Exploring the internationalization of small and medium-sized enterprises as a discontinuous process

Internationalization is an important growth strategy for small- and medium-sized enterprises (SMEs) but it is also a complex process. Internationalization involves a large variety of decisions and the diverse nature of and unfamiliarity with foreign markets can especially be challenging for SMEs. Because SMEs have fewer resources they tend to be less equipped for internationalization and more vulnerable to changes in the external environment. Therefore, continued growth in foreign markets is not easy nor guaranteed and instead, SMEs can de-internationalize and potentially re-internationalize. Hence, internationalization can be described as a discontinuous process.

To address the complexities of internationalization as a discontinuous process, this dissertation studies key antecedents, mediating factors and performance effects associated with the discontinuous internationalization of SMEs. The dissertation is comprised of two quantitative studies, a qualitative study, and a conceptual essay. The first essay examines family involvement in SMEs as an antecedent of intermittent exporting. Based on two cases, the second essay highlights the role of attitudinal commitment as a relevant mediating factor in the de-internationalization process. The third essay studies the effect of exit from exporting on SMEs financial performance. The fourth essay proposes that a focus on the behavioral theory of the firm can provide a basis for understanding the micro-processes in family firms that may affect discontinuities in the internationalization process. The findings make several contributions to the literature on SME internationalization, family business and internationalization-performance.

ANDREA KUIKEN is a PhD candidate at Jönköping International Business School and affiliated with the Centre of Family Enterprise and Ownership (CeFEO). Her research focuses on the internationalization of SMEs and discontinuities in the internationalization process. She is also interested in international entrepreneurship and the influence of family control on strategic decisions. Her work is presented at renown international conferences and published in books, international conference proceedings and practitioner reports.
Doctoral Thesis

Exploring the internationalization of small and medium-sized enterprises as a discontinuous process

Andrea Kuiken
Doctoral thesis in Business Administration

Exploring the internationalization of small and medium-sized enterprises as a discontinuous process.
JIBS Dissertation Series No. 132

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Publisher:
Jönköping International Business School
P.O. Box 1026
SE-551 11 Jönköping
Tel.: +46 36 10 10 00
www.ju.se

Printed by Ineko AB 2016

ISSN 1403-0470
Mooi zo deur gaon...
Acknowledgement

Silent gratitude isn’t very much to anyone.
Gertrude Stein

Writing this acknowledgement makes me realize that a journey is coming to an end. It has been a journey with ups and downs but at the same time it has been very rewarding. As one would expect from doing a PhD, I learned about the craft of doing research and teaching. But not in the least, I learned that the PhD process is something that you don’t go through alone. Many people have provided support, advice, and inspiration along the way.

This dissertation would probably not have been possible without the guidance and critical feedback from my supervisors. First and foremost, I want to express my deepest gratitude to my main advisor, Lucia Naldi, who has been encouraging and interested in my professional and personal development throughout the process. Lucia, in 2010 after the master thesis, you already suggested that I should apply for a PhD position but then I didn’t feel ready. When I did start the PhD in 2013, I was happy to learn that you would be my advisor. Throughout the PhD journey, you have been a great support. I want to thank you for your guidance, your critical feedback and the many discussions throughout the PhD process, but also, I want to thank you for pushing me to go the extra mile.

I am also deeply indebted to my co-advisor, Francesco Chirico. Our discussions about my ideas, which several times resulted in drawings with arrows and boxes, have helped to clarify the story that I wanted to tell. Francesco, thank you for all the feedback throughout the process, your attention to details in my writing and sharing of your experiences in the world of academics.

I would also like to express my warmest thanks to my co-advisor Jean-Luc Arrègle. You have questioned my research, given feedback, and provided solutions to some problems that I experienced in developing my work. But you also made me think carefully about theory and method and the connections between them. I have really enjoyed my stay at EMLyon, where you welcomed me and ensured that I had a rewarding time.

Although my advisors have played a key role in the development of this dissertation, this work has benefitted from comments, feedback and support from many colleagues at Jönköping International Business School. I would like to give a special mention to some of them. I would like to thank Leona Achtenhagen and Khizran Zehra for their comments and constructive feedback at the research proposal discussion, these comments have been very helpful. I would also like to thank Anders Melander who has helped me through the process in many ways and not in the least through his thought provoking comments. Anders, I enjoyed our discussion and working with you on the research projects in the wooden housing industry and hope that this will continue. Also, a special thanks for Ethel Brundin and Susanne Hansson, over time I have started to refer to you as my “Swedish
moms”. You have helped me with many practicalities and given advice on many occasions for which I am very grateful, but also your genuine care for my wellbeing has been heartwarming.

Working at Jönköping International Business School has meant for me that I had a home away from home, which was a result of the fantastic colleagues that I had over the years. Thanks to all my fellow PhD candidates (former and current): Sara, Anne, Sari, Matthias, Marta, Giuseppe, Gershon, Diogenis, Naveed, Imran, Khizran, Sumaya, Quang, Joaquin, Songming, Thomas, Sam, Pierre, Sam K., Sam M., Sylvie, Enrique, Duncan, Annika, Sindi, Anup, Bryan, and Jiyoung. And also thanks to the many colleagues whom have been part of my PhD journey through chats in the corridor, feedback in seminars and discussions on different occasions: Mattias, Karin, Kajsa, Olof, Anders, Leif, Massimo, Magda, Ethel, Anders, Edward, Daniel, Marcela, Leona, Markus, Norbert, Henry, Brian, Hanna, Adele, Rolf, and Dinara. Similarly, a thank you goes to Susanne, Danielle, Barbara, Tanja, Ingrid and Ina (kram till dig) for any help with administrative aspects of the PhD.

