	
Proactive	Managerial attitude
	Competitive elements
	Achieving economies of scale
	Unique quality products
	Unique/special competitive advantage
	Potential for extra sales
Reactive	Seasonal demand cycle
	Desire to harness unused resource capacity of the firm
	Unsold inventory
External stimuli	
Proactive	Change agents
	Government support/agencies
	Exclusive information of firms on foreign markets
	Contacts generated
Reactive	Unsolicited inquiry from foreign markets
	Domestic market situation
	Logistics proximity
	Favorable foreign exchange rates
	Initiation of export by a domestic competitor

Source: Leonidou (1995), Morgan (1997), Tan, Brewer, and Liesch (2007).

2.4 | Lateral rigidity and export commencement decision

Export stimuli influence the process of export, yet they do not fully explain internationalization (Tan et al., 2018). Additionally, not all firms are affected by stimuli. So, what prevents firms from moving forward, and why do they perceive stimuli differently? Luostarinen (1979) introduced lateral rigidity (LR) for understanding certain actions a firm may take toward internationalization. This perceived force of LR was present at each stage of the decision-making process (Tan, Brewer, & Liesch, 2007). LR refers to the limited perception of stimuli factors resulting in limited information and confined choices due to uncertainty and risk avoidance. It emphasizes that when decision makers are faced with opportunities, they often move laterally instead of forward. Luostarinen (1979:35) defines LR as a combination of four components: limited perception, restrictive reaction, selective research, and confined choices.

Limited perception can be due to a firm's unfavorable physical location and difficulty in terms of access to contacts and social interactions that would otherwise reduce physical distance and promote internationalization (Johanson & Mattsson, 1987). The restrictive reaction comes from a firm's poor readiness to meet challenges (Tan et al., 2018). If decision makers lack international experience, they will be less responsive to stimuli (Crick, 2007). Also, firms satisfied with domestic operations avoid exploring other markets. This is the firm's general behavior as long as no threat appears (Fillis, 2002). Selective research implies a lack of efficient research methods relating to international business. It applies to firms with domestic orientation and temporary internationalization policies (Tan et al., 2018). Thus, if inward-looking companies can resolve operational and product-related issues via domestic operations, they do not seek other markets or take risks. Confined choices refer to a decision maker's attitude toward uncertainty and risk. Risk-averse firms view international markets as uncertain and avoid them (Tan et al., 2018).

Many SMEs are capable of exporting, yet they do not. LR's moderating role suggests that such firms cannot internationalize even when the environment changes. The literature points to LR as one reason, but few scholars have pursued this as a focal point in their studies. The main purpose of this paper is to understand the reasons for this reluctance. In summary, LR causes inflexibility and inelasticity in a firm's export-decision thinking and moves the firm laterally rather than forward when confronted with new opportunities and alternatives. Thus, proposition two (P2) is derived:

> **P2.** Lateral rigidity impacts the export commencement decision of SMEs and explains their resistance toward it.

2.5 | Decision-maker characteristics

Although stimuli can be a key factor in the decision to export, there is no guarantee that their existence will trigger the move. Stimuli alone are not sufficient to initiate a firm's decision to internationalize (Ipek & Tanyeri, 2020; Wiedersheim-Paul et al., 1978; Wiedersheim-Paul, Welch, & Olson, 1975). If the decision maker chooses not to export, the decision stands. The reasons may include limited financial or human resources, lack of network relations or international experience, and limited management knowledge of operational or exchange-related challenges (Crick & Crick, 2015; Tan et al., 2018). The decision maker has a special responsibility to make the firm's best decision (Mishra & Deshpande, 2020; Talebi, Tajeddin, Rastgar, & Emami, 2017). The "Behavioral Theory of the Firm" also emphasizes the decision-maker role of making the optimal choices guided by bounded rationality (Cyert & March, 1963). Hence, although stimuli may create a desirable scenario, the choice of the decision maker is key.

2.6 | Firm's resources

A firm's internal environment and resources are critical to its foreign market readiness (Hsieh et al., 2019). The Uppsala model implies that a firm's resources complement its market commitment and knowledge required for internationalization. Wiedersheim-Paul et al. (1975) mentioned that resource characteristics facilitate commitment to foreign markets and influence the firm's readiness to export. They highlighted the role of decision makers and the firm's environment as leading to knowledge accumulation and experience.