My PhD process has also been influenced by colleagues from other institutions. I would like to thank Salvatore Sciascia for his comments and feedback during the final seminar which have helped me to finalize the dissertation. Early on in my PhD, I had the opportunity to be part of the Nordic International Business School. I am very grateful for this opportunity for many reasons and not in the least because it resulted in a collaboration with Roger Schweizer and Robert Wentrup from the University of Gothenburg. The collaboration with them on the paper on de-internationalization processes has been a great experience so far. Moreover, I have visited different institutions during my PhD. I am thankful to the faculty members, PhD students and administrators that have made me feel welcome during my stay at EMLyon. In particular, I would like to thank Emanuele Bettinazzi for his inspiring sessions about the job market and guidance in drafting the documents for the job application. A special thanks to two of my fellow PhD candidates from EMLyon; Laura Dupin and Rajiv Bhoubhadel. I really enjoyed our discussions and my stay at EMLyon wouldn’t have been the same without you. Also, special thanks are in place for Andrea Calabrò who welcomed me at the University of Witten-Herdecke. From the beginning, Andrea has shown interest in my research topic and I have benefitted a lot from the discussion and brainstorming sessions that we had on several occasions. Here, I should also mention my colleagues at Windesheim School of Applied Science who have welcomed me several times in Zwolle. Moreover, I don’t think I would have started this journey without the experience as a research assistant at Windesheim and special thanks are in place for Ilse who encouraged me to apply for a PhD position. Judith and Albertha, I am happy that we travelled (part of) this PhD journey together, it has been great to be able to share and discuss experiences with you over the years.

I also would like to acknowledge financial support from the Hamrin Foundation for my PhD education and my research. Without their generous support, this thesis would not have been possible. Also, I would like to
acknowledge the financial support from the Jan Wallander & Tom Hedelius Foundation that made my stay at EMLyon business school possible.

Tot slot, woorden van dank zijn op hun plaats voor mijn twee beste vriendinnen en mijn familie in Nederland. Martine, ondanks de afstand en onze diverse bezigheden, weet ik dat ik altijd op je kan rekenen en dat ik bij jou een luisterend oor kan vinden. Anne Marieke je weet als geen ander wat het betekent om een PhD te doen, bedankt voor je steun en advies en de leuke uitstapjes. Als laatste, maar zeker niet het minst belangrijk; papa, mama, opa en oma bedankt dat jullie er altijd voor me zijn. Jullie hebben me onvoorwaardelijk gesteund in mijn keuzes en staan me met raad en daad bij waar jullie kunnen. En op de moeilijke momenten in het buitenland, had ik altijd de vele kaartjes, opa’s appelmoes en jam, en oma’s gebreiden sokken die me aan jullie deden denken. Matthijs, Amra en Kyran, bedankt voor de vele berichtjes en foto’s die ik van jullie heb ontvangen in de laatste jaren. Gea, je was er voor me, in de goede en minder goede tijden. Ik mis je en ik hoop dat je trots zou zijn geweest als je dit boek nu in je handen had gehad.

Jönköping, July 2019

Andrea Kuiken
Abstract

Internationalization is an important growth strategy for small and medium-sized enterprises (SMEs). Yet, it is also a complex process since it involves a large variety of decisions and addressing the diverse nature of and unfamiliarity with foreign markets can especially be challenging for SMEs. Because SMEs have fewer resources they tend to be less equipped for internationalization and become more vulnerable to changes in the external environment. Therefore, continued growth in foreign markets is not easy nor guaranteed and instead, SMEs can de-internationalize and potentially re-internationalize. Thus, internationalization can be described as a discontinuous process.

To address the complexities of internationalization as a discontinuous process, this dissertation studies some key antecedents, mediating factors and performance effects associated with the discontinuous internationalization of SMEs. The dissertation comprises two quantitative studies, a qualitative study, and a conceptual essay. The first essay examines family involvement in SMEs as an antecedent of intermittent exporting building on the behavioral agency model and real options reasoning. Utilizing a unique longitudinal dataset of Swedish SMEs in the manufacturing and retail industry, it is found that family firms experience a higher degree of intermittent exporting than non-family firms. This relationship is moderated by the foreign background of the CEO, such that the degree of intermittent exporting reduces when family firms have a CEO with a foreign background.

While research has addressed the motivations for de-internationalization, less is known about the de-internationalization process. The second paper studies the de-internationalization process building on two case studies. The findings indicate that attitudinal commitment can be a key mediating factor between motives for de-internationalization and the de-internationalization outcome. Different commitment profiles are identified in relation to the timing of de-internationalization, the effort put into executing the de-internationalization decision and the extent of de-internationalization.

The third essay studies the performance effect of exit from exporting, using a longitudinal dataset of Swedish exporting SMEs in the manufacturing industry. This essay relies on the theoretical framework of the internationalization-performance literature - which builds on transaction cost theory, resource-based view and learning theory – to hypothesize that exit from exporting can have benefits and costs and that the environmental circumstances influence whether the benefits or costs prevail. The findings show that exit from exporting can be beneficial for SME financial performance if the firm has high levels of available slack and when the firm is active in a dynamic environment.

The fourth essay proposes that a focus on the behavioral theory of the firm can provide a basis for understanding the micro-processes in family firms that may affect discontinuities in the internationalization process. Family business
internationalization literature has borrowed some aspects of the behavioral theory of the firm, like goal diversity and uncertainty avoidance. However, it has ignored others like problemistic search and learning. Building on the key concepts of quasi resolution of conflict, uncertainty avoidance, problemistic search and learning, future areas for research on family firm internationalization as a discontinuous process are identified in this essay.

Overall, the dissertation responds to a call for research on the dynamics in the internationalization process and makes four important contributions to the literatures on SME internationalization, family business and internationalization-performance. First, it shows how family control can influence intermittent exporting. Second, it adds to the discussion on de-internationalization of SMEs by highlighting the role of attitudinal commitment in the de-internationalization process. Third, it extends the socioemotional wealth perspective by adding a real options lens to it. Fourth, a more nuanced understanding of the relationship between exit from exporting and performance is provided by proposing that exit from exporting can have costs as well as benefits and showing empirically that under certain circumstances exit from exporting can be beneficial for SME performance.
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Research is formalized curiosity. 
*It is poking and prying with a purpose.*
Zora Neale Hurston
1 Introduction

This dissertation explores key antecedents, mediating factors and performance effects associated to internationalization as a discontinuous process. It a) proposes that family control can influence a discontinuous internationalization process, b) explores key mediating factors in the process of de-internationalization of SMEs and c) provides insights into the effect of exit from exporting on SME performance. This first chapter sets the stage by introducing the background to the study, identifying research gaps in the literature and posing relevant research questions. It provides the motivation for this doctoral research and describes the overall structure of the dissertation.