Based on resource theory, a firm's resources are important for long-term, sustainable, competitive advantage (Andersen & Kheam, 1998). A firm's resources, both tangible and intangible, such

as human, financial, and physical resources, are important for internationalization decisions (Efrat & Shoham, 2012; Talebi et al., 2017; Tan, Brewer, & Liesch, 2007). SMEs will consider entering foreign markets if they have sufficient internal resources. According to the pre-internationalization approach, resources are firm-specific internal factors that influence market commitment decisions (Wiedersheim-Paul et al., 1975; Wiedersheim-Paul et al., 1978). Thus, we derive proposition three (P3) as follows:

> **P3.** Internal resources of the entrepreneur and firm positively impact the export commencement process.

2.7 | Export readiness

Like the pre-export phase, export readiness has received limited attention in the extant literature. Studies on export barriers (Kahiya, 2017; Leonidou, 2004; Paul et al., 2017), the export development process (Tan et al., 2018), and export stimuli (Czinkota & Tesar, 1982; Leonidou, 1995; Morgen, 1997) exist, but they do not define and conceptualize the readiness that leads to the commencement of export. Previous studies on export readiness (Tan, Brewer, & Liesch, 2007) are given for developed markets. However, emerging market SMEs require a different discussion. Research on CORE (Company Readiness to Export) was carried out by Cavusgil and Nason (1990) and indicated two key dimensions: organizational readiness and product readiness. Organizational readiness includes top-management commitment, human and financial resources, and the firm's organizational structure. Product readiness encompasses product design, positioning, and adaptation. Tan, Brewer, and Liesch (2007), Tan, 2012) developed the Internationalization Readiness Index based on the Uppsala pre-internationalization model and defines internationalization readiness as a "firm's preparedness and propensity to commence internationalization." They also empirically tested it on Australian exporting and non-exporting companies. Gerschewski, Scott-Kennel, and Rose (2020) examined, operationalized, and moderated export readiness models. They found that export stimuli and export readiness are positively related. However, the literature on this is limited and fails to conceptualize it fully. Existing studies of Cavusgil and Nason's (1990) models are normative, Tan (2012), Tan et al. (2018), Tan, Brewer, and Liesch (2007), Tan, Brewer, and Liesch (2008), and Tan, Plowman, and Hancock (2007)) models are mostly theoretical with little clarity on practical implications, and David and Cariou (2014) show a practitioner focus alone. These studies present three important export readiness attributes: financial export readiness, trade and exchange export readiness, and marketing export readiness (Gerschewski et al., 2020). These aspects are positively and strongly associated with export readiness. Together, they prepare SMEs for export readiness but require further studies. Thus, proposition four (P4) is derived as follows:

> **P4.** The firm's resources, such as export finance readiness, trade and documentation readiness, and export marketing readiness, are positively associated with the export commencement of SMEs.

3 | RESEARCH DESIGN

Building an inductive theory using case studies produces an accurate, interesting, and testable theory (Eisenhardt, 1989; Yin, 2004; Welsch et al., 2011). To improve upon the Uppsala model, longitudinal qualitative case studies are needed (Vahlne & Johanson, 2020). This study uses context-based qualitative case investigation to deal with conceptual research ideas and explores SMEs' pre-export readiness from a perspective of emerging markets by combining related theories and thinking. With case analysis, researchers can use single or multiple cases (Yin, 2004). Multiple cases provide more robust theories due to deeply grounded propositions extracted from varied perspectives (Eisenhardt & Graebner, 2007). Here, we use multiple case studies to gather rich theoretical elaboration. Indian manufacturing firms have been selected as their productivity and internationalization are challenged as compared to service-based Indian firms (Rath, 2018). Technologically challenged Indian manufacturing firms require dedicated studies to explore internationalization issues.

3.1 | Case selection

The study uses purposeful sampling to provide information-rich, illuminative cases and identify suitable respondents (Patton, 2015). The firms were identified from a list we received from the SME Chamber of India website, which holds information on India's registered SMEs. The selection was based on matched pairs of firms operating under similar conditions and regulatory regimes. They were selected and classified based on two criteria: (1) two older firms established before the economic reforms of 1991 versus two firms established post-economic reform, and (2) firms who took a long time to internationalize (30+ years) versus firms who took a comparatively lesser time (5+ years). All selected companies began exporting after 5 years of establishment and are manufacturing exporters (high-tech born-global companies were avoided). The paired comparison is useful for theory development and helps develop logic and research design with clear visualization in a low-information setting (Gisselquist, 2014); thus, it was used for case selection. Accurate research needs to connect with key people to find committed informants (Lincoln, Guba, & Pilotta, 1985). The owners were identified through personal contacts and confirmed to meet the research criteria with telephone interviews. Finally, four firms matching the mentioned criteria were selected to yield a robust, generalizable, and testable theory (Eisenhardt & Graebner, 2007; Yin, 2004).

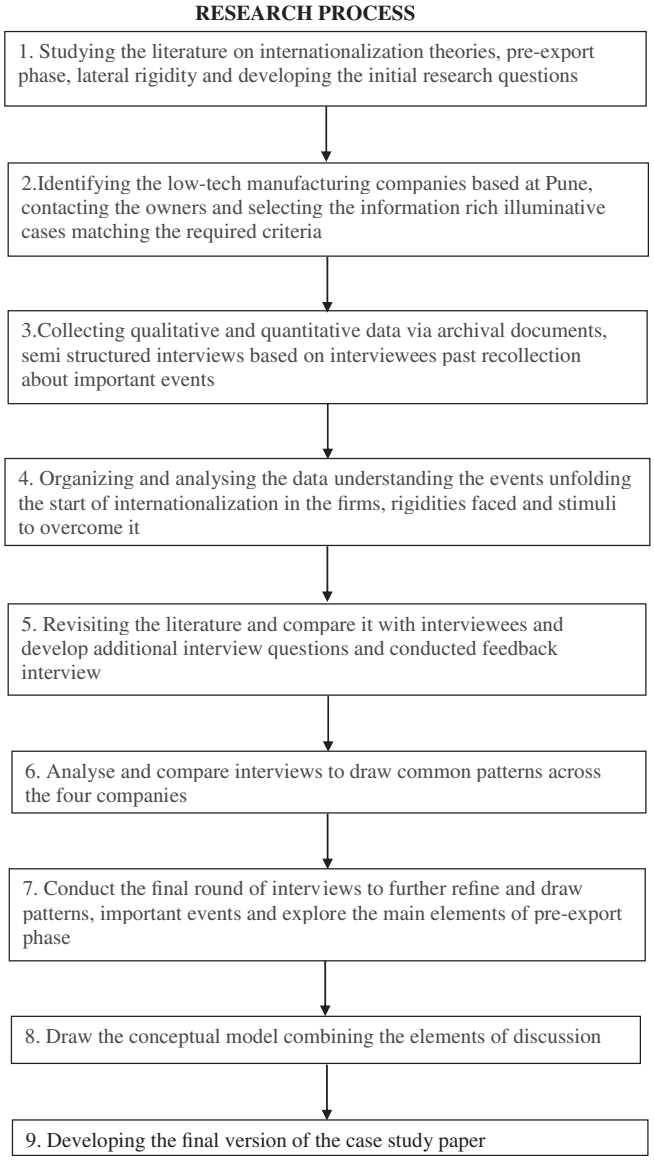
3.2 | The longitudinal and process perspective

A process's epistemology and ontology rely on unfolding the dynamic procedural reality of how any pattern emerges, grows, develops, and contracts (Langley, Smallman, Tsoukas, & Van de Ven, 2013). In this case, the ontology rested on the idea that occurrences within a case firm can be viewed as the attainment of time and space development processes. This study discusses the pre-export phase's situation, how