1.1 Setting the stage

Internationalization has long been regarded a useful strategy for large, resource-rich companies (Knight, 2001) and markets, industries and firms have become increasingly international since the middle of the twentieth century (Morgan & Katsikeas, 1997; Olejnik & Swoboda, 2012). The increased integration of national and regional economies, known as globalization, is making internationalization an important growth strategy for small- and medium-sized enterprises (SMEs) (Lamb & Liesch, 2002; Lu & Beamish, 2001). SMEs are the predominant firm form; they account for some 99% of all firms and generate between 50% and 60% of average value added (OECD, 2017). As such, they play an important role in many national economies. Moreover, international compared to national SMEs tend to create more jobs and be more innovative (EU, 2010). International SMEs tend to grow faster than similar firms that focus only on the domestic market (Knight, 2001).

However, while internationalization offers opportunities for SME growth, it is a complex process which involves a range of different considerations and decisions (Fernández & Nieto, 2005b; Welch & Paavilainen-Mäntymäki, 2014). Liabilities of foreignness arise as a result of performing activities in unfamiliar markets (Zaheer, 1995) and due to globalization, competition has increased and product life cycles are shortened (Engel, Procher, & Schmidt, 2013). It has been suggested that only the most productive firms can afford to engage in these international markets (OECD, 2018). Since SMEs tend to possess fewer resources and have less management time than larger firms they tend to be less well-equipped for the internationalization process (Buckley, 1989; Lu & Beamish, 2001). Therefore, they may need to develop new resources, expand their networks and acquire new knowledge to face the additional challenges associated to internationalization (Chetty & Blankenburg Holm, 2000; Lu & Beamish, 2001). Subsequent success in foreign markets is neither easy nor guaranteed because of
the multiple, diverse and idiosyncratic characteristics of different foreign markets (Leonidou, Katsikeas, & Samiee, 2002; Morgan, Katsikeas, & Vorhies, 2012). Unlike large multinational enterprises (MNEs), SMEs may be unable to diversify away the risks associated with operating in a foreign market and may risk their resources being spread too thinly across a variety of markets (Knight & Liesch, 2002; Manolova, Brush, Edelman, & Greene, 2002). Moreover, their limited resources make SMEs more vulnerable to changes in the external environment (Bradley, Shepherd, & Wiklund, 2011; Knight & Liesch, 2002). Hence, following entry to a foreign market the SME can experience difficulties which force them to exit from exporting, divest foreign subsidiaries or switch to a lower commitment operation modes. For example, Calof and Beamish (1995) found that among the 138 SMEs interviewed, 6% reduced their international commitment or exited the foreign market entirely. More recently, Bernini, Du, and Love (2016a) show that between 1997-2007 the number of French SMEs that started the exporting was similar to the number of firms that exited, among which around 60% re-entered the export market at a later date. Hence, internationalization is a dynamic process involving both increases and reductions in SMEs’ international commitment.

Despite evidence suggesting that internationalization is a discontinuous process, the implicit assumption in relation to SME internationalization is that SMEs enter foreign markets and then continue to invest and grow in those markets. In particular, research on the internationalization process suggests that increased experience in foreign markets renders the firm more knowledgeable about international opportunities, resulting in lower perceived risk and growing international commitment over time (Andersen, 1993; Johanson & Vahlne, 1977b). Alternatively, the so called international new ventures tend to follow a process of rapid internationalization from inception (Madsen & Servais, 1997; Oviatt & McDougall, 1994). To try to explain SME internationalization, scholars have considered various motives (Ciravegna, Kuivalainen, Kundu, & Lopez, 2018; Reuber & Fischer, 1997), challenges (Paul, Parthasarathy, & Gupta, 2017), role of networks (Chetty & Blankenburg Holm, 2000; Covioiello & Munro, 1997; Ellis, 2011), entry mode choices (Brouthers & Nakos, 2004), and performance of globalized SMEs (Hilmersson & Johanson, 2016; Lu & Beamish, 2001). Also, scholars are increasingly acknowledging the relationship between family firms and internationalization (Arregle, Duran, Hitt, & Van Essen, 2017; Eddleston, Sarathy, & Banalieva, 2018; Gallo & Sveen, 1991; Hennart, Majocchi, & Forlani, 2017; Pukall & Calabrò, 2014b; Sciascia, Mazzola, Astrachan, & Pieper, 2012). Family firms are firms where the majority shareholding is owned by family members and the family controls the firm through involvement in management and/or the board of directors (Gallo & Sveen, 1991; Sharma, 2004). This overlap between ownership and control influences the firm’s decision making, strategic goals and reference points (Gomez-Mejia, Makri, & Kintana, 2010; Kotlar & De Massis, 2013; Kotlar, De Massis, Fang, & Frattini, 2014) which in turn affects the likelihood of internationalization (Fernández & Nieto, 2005a; Sciascia et al., 2012; Zahra, 2003) and the internationalization process (Graves & Thomas, 2004;
1. **Introduction**

Kontinen & Ojala, 2012). Despite the recognition that internationalization is not a process of continuous commitment (Welch & Paavilainen-Mäntymäki, 2014; Vissak, 2010), few studies explore internationalization as a discontinuous process.

Internationalization as a discontinuous process refers to the idea that firms do not only internationalize but also can de-internationalize, and potentially re-internationalize. A number of works conceptualize discontinuous internationalization as a process in general (Vissak, 2010), while others have focused on the conceptualization of de-internationalization (Benito & Welch, 1997; Reiljan, 2006; Turcan, 2011) and re-internationalization (Javalgi, Deligonul, Dixit, & Cavusgil, 2011; Welch & Welch, 2009). De-internationalization refers to a variety of activities which involve reduced commitment to foreign markets in the form of exit from exporting or divestment of a foreign subsidiary (Benito & Welch, 1997). De-internationalization has been studied sporadically, with a strong focus on the antecedents of de-internationalization. De-internationalization is often seen as a response to poor performance in the foreign market (Boddewyn, 1979). However, a variety of other factors have been identified as influencing de-internationalization such as changes in management (Cairns, Quinn, Alexander, & Doherty, 2010), lack of experience (Dominguez & Mayrhofer, 2017a), need to reallocate resources (Boddewyn, 1983b; Sui & Baum, 2014), changes in the host country or home market (Bernini et al., 2016), and lack of strategic fit (El-Amir & Burt, 2008; Sousa & Tan, 2015). Although there are several reasons why firms may decide to reduce their international commitment, permanent reduction or withdrawal from a market might not be the best option (Javalgi et al., 2011). As time goes by the market and firm situations may change, resulting in the decision to re-internationalize. Re-internationalization has been studied even less, and in those few works that exist the main emphasis is on the influence of de-internationalization experience on the re-entry decision (Surdu, Mellahi, Glaister, & Nardella, 2018b). De-internationalization and re-internationalization can occur serially, for instance the SME might follow a path of intermittent exporting and exit and re-enter export markets multiple times (Katsikeas, 1996; Samiee & Walters, 1991).

Despite a slowly growing interest in internationalization as a discontinuous process, and in de-internationalization and re-internationalization (Bernini et al., 2016; Dominguez & Mayrhofer, 2017; Sousa & Tan, 2015; Surdu et al., 2018b), a focus on only motives provides a limited understanding of internationalization as a discontinuous process. SMEs differ, and their response to changes in the internal and external environment and the resulting outcomes will also vary (Buckley, 1989; George, Wiklund, & Zahra, 2005). By focusing only on the motives for de-internationalization, only the start of the de-internationalization process is analyzed. Indeed, limited insights are so far provided in relation to how SMEs de-internationalize (McDermott, 2010; Pauwels & Matthysssens, 1999; Welch & Paavilainen-Mäntymäki, 2014). Internationalization is generally associated to growth and de-internationalization as failure (McDermott, 2010; Nummela, Saarenketo, & Loane, 2016; Sui & Baum, 2014). However, given the
large variety of motives for de-internationalization, whether de-internationalization is always negative for firm performance is questionable. This dissertation research suggests that the literature on internationalization as a discontinuous process is overly scant (Santangelo & Meyer, 2017; Welch & Paavilainen-Mäntymäki, 2014; Vissak, 2010) and that closer examination of different forms of discontinuous internationalization is warranted. Such closer examination is justified not only because for most SMEs internationalization is not a process of continuously increasing investments and sales but also because the motives for de-internationalization and re-internationalization capture only one aspect of internationalization as a discontinuous process.

1.2 Purpose of the dissertation

The aim of this dissertation is to advance the knowledge on SME internationalization by studying internationalization as a discontinuous process. This is motivated by the prominence of discontinuity in the internationalization processes of most firms, and the gap in the literature on internationalization as a discontinuous process (Welch & Paavilainen-Mäntymäki, 2014; Vissak, 2010). This thesis research tries to address this gap by studying different aspects of SME internationalization as a discontinuous process. Specifically:

The purpose of this dissertation is to study some key antecedents, mediating factors and performance effects associated to discontinuous internationalization of SMEs.

I break this purpose down in three research questions which are addressed in different essays and provide different perspectives on internationalization as a discontinuous process.

1.2.1 Family control as an antecedent

An important factor that can influence discontinuous internationalization in firms is family control. Family firms are the dominant firm type across the world (Miller & Le Breton-Miller, 2003). It is widely recognized that family firms behave differently from non-family firms. In family firms, family members own the majority share in the company and/or have control over the company through involvement in management and board of directors (Gallo & Sveen, 1991; Sharma, 2004). This overlap between the family and work environments results in a strong family influence on the firm’s key decisions and strategies, and hence, can influence internationalization in different ways (Arregle et al., 2017; Kontinen & Ojala, 2010; Pukall & Calabrò, 2014). However, the findings related to family firm internationalization are inconclusive. On the one hand, family firms have been shown to be less likely than non-family firms to internationalize (Fernández & Nieto, 2005; Gallo & Pont, 1996), they internationalize later than non-family
firms and be more likely to follow a gradual internationalization process due to risk aversion, limited resources and lack of commitment to an international strategy (Banalieva & Eddleston, 2011; Pukall & Calabrò, 2014). On the other hand, Zahra (2003) suggests that family firms have an advantage over non-family firms because of their long-term orientation and the patience related to obtaining returns from capital investment. This means that having entered a foreign market the family firm will be more likely to continue this activity. In an attempt to disentangle these findings, Sciascia et al. (2012) suggest that the export intensity of family firms depends on the degree of family ownership. Although the insights provided thus far are interesting, the literature on family firm internationalization focuses predominantly on internationalization as a process of continuous growth in the foreign market, with little attention paid to the possible dynamics involved in this process. Hence, empirical evidence regarding the relationship between family control and internationalization as a discontinuous process is scarce. The first research question is:

RQ1. How does family control influence internationalization as a discontinuous process?

1.2.2 Attitudinal commitment as a mediating factor

Several motives for de-internationalization have been identified including poor performance, strategic restructuring, changes to management and adverse environmental shocks (Alexander & Quinn, 2002; Boddewyn, 1979; Burt, Coe, & Davies, 2019; Mariotti & Piscitello, 1999; McDermott, 2010; Yayla, Yeniyurt, Uslay, & Cavusgil, 2018). The motives for de-internationalization provide an understanding of the first stage of de-internationalization but not the whole process. The de-internationalization process is complex and requires decision-makers to take account of different stakeholders and different institutional contexts (Boddewyn, 1983a; Jackson, Mellahi, & Sparks, 2005), and managers commitment to de-internationalization (Boddewyn, 1983a). Despite recognition of this complexity, few studies have attempted to understand the de-internationalization process (Jackson et al., 2005; McDermott, 2010), resulting in there being only limited insights into what takes place between the motivation for de-internationalization and the de-internationalization outcome. This raises the question: “How do SMEs de-internationalize?”.