TABLE 2 List of interviewees, positions, dates, and duration

	Respondent and designation	Time and duration
Phase 1 Face to face semi-structured interviews	Owner Alpha	March 5, 2017; 90 min
	Owner Beta	May 2, 2017; 90 min
	Owner Gamma	May 10, 2017; 80 mins
	Owner Delta	June 5, 2017; 75 min
Phase 2 Feedback discussion	Owner Gamma	October 11, 2017; 35 min
	Marketing Head Beta	October 25, 2017; 30 min
	Owner Delta	July 9, 2018; 30 min
	Marketing Head Alpha	July 25, 2018; 25 min
	Marketing Head Beta	November 18, 2018; 32 min
Phase 3 Final discussion	Marketing Head Alpha	July 25, 2019; 20 min
	Marketing Head Beta	July 25, 2019; 22 min
	Owner Gamma	August 3, 2019; 25 min
	Owner Delta	October 5, 2019; 35 min

TABLE 3 The research process used in the study



Source: Adapted from Eisenhardt (1989); Eisenhardt and Graebner (2007); Langley et al. (2013); Yin (2004); Pettigrew (1997); Welch, Piekkari, Plakoyiannaki, and Paavilainen-Mäntymäki (2011), Welch et al., 2011).

internationalization began, its resistance, and its progression. We followed a process methodology that was key to our research and used the logic of how firms decide to initiate export orders and become ready to explore international markets over time (Pettigrew, 1997; Van de Ven, 1992).

This study analyzes major events that occurred to generate a real-life configuration. The role of human intervention in noting these events and processes is essential in developing theories and understanding the pre-export phase of emerging markets and the real-life process of SMEs' export readiness (Bluedorn, 2002). The pre-export phase is explored in-depth; the involvement of different actors at various stages of the process represented a set of interrelated relationships that impacted export readiness and its manifestation in SMEs.

3.3 | Qualitative data gathering process

Based on the methodological framework, data collection focused on personal interviews of firm owners and marketing heads. Data was collected from March 2017 to October 2019. Multiple sources of evidence were garnered through telephone and personal interviews, site visits, and website information. Primary data was collected through semi-structured face-to-face interviews. The researcher in Pune, India, conducted these interviews. A minimum of three interviews per sample was conducted for 20–90 min each. The names of firms are disguised in this study to maintain the confidentiality of respondents. Details of the semi-structured interviews and illustrative interview questions are provided in Appendix A. The semi-structured questionnaire aimed to gather information on history, organization performance, type, firm resources, and networks. Each interview was taped and transcribed to ensure validity (Eisenhardt, 1989) (Tables 2 and 3).

4 | CASE DESCRIPTIONS

The case firms are referred to as "Alpha," "Beta," "Gamma," and "Delta." Following the Coviello (2006)) approach, firm profiles are

TABLE 4 Key information on case companies

	Alpha	Beta	Gamma	Delta
Year of establishment	1982	1955	2008	2010
Industry	Metals and chemicals	Snacks and dairy products	Electrical power cables	Semi-precious fashion jewellery
No of employees	107	350	35	20
Export sale (%)	30	11	80	95
Year of export commencement	2014	1999	2013	2015
Entrepreneur background	Ph.D. in Electronics	E & TC Engineering	Engineer	MBA
Export market	Southeast Asia, Europe	North America, Australia, Europe GCC Countries Singapore, Israel	Nigeria, Kenya, Ghana, Thailand	Europe, GCC Countries

TABLE 5 Important phases (time zones) of companies

	Pre-Export	Pre-Export	Export Commencement
	T1 (1982–1991)	**T2 (1991–2010)**	**T3 (2010 onwards)**
Alpha	Working and expanding within the Indian market and building relationships, developed entrepreneurial capability, conservative government policies.	Major economic reform, supplying to multiple companies, invested in modern production capacity, product development, still avoided export.	The new generation got involved, production grew three times, an export inquiry from Thailand in 2014 was executed, learned trade documents and international marketing strategies.
	Pre-export	**Pre-export**	**Export commencement**
	T1(1955–1991)	**T2 (1992–1998)**	**T3 (1998 onwards)**
Beta	The major transformation from milk product to trusted snacks seller focuses on R&D, 70+ products added, and no export due to government restrictions.	Economic reforms snacks market faced stiff competition from foreign packaged snacks, focused innovation on meeting changing requirements and quality.	Indians traveling abroad created demand, developing international trade and quality marketing requirements, direct and indirect export to countries, most Indian stores.
	Pre-export	**Pre-export**	**Export commencement**
	T1 (2008–2010)	**T2 (2010–13)**	**T3 (2013 onwards)**
Gamma	Started from retail shop to manufacturing and selling to local vendors, production capacity increased, excess inventory, competition increase, falling margins.	The family division was forced to explore other markets, local market demand saturation, long credit period, and payment defaults by local buyers.	A family friend in Nigeria suggested a potential for product, traveled and explored the market, prepared for financial requirements, started export to Nigeria & Kenya.
	Pre-export	**Pre-export**	**Export commencement**
	T1 (2010–2013)	**T2 (2013–2015)**	**T3 (2015 onwards)**
Delta	Diversified from the old family business of traditional jewelry manufacturing to semi-precious fashion jewelry for domestic buyers.	Good local demand, buyers were exporting jewelry to Europe, use of technology helped increase production and customization.	Realizing export potential searched foreign collaboration, tie-up with an Italian firm, and developed marketing capacity.

discussed in the section. Tables 4, 5, and 6 summarize the individual firm descriptions, important phases, and major elements.

4.1 | Alpha

A pioneer of polyurethane potting compounds in India, Alpha was acquired from a loss-incurring unit. As the business grew, they started selling to several players in the domestic market. Following economic reforms in 1991, foreign investors entered, and the business landscape of India changed drastically. Alpha developed contacts and relationships and supplied to multiple MNCs, but exporting was not part of their plan. Over time, Alpha continued to invest in product development, relationships, and innovation. Then, in 2010, a new generation joined the firm and wanted to expand into other markets. An opportunity came from Thailand in 2014 when a known buyer offered to buy

TABLE 6 Major elements of case companies

	Alpha	Beta	Gamma	Delta
Reason to start a business	Always wanted to start a business. The choice between a Ph.D. from the USA or start a business with his mentor. Chose the second option.	Fourth generation entrepreneurs now manage the firm.	Trader to the manufacturer using previous experience. Family situation (split between brothers, explore options).	Diversified to related segment fashion jewelry from family-owned gold jewelry manufacturing.
Resistance towards export	Domestic orientation, no export vision, good domestic market, too busy to export.	Business doing well, no export motivation, happy with the present.	Limited capital, knowledge, and experience of the foreign market.	Risky as a new player, no export contacts, high cost of export.
Internal push factor	Next-generation, new vision, development of export contacts, niche product development as per international standards.	Product ready with long shelf life and International FDA standards, the product having good demand from Indians abroad.	Stiff competition from local and foreign competitors, large inventories, reduced margins, payment defaults.	Export margins lucrative, buyers selling firm's goods elsewhere with profits.
External push factor	Competitors started to export, economic reforms, conducive government policies, an inquiry from a known buyer.	The main competitor entered export. R&D helped product for long shelf life, favorable policies.	Contacts in African markets motivated to study and later enter those markets.	Contact made with a foreign firm, tie-up with an Italian firm.

their products. This marks the beginning of export in Alpha. However, they simultaneously continued with the domestic market.

"There is no alternative to knowledge and experience gained over time through competition. Having alliances with many multinationals and supplying our products to them helped us innovate and remain agile. During the same time, the Indian market became competitive, saturated, and many Indian competitors were already in the foreign market. We could not export before 2014 mainly because our base chemical was 100% imported, providing a no-cost advantage. Furthermore, we were unable to match Chinese competitors in pricing. We invested in developing niche products where cost was not the primary criterion for selection. For the last five years, we devoted 5–8% of our budget to R&D. The second generation brought a new wave of change in conducting our business. We were not interested in foreign markets, but our children were eager for it (Interview excerpts, owner of Alpha)."

4.2 | Beta

A 75-year-old firm, Beta started as a milk and dairy manufacturer in western India. Over time, they introduced Indian savouries and snacks. As the business grew, they also incorporated modern and innovative snack machines. They catered to changing tastes without compromising quality and became an established player in their field. Post-1991, Indian customers who travelled for work abroad wanted to carry Beta products with them. They requested special packaging to increase shelf life for travel. These customers also mentioned that they craved Beta products while traveling. Their main competitor had already entered the export market; therefore, Beta started developing packaging and a distribution network. They also paid due attention to the requirements for exports with Food and Drug Administration (FDA) compliance. They invested in sophisticated machinery, began R&D to increase shelf life for dairy products, and included sugar-free and baked products without compromising taste for health-conscious consumers. Today, they have added numerous franchises and even sell to large retail conglomerates.