Whereas in the internationalization process literature commitment often means behavioral commitment, i.e. the amount of resources invested in internationalization (Cohen, 2007; Tan, Brewer, Liesch, & Coote, 2014), this ignores attitudinal commitment. While by definition, behavioral commitment to foreign markets is decreasing if the firm de-internationalizes, attitudinal commitment can also play a role. Attitudinal commitment refers to a favorable attitude among managers to a course of action (Cohen, 2007; Herscovitch & Meyer, 2002) such as internationalization or de-internationalization. Attitudinal commitment is a composite of affective commitment, continuance commitment,
instrumental commitment and normative commitment (Meyer & Allen, 1991; O'Reilly & Chatman, 1986). The varying importance of these forms of attitudinal commitment can result in different managerial responses to problems or opportunities related to international activities, and as such might play a role in the de-internationalization process. Therefore, the second research question is:

**RQ2. How do SMEs de-internationalization and what is the role of commitment in this process?**

### 1.2.3 Performance effects

One of the main areas of study in international business is the relation between internationalization and performance (Li, 2007b). However, few studies focus on the relationship between de-internationalization and in particular exit from exporting, and subsequent firm performance. Generally, exit from exporting is associated to failure (Sapienza, Autio, George, & Zahra, 2006; Sui & Baum, 2014). The existing literature which addresses exit from exporting and performance, suggests that exiting has a negative effect on firm productivity (Girma, Greenaway, & Kneller, 2003; Wagner, 2008). Hence, the main focus is on the costs of exit. However, firms can exit from exporting for different reasons; for instance failure or a strategic reorganization (Nummela, Saarenketo, & Loane, 2014). This would suggest that exit from exporting might involve costs and also benefits. However, the extent to which the firm experiences benefits might depend on the firm’s internal and external environment (Lin, Cheng, & Liu, 2009). Hence, the third research question is:

**RQ3. Under what circumstances might exit from exporting benefit SME performance?**

### 1.3 Clarification of key concepts

At this point it is useful to clarify some of the key concepts employed in this dissertation.

**Discontinuous internationalization.** In this dissertation, I define discontinuous internationalization as the process involving periods of increasing and decreasing international involvement. It is a broad and complex concept which includes a variety of internationalization paths, including complete de-internationalization with or without re-internationalization, partial de-internationalization with or without increased commitment after a time-out period, and intermittent exporting.

**De-internationalization.** In line with previous research, de-internationalization is defined as reduced commitment to foreign markets (Benito & Welch, 1997; Welch & Luostarinen, 1988). Three typologies of de-internationalization have been identified: 1) total withdrawal from all international activities while remaining in business, 2) partial withdrawal from international activities, and 3)
I. Introduction

Total withdrawal from all business activities and firm failure shortly after (Turcan, 2011). The first typology addresses the option that the firm withdraws from all its foreign activities and focuses instead on the domestic market. However, firm de-internationalization may be partial, involving closing down one foreign subsidiary but not others, switching to an operation mode which entails a lower level of commitment, or withdrawing from one but not all foreign countries (Benito & Welch, 1997). Thus, de-internationalization can take many forms. The focus here is on SMEs that remain in business after de-internationalization which excludes the third typology. The attached essays focus on different forms of de-internationalization: essays 1 and 3 discuss complete exit from all exporting activities, and essay 2 considers the case of partial withdrawal from one foreign market by exiting from export and foreign divestment.

Re-internationalization. In this dissertation, re-internationalization is defined as increased international commitment after a period away from international activities (Welch & Welch, 2009). Re-internationalization is suggested as different from first time internationalization because past experience can influence the decision to renew commitment to foreign markets (Javalgi et al., 2011; Surdu, Mellahi, & Glaister, 2018a). Re-internationalization is an umbrella term, and can refer to re-entry into export markets as well as renewed foreign direct investment. In essay 1 re-internationalization is understood as re-entry to exporting as part of an intermittent exporting process, while in essay 4 the broad definition of re-internationalization is used.

Intermittent exporting. Intermittent exporting is an example of a path that can emerge in a discontinuous internationalization process. Following previous research, intermittent exporting refers to an internationalization process where SMEs, enter, exit and subsequently re-enter exporting, sometimes multiple times (Bernini et al., 2016; Blum, Claro, & Horstmann, 2013; Katsikeas, 1996).

Performance. Three types of performance can be distinguished: effectiveness, operational performance and financial performance (Hult et al., 2008). In this dissertation, performance refers to financial performance. Financial performance refers to the use of simple outcome-based financial indicators which are assumed to reflect the fulfillment of the firm’s economic goals (Venkatraman & Ramanujam, 1986).

Family firms. In line with previous research, (Cannella Jr, Jones, & Withers, 2015; Chirico, Gómez-Mejia, Hellerstedt, Withers, & Nordqvist, 2019; Davis, 1983), family firms are defined as firms that are controlled by a family. This control can be exercised through firm ownership and/or family involvement in management and the board of directors (Arregle, Naldi, Nordqvist, & Hitt, 2012; Gallo & Sveen, 1991; Sharma, 2004). This overlap between family and business distinguishes family firms from non-family firms (Tagiuri & Davis, 1992). A high level of family control can result in different goals (Kotlar & De Massis, 2013), and particularly, concern with non-financial goals (Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007), different decision-making reference points (Kotlar et al., 2014), and differences in strategic decisions such as those related to internationalization (Gallo & Sveen, 1991). In line with this
logic, this would imply that poor financial performance not only affects the firm but also can have negative effects for the family in terms of lost earnings, loss of reputation and reduced job opportunities for family members (Miller, Le Breton-Miller, & Scholnick, 2008). As a result, family firms are concerned not only with the firm’s financial performance but also with the family’s affective endowment (Gómez-Mejía et al., 2007).

Commitment. Commitment is a multidimensional concept. A first distinction can be made between behavioral and attitudinal commitment. Behavioral commitment refers to the willingness to invest resources in an activity (Stump, Athaide, & Axinn, 1999). Behavioral commitment is influenced by attitudinal commitment which is defined as a favorable attitude to an activity (Cohen, 2007; Herscovitch & Meyer, 2002). In turn, attitudinal commitment is a composite of different types of commitment according to the reasons for the individual’s favorable attitude to an activity. At least four forms of attitudinal commitment have been identified: affective commitment (doing something because one wants to), continuance commitment (doing something because one has to), normative commitment (doing something because one ought to), and instrumental commitment (doing something in the expectation of a return) (Meyer & Allen, 1991; O'Reilly & Chatman, 1986).