4.3 | Gamma

Gamma had humble beginnings as a retail shop for electric power cables as a family owned business house. However, in 2010, feuds divided the family. After this, the firm moved on from retail and began manufacturing power cables for the domestic market. Years 2010–2013 were difficult as local markets were saturated and imported products provided stiff competition. Also, customers demanded long credit lines, and default payments grew. The net result was heavy losses and fears of shutting down.

A close family friend from Nigeria apprised Gamma's owner of the high demand for power cables in Nigeria. After closing shop in India, he spent 8 months in Nigeria and Kenya, exploring demand. Fully satisfied, he returned with inquiries and orders. In 2013, Gamma's exports took off, and he never looked back. The business grew in both African and Asian markets. He is currently exploring business opportunities in Europe.

4.4 | Delta

Owned by a scion of a family-owned gold jewelry business, Delta did not experience much growth as local bazaars in India were flooded with retailers in this business. Delta then decided to manufacture semi-precious fashion jewelry and supplied these products to local buyers for 5 years. Making inquiries for future growth, they discovered that the buyers were re-selling Delta jewelry in European

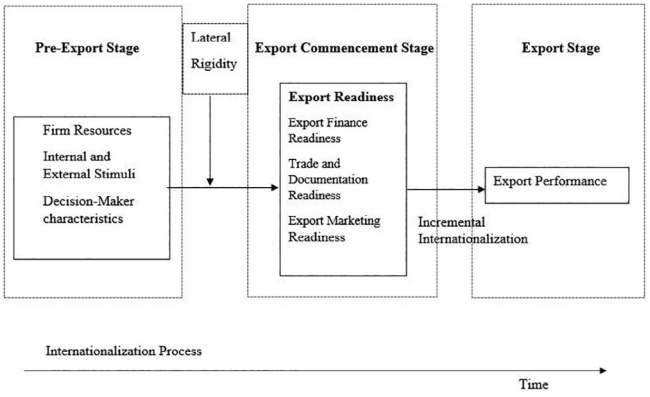


FIGURE 1 The conceptual framework

markets. Investigating further, Delta's owner realized the need for a personal presence abroad to connect with a local brand. After a prolonged search, he tied up with a small firm based out of Milan, Italy, and was able to enter and export in the Italian market. Exports grew; using 3D printing, Delta created exclusive designs and met the demand with faster manufacturing cycles. Currently, Delta caters to spiritual, unusual, and personal jewelry niches using symbols based on ethnic designs.

5 | FINDINGS

5.1 | Resources of the firm

In the T1 and T2 zones of all companies (phase before export, refer to Table 5), they invested in product development, innovations, and R&D to build internal and external resources. This allowed them to acquire various tangible and intangible resources. They developed personnel and financial resources and remained committed to technology and networking. In the T3 zone (export phase), firms met the export requirements and began to do so.

5.2 | Focusing on relationships

In emerging markets, entrepreneurs survive through a wide variety of relationships and contacts. This includes social, business, and political/institutional relationships (Stoian, Rialp, & Dimitratos, 2017). Alpha and Beta were old, reputed firms. They were trusted by foreign as well as local buyers and received unsolicited export demand from them. Gamma and Delta were comparatively new. They explored contacts on their own via friends and buyers. As explained in Table 5, T1 is the time when most relationships formed were with local buyers. During T2, contacts and relationships were made with foreign buyers, which led them toward T3.

5.3 | Lateral rigidity

Only focusing on the domestic market, lateral rigidity created resistance toward internationalization. During the initial phase, the firms showed reluctance toward export. They were happy, satisfied, and busy with the domestic market and perceived export as risky and difficult (refer to Table 6). Later, due to different internal and external factors, firms could overcome their resistance and progress.

5.4 | Stimuli for export commencement

In the T1 zone (Table 5—pre-export phase), all four companies showed no interest in exports and developed their internal resources (managers, customer relations, technology, and financial capability). Once these were developed, they began to accept stimuli. Various factors allowed them to overcome rigidity, such as government policies, new vision, foreign orientation, unsolicited inquiry, a saturation of the domestic market, and likewise. This helped them move towards export commencement. Alpha and Beta received interest from foreign buyers and customers; therefore, they initiated export with a reactive approach. Transformation in the economic/political environment and a second generation joining the business changed their perspective. Gamma and Delta saw saturation in the domestic market, explored the potential in other countries, and were more proactive in their approach.

5.5 | Internationalization model

The Uppsala model of internationalization shows gradual, incremental, and steady internationalization. Our analysis found the role and importance of knowledge, judgment, attitude, and experience of the owner/manager to be motivating factors presented within the associated literature. Simultaneously, companies took the time to develop intention and interest in internationalization. The Firm's Behavioral Theory thus explains the model to an extent; a change from uninterested exporters to active exporters is noticeable in all four companies. The case demonstrates an important response to when and how the export process starts in any firm. Stimuli playing a role in different time zones are deliberated here. When the companies were ready with resources and intentions, they broke their LR and moved into the export commencement phase. The existing models in isolation do not fully explain the internationalization process. They must be combined with other elements, such as the pre-export phase and LR, to explain emerging markets' internationalization phenomenon.

We developed a framework for SMEs' internationalization based on the preceding literature and case discussion (Figure 1). Theoretically, the pre-export decision phase requires an understanding of the firm's goals, a positive attitudinal and psychological commitment, the firm's resources, stimuli, and the LR, which may inhibit or stimulate the required mindset toward export. In particular, this phase requires a comprehensive analysis of the firm's internal factors critical to readiness. When the decision makers' desired inclination is supported, it leads the firm toward the beginning of export. The mediating role of LR may lead to acceptance or rejection of stimuli for a key decision of export readiness, which includes marketing, finance, and trade- and

exchange-related information. These three aspects were found to be the most important in creating an environment conducive to exports.

6 | DISCUSSION

In emerging markets, entrepreneurial vision is an important element in adverse conditions (Dabić, Vlačić, et al., 2020; Mishra & Deshpande, 2020). Some firms from emerging markets succeeded in the global market due to their entrepreneurial capabilities and the role of other factors such as their network, market conditions, and resource capabilities. Institutions and policies also played an important role in internationalization (Ipek & Tanyeri, 2020). How and why a firm overcomes its rigidity towards export and embraces internationalization can be seen in the study. Although the Uppsala model recognizes that internationalization needs not always be forward, pre-export studies provide insight into its phases. The firm's internationalization often becomes rigid and restricts them from responding to changes. How all four companies break their LR and commence internationalization is shown here.

The study identifies that in the pre-export phase, SMEs invest in developing capabilities and connections and then only explores internationalization options. However, the new SMEs is fast as compared to old SMEs to initiate the internationalization process. In addition, the study finds that the existing models of internationalization do not give answers to the internationalization phenomenon. They need to be combined to present comprehensive insights about what happens with emerging market SMEs.

6.1 | Theoretical implications

This study provides us with several additional suggestions to use in our initial conceptual model as a theoretical lens based on case firms. First, the business environment in emerging markets is different from developed markets, and the insights from this study help SMEs function in all specific situations when faced with the changing macro-environments. Second, our conceptual model is based on behavioral and incremental internationalization models and explores SMEs' states before internationalization. Several studies have discussed the barriers faced in export (Kahiya & Dean, 2015; Milanzi, 2012; Uner, Kocak, Cavusgil, & Cavusgil, 2013), the Uppsala behavioral model (Johanson & Vahlne, 1977; Johanson & Wiedersheim-Paul, 1975; Yamin & Kurt, 2018), pre-export phase (Mejri & Umemoto, 2010; Song, 2017) and export readiness and commencement phase (Tan et al., 2018) in isolation. However, studies have not been combined to provide a holistic view of what happens in SMEs before internationalization. Although the pre-export model was given in 1970 (Wiedersheim-Paul et al., 1975, 1978), it has remained neglected in research. This study reinvestigates this model and integrates it with the lateral rigidity concept. It also provides a model for further research. Therefore, it adds to internationalization theories and presents insights on the pre-export stage by combining different resources and phases of SMEs in emerging markets. The pre-export and export commencement phases are examined closely, and their essential parts are shown here.