1.4 Outline of the dissertation

The remainder of this part of the dissertation comprises four chapters. Chapter 2 introduces the topic of internationalization as a discontinuous process and the theoretical lenses used in the different essays. Chapter 3 describes the data and analytical approaches adopted. Chapter 4 summarizes the four essays. Chapter 5 outlines the intended contributions to theory and practice and addresses some limitations of this dissertation research while suggesting avenues for future research. The four essays are included after Chapter 5. Together, they contribute to an understanding of internationalization as a discontinuous process. Each essay is in the form of an article and constitutes a chapter of the dissertation.
2 Theoretical framework

This presentation of the theoretical framework begins with a review of the literature on the SME internationalization process and introduces work on internationalization as a discontinuous process. Specifically, I propose intermittent exporting as a path in a discontinuous internationalization process and exit from exporting and foreign divestment as forms of de-internationalization that are of interest in this dissertation. Following this, I suggest some theoretical perspectives to address the research questions on which this dissertation is based.

2.1 Internationalization process

SMEs have become more active players in the international market as a result of increasing globalization and the opportunities this creates (Ruzzier, Hisrich, & Antoncic, 2006). The SME internationalization process literature identifies three paths of SME internationalization: the traditional path of gradual internationalization, the born global path and the born-again global path (Kuivalainen, Sundqvist, Saarenketo, & McNaughton, 2012). What is common to all three paths is that they suggest a process in which firms continue to grow their international presence after initial foreign market entry (Vissak, 2010). The traditional path of gradual internationalization is captured by stage models including the Uppsala model (Johanson & Vahlne, 1977) and a range of other so-called innovation-process models (Andersen, 1993). The Uppsala model describes a gradual increase in international commitment as a result of experiential learning and reduced perceived risk (Johanson & Vahlne, 1977). The revisited Uppsala model extends this and suggests that firms not only gain knowledge from experience but also that knowledge can be accessed via the network in which the firm is embedded (Johanson & Vahlne, 2009). Although Johanson and Vahlne (1977) acknowledge that firms might reduce their commitment to internationalization, this is not captured directly in the Uppsala model (Santangelo & Meyer, 2017). While the Uppsala model explains one possible internationalization path, not all firms go through all the stages in the model, and many SMEs do not move beyond the first internationalization stage of exporting (Leonidou et al., 2002; Turnbull, 1987). The various innovation-process models explain the gradual development of exporting (Andersen, 1993). These models argue that the initial internationalization should be seen as an innovation within the SME’s closed boundaries, and is driven mainly by one person in the company who has particular characteristics (Cavusgil, 1980; Reid, 1981). Exporting require minimal financial, human and other resources, involves low levels of investment and therefore, relatively little risk, and allows for greater structural and strategic flexibility (Leonidou et al., 2002; Morgan et al., 2012).
However, similar to the Uppsala model, it suggests that internationalization is a continuous process in which SMEs gradually increase their international commitment.

The stage models have dominated the field of international business for many years, and there is rich evidence supporting the notion of gradual internationalization (Harveston, Kedia, & Davis, 2000; Ruzzier et al., 2006; Santangelo & Meyer, 2017; Westhead, Wright, & Ucbasaran, 2002; Vissak & Masso, 2014). However, the Uppsala model has been criticized for being too deterministic, covering mainly only the early stages of internationalization, not explaining rapid internationalization and not taking account of the influence of individual members of the firm (Melin, 1992; Ruzzier et al., 2006). Moreover, in the early 1990s more firms started to internationalize at an earlier phase of their development, resulting in an increasing amount of research on so-called born globals (Madsen & Servais, 1997; McDougall, Shane, & Oviatt, 1994). These firms are characterized as young firms with limited resources which generate substantial international trade flows (Knight & Liesch, 2015). Born globals suffer from limited resources and the liability of newness due to their young age and short presence in a volatile market (Oviatt & McDougall, 1994); however they also have learning advantages of newness over established MNEs. As firms age they develop structures, routines and cultures which make them less flexible and make it more difficult to adapt to foreign markets (Autio, Sapienza, & Almeida, 2000). Hence, whereas the Uppsala model argues that lack of knowledge is a disadvantage for firm internationalization, the born global literature argues that it can also be an advantage for young firms. In addition to born globals, Bell et al. (2003) identify a third type of internationalization path, the born-again globals. These are firms which for many years focused on the home market and after becoming well-established internationalize relatively rapidly. Similar to what is implied in work on traditional internationalization paths, this literature seems to implicitly assume that internationalization is a continuous process and hardly considers the possibility that SMEs can reduce their commitment to foreign markets.

While the literature on SME internationalization has for a long time paid limited attention to the role of the type of ownership of SMEs in the internationalization process, this has received increasing attention since family business scholars began to examine the internationalization of family firms in the early 1990s. While demonstrating the existence of a relationship between family firms and the likelihood of internationalization (Arregle et al., 2017; Pukall & Calabrò, 2014; Zahra, 2003), relatively few studies examine the internationalization process of family firms. Those few studies that exist find support for a process predicted by the Uppsala model (Claver, Rienda, & Quer, 2007; Graves & Thomas, 2008; Kontinen & Ojala, 2012). However, it has been suggested that succession, and involvement of non-family managers (Avrichir, Meneses, & dos Santos, 2016; Calabro, Brogi, & Torchia, 2016; Kontinen & Ojala, 2012) can result in changes to family firms’ internationalization and result in turn in discontinuities in the internationalization process.
To conclude, the internationalization process literature identifies different internationalization paths. However, it does not address all of the critique of the traditional Uppsala model and tends rather to focus on explaining why some firms skip some stages. The main focus of the literature remains on the initial stages and relatively limited research addresses questions relating to on international developments after initial entry (Agndal & Chetty, 2007; Santangelo & Meyer, 2017; Welch & Paavilainen-Mäntymäki, 2014). In addition, these models seem to rely on the assumption that once a firm has initiated internationalization, it will continue to invest in the foreign operation and will grow, and hence, follow a continuous process of internationalization. However, as already noted, in recent years interest in internationalization as a discontinuous process has increased (Bernini et al., 2016; Dominguez & Mayrhofer, 2017; McDermott, 2010; Sousa & Tan, 2015; Welch & Welch, 2009; Vissak, 2010).