6.2 | Managerial implications

The theories and companies studied in this paper show SMEs' status in emerging markets such as India, Latin America, Africa, and China. SMEs are the backbone of emerging economies; success stories of SMEs in the domestic and foreign markets provide inspiring lessons for others. This study demonstrates the importance of the pre-export phase and how vision, relationships, innovation, business expertise, and experience drive entrepreneurs toward success. It can help owners/managers to examine their resource capacity critically and guide them to develop further. The study will guide the practitioners about the critical aspects of internationalization and will help prepare them to deal with situations in accordance. The isolated theories of pre-export, lateral rigidity, and internationalization do not provide clarity to how and why things happen in these SMEs. This study proposes a conceptual framework that is useful for owners/managers to understand the various elements involved in different phases of internationalization and thereby guide them for developing further strategies and actions.

6.3 | Limitations and directions for future research

The study has some limitations. Is the proposed model applicable under all circumstances, or is it confined to SMEs in that particular situation? The study refers to four low-tech-based manufacturing companies located in India. Also, data collection through interviews relies on the respondents' recollection of past events and may not be fully accurate. Another limitation is the use of behavioral internationalization as a theoretical basis for this study. For many born-global firms, the gradual internationalization approach is questionable and may not be universally applicable. The study is qualitative and, thus, this model lacks empirical validation.

There are opportunities for replication of this study in other countries or in large-scale cross-country analysis. Such studies would provide insights into whether the factors that are responsible for internationalization differ in distinct settings. Further research needs to be conducted using other analytical methods. Studies can be performed with large empirical datasets to enhance case-based investigations. Institutions play an important contextual factor in such situations. Thus, this construct is relevant to studies conducted on developing markets and can be validated further.

7 | CONCLUSION

For both theory and management, this study's main conclusion is that SMEs in emerging markets, who have to cope with weak institutions

and poor infrastructure, succeed through less modern processes from a strategic and planning perspective. This study indicates that entrepreneurs succeeded in internationalizing through a joint pre-export phase and moved toward incremental internationalization. This phase is important as it marks the beginning of inclination towards internationalization, and if it is supported by Lateral Rigidity, internationalization begins. For low-tech manufacturing SMEs of emerging markets, such studies bring attention to such important phases required for internationalization. The study contributes by deeply analyzing the different SME's old and new ones (in terms of their years of inception) and the important phases and time zones in these SMEs. The study finds that different sets of stimuli have warranted the attention of the entrepreneurs and combined with internal and external push factors leads these SMEs to take the critical decision to start the export process. The proactive/reactive stimuli differ in these SMEs, however, they always trigger the intent for export.

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SUPPORTING INFORMATION

Additional supporting information may be found in the online version of the article at the publisher's website.

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APPENDIX A

Key information:

Name of the firm
Number of employees
Export or import or both
Export sales as % of total sales
Name of countries doing business with
Do you manufacture products?

Interview Illustrative Questions, 2016–2019 (14 interviews).

Founder of Alpha	What has been the motivation to start a business?
	How, over a long period since inception, did the outlook and objectives of the firm change?
	What major events defined such changes?
	What have been major learnings from long years of operation?
	Do exports help you to grow?
	Please name a successful competitor doing export.
Founder of Beta	How has doing business in India changed over time?
	What has been the reason for success in the snacks segment? How were you able to maintain the trust of customers?
	Why did it take so long to start export? What were the major obstacles?
	Are your competitors already in the foreign market?
	Did that put pressure on you to start export?
	Why, after so many years, did you decide to export?
	Did you receive export inquiries prior also?
	Why did you decide to focus on the export market?
Founder of Gamma	Why did you move from retail to manufacturing?
	Do you think previous experience and contacts helped in business?
	What were the challenges faced in the local market?
	How did you start to export?
	What are the challenges faced in export?
	How did you realize that you are ready for export?
	Why do you think export is important? What have been its benefits for your firm?
Founder of Delta	How and why did you decide to diversify your business?
	What made you realize the export potential of your products?
	What have been major obstacles in your export process, and how have you overcome them?
	Have you received an export inquiry prior also? If so, why have you not reacted to it?
	Do you think that over some time, Indian businessmen's attitude towards export has changed?
	How do you think export is beneficial for you, and what are your major learnings?