2.2 Internationalization as a discontinuous process

It is difficult to find firms that have never deviated from the path of continuous growth proposed by the traditional internationalization process, the born global and born-again global literature (Vissak, 2010). Thus, internationalization might be more accurately depicted as a discontinuous process in which firms go through periods of increasing and decreasing international commitment, or cease their commitment either temporarily or permanently (Welch & Paavilainen-Mäntymäki, 2014; Vissak, 2010). Therefore, internationalization considered as a discontinuous process can include periods characterized by partial or complete de-internationalization, and the possibility of re-internationalization at some future point in time. Empirical work on internationalization as a discontinuous process which includes both de-internationalization and re-internationalization is rare (Bernini, Du, & Love, 2016; Vissak, Francioni, & Musso, 2012). Most scholars (e.g., Benito, 1997; Surdu et al., 2018a) focus on only one form of discontinuity in the internationalization process. In recent years, de-internationalization related to firm failure in particular has received scholarly attention due to the increased focus on international new ventures. This literature stream considers the relation between early and rapid internationalization, and the influence on firm survival (ie.Mudambi & Zahra, 2007; Sapienza et al., 2006; Sui & Baum, 2014). Hence, it captures de-internationalization and subsequent business seizure which is a form of de-internationalization that is not considered in this dissertation. Alternatively, firms can de-internationalize from all foreign markets and refocus on the home market, or de-internationalize from only some markets (Benito & Welch, 1997; Turcan, 2011). Some examples of partial withdrawal can be found in the foreign divestment literature (Benito, 1997) and work on changes to operation modes (Agndal & Chetty, 2007).

Re-internationalization refers to an increased commitment to international activities after a time-out period (Javalgi et al., 2011; Welch & Welch, 2009). De-
internationalization and re-internationalization are closely linked since the de-
internationalization experience is likely to influence the decision about whether
and how to re-internationalize (Javalgi et al., 2011; Surdu et al., 2018a; Welch &
Welch, 2009). First, the extent to which firms de-internationalize influences the
likelihood of re-internationalization. If firms partially de-internationalize by
closing a foreign subsidiary but continuing to export it might be easier to re-
internationalize (Welch & Welch, 2009). Second, the de-internationalization
experience will influence the form of re-internationalization. On the one hand, it
is suggested that firms can learn from past experience and adjust their re-
internationalization strategy accordingly (Welch & Welch, 2009). However, there
is some recent evidence suggesting that few firms adopt different entry modes
when they re-enter (Surdu et al., 2018a). Also the timing of the re-
internationalization might be influenced because if managers experienced de-
internationalization as a negative event, they may need time to “forget” this
negative experience before embarking on re-internationalization (Javalgi et al.,
2011).

These broad definitions leave room for a range of possible internationalization
paths for SMEs. They may de-internationalize from all foreign activities and have
no intention of re-internationalization, or de-internationalize partially with the aim
of increasing their international commitment at a later point (Crick, 2004a; Welch
& Welch, 2009). SMEs can de-internationalization and re-internationalize more
than once in response to continuous changes in the external environment, new
knowledge about foreign markets and strategy changes (Vissak & Francioni,
2013). Essay 4 focuses on this broad understanding of a discontinuous process,
while essays 1-3 adopt a narrower focus by investigating intermittent exporting,
foreign divestment and exit from exporting. The relevant literatures are reviewed
in the succeeding sections.

2.2.1 Intermittent exporting

Intermittent exporting is often considered the initial stage in the SME
internationalization process (Cavusgil, 1980; Leonidou & Katsikeas, 1996). In the
first stage of export development, managers consider and try out different
exporting options (Leonidou & Katsikeas, 1996). However, exporting is not
limited necessarily to the first stages of internationalization. Some SMEs
experience extended periods of intermittent exporting, without any intention to
commit to becoming a regular exporter (Katsikeas, 1996; Naidu & Rao, 1993;
Samiee & Walters, 1991). Despite different exporting behavior, SMEs that are
intermittent exporters are similar to regular exporters in terms of their size, age,
industry affiliation, types of resources used, perception of information value and
need for assistance (Samiee & Walters, 1991). However, in other ways
intermittent exporters differ from regular exporters. A major difference is that
intermittent exporters have a lower share of foreign sales than regular exporters,
and hence their overall performance relies less on exporting activities (Katsikeas,
1996; Ural & Acaravci, 2006). Compared to regular exporters, intermittent
exporters are more likely to be reactive towards exporting (Katsikeas, 1996). It has been shown that intermittent exporting is likely to coincide with changes in the external environment such as sudden modifications to exchange rates (Fitzgerald & Haller, 2018), increased foreign demand based on unsolicited orders (Cavusgil, 1984; Reid, 1981), trade stimulation programs (Samiee & Walters, 2002), and solely home market or solely foreign market growth (Bernini et al., 2016). In particular, if home market demand increases, SMEs are more likely to exit exporting (Bernini et al., 2016). Due to limited capital, the marginal costs of exporting are relatively higher when domestic demand is high, hence resulting in reduced interest in exporting (Blum et al., 2013). Regular exporting requires substantial investments in market research, license procurement, development of foreign sales networks, employee training and product and services adaptations to satisfy local tastes and regulations (Lee & Makhija, 2009). Hence, the sunk costs of exporting might be perceived by the decision-makers in SMEs as relatively high which will reduce the likelihood of exit from exporting (Bernard & Wagner, 2001; Impullitti, Irarrazabal, & Opromolla, 2013). Indeed, intermittent exporting is associated to strong reliance on domestic intermediaries and facilitators rather than identification of opportunities, pricing schemes that are less easily adapted to different markets, and lower levels of control over foreign marketing and distribution channels (Samiee & Walters, 1991). Moreover, SMEs that have an intermittent exporter path may lack the mechanisms required to generate trade leads and may tend to have fewer resources to invest in foreign market R&D (Naidu & Rao, 1993). Thus, intermittent exporters seem to invest less in exporting compared to regular exporters, and as a result are likely to experience lower sunk costs but also are more likely to experience a discontinuous internationalization process.

In line with the innovation-process models, research on intermittent exporting emphasizes the importance of knowledge and learning. SMEs are more likely to develop a continuous presence in export markets when their manager has knowledge about foreign markets and is committed to developing the export market (Katsikeas, 1996; Naidu & Rao, 1993). The more internationalization knowledge SME managers accumulate, the more the firm will move from being an intermittent exporter to becoming a regular exporter. A longer uninterrupted period of exporting reduces the likelihood of exit from exporting because of accumulated experience (Bernini et al., 2016). Also, when more experienced SMEs exit exporting, it takes longer for them to re-enter (Surdul et al., 2018b). This suggests that on the one hand, a longer period of exporting allows the firm to accumulate more experience but when it exits from exporting it takes more time for the firm to digest this experience. However, international market knowledge can be acquired by recruiting managers with international experience. Managers’ previous international experience is argued to influence export development because it can be used in strategic decision making and tends to make managers more willing to commit to exporting (Navarro-Garcia, 2016; Reid, 1981; Wiedersheim-Paul, Olson, & Welch, 1978; Zheng, Khavul, & Crockett, 2012). Finally, knowledge about foreign markets can be accessed through networks and
thus, network activity affects the degree of intermittent exporting. Strong international networks can reduce the tendency to exit from foreign markets but can be an advantage if the firm decides to re-enter (Yayla et al., 2018).

2.2.2 De-internationalization in the form of foreign divestment

A major stream of the de-internationalization research focuses on foreign divestment. The first work on foreign divestment was published in the late 1970s by Boddewyn (1979). Foreign divestment is defined as termination of a foreign subsidiary (Benito, 1997; Boddewyn, 1979; Singer & Van der Walt, 1987). Although foreign direct investments are necessarily large and require long-term commitment, foreign divestments are quite common (Benito, 1997; Boddewyn, 1979). The literature on foreign divestment focuses mainly on why large multinational firms divest their foreign subsidiaries and why, but also SMEs are involved in foreign divestment.

One of the major reasons for foreign divestment is poor financial performance (Berry, 2013; Boddewyn, 1979; McDermott, 2010; Sousa & Tan, 2015). While there is a strand of research which suggests that the host market conditions and poor performance of the foreign subsidiary are the biggest influence (Belderbos & Zou, 2009), there is another set of studies which suggests that divestment is a response to changing conditions in the domestic market (Cairns, Doherty, Alexander, & Quinn, 2008). Alongside poor performance, strategic misfit is another major determinant of foreign divestment (Benito, 1997; Sousa & Tan, 2015). Strategic fit between the firm’s objectives and the activities and role of the foreign subsidiary enhances the value of the subsidiary which reduces the likelihood of divestment (Sousa & Tan, 2015). Strategic fit can facilitate relationships between headquarters management and the subsidiary; this increases the barriers to divestment of the foreign subsidiary (Song & Lee, 2017). Firms also may imitate the decisions of competitors in the host country. While withdrawal of competitors from a market can free up the customer base, after a certain point it may signal of a hostile market and could trigger divestment of other firms’ operations (Chan, Makino, & Isobe, 2006). These major reasons for foreign divestment might suggest that it is often reactive, however, other scholars believe that foreign divestment is associated also to the strategic decision to use resources more efficiently (Alexander & Quinn, 2002; Cairns et al., 2008).

In addition to the motivations for divestment, several works explore how different internationalization decisions influence the likelihood of divestment. For instance, entry mode and speed of internationalization have been suggested as determinants of foreign divestment (Benito, 1997; Burt, Dawson, & Sparks, 2003; Cairns et al., 2008). It has been shown also that the likelihood of divestment is higher for foreign acquisitions and joint ventures compared to greenfield subsidiaries (Benito, 1997; Li, 1995). Similarly, the speed with which firms grow internationally has an effect on the likelihood of foreign divestment. Limited time, resources and capacities result in less time to prepare, integrate and learn from the
new operations which increases the chances of mistakes and divestment of foreign operations (Mohr, Batsakis, & Stone, 2018). The host country characteristics influence the divestment decision such that differences in demand growth, degree of national policy stability and exchange rate volatility can result in different divestment decisions (Berry, 2013). In addition, cultural distance influences the likelihood of a decision to exit a foreign market, and this likelihood increases if the foreign subsidiary is located in a culturally distant market (Sousa & Tan, 2015). However, the impact of these factors seems to be reduced if the firm has a good level of international experience which seems to work to reduce the likelihood of foreign divestment (Benito, 1997; Mohr et al., 2018; Sousa & Tan, 2015).

A variety of motives for foreign divestment and a range of factors influencing the divestment decision have been identified but relatively few studies investigate the divestment process. Due to exit barriers such as high sunk costs, concern over firm reputation and managerial commitment to the foreign operations, deciding to divest can be difficult (Boddewyn, 1983b; Jackson et al., 2005). Before taking this decision, it is necessary to obtain information on the market prospects in general, the likely impact of divestment on the firm’s overall resources and sales, the extent to which a drop in sales can be substituted, the role of the foreign subsidiary in hedging against risk, the willingness to maintain a foothold in the foreign market and the commitment of the different decision-makers to the market (Singer & Van der Walt, 1987). An a priori condition for firms to divest their foreign operations is a change to the management (Cairns et al., 2008). A new manager not committed to the foreign operation can negotiate support for foreign divestment and drive the divestment process. Although research on how foreign divestment decisions are executed is scant (Jackson et al., 2005; McDermott, 2010), some preliminary findings suggest that the process is driven mainly by subsidiary managers and is conducted carefully to reduce the possible adverse effects on the firm’s reputation and competitiveness (Ghertman, 1988).

Although several studies identified factors influencing the foreign divestment decision and some investigate the process of foreign divestment, most work is related to large MNEs; relatively few study foreign divestment in the context of SMEs. For SMEs, the creation and management of a foreign subsidiary is an influential and complex process which is related to SMEs’ scarce resources, relative difficulty to obtain information and limited access to foreign networks (Buckley, 1989; Lu & Beamish, 2001). This implies that medium-sized firms are relatively more likely than small firms to enter foreign markets through foreign direct investments (Hollenstein, 2005). However, the creation of foreign subsidiaries is a more difficult and complicated process for medium-sized firms compared to their larger counterparts due to the excessively large share of resources it requires which in turn, influences the foreign subsidiary’s chances of survival (Dominguez & Mayrhofer, 2017).
2.2.3 De-internationalization in the form of exit from exporting

Although creation of a foreign subsidiary has become more frequent among SMEs, exporting remains the main foreign operation mode for these firms (Malhotra & Papadopoulos, 2007). Since de-internationalization is most likely to occur if the firm is an exporter (Welch & Luostarinen, 1988), SME de-internationalization is often associated to exit from exporting.

Similar to the foreign divestment literature, the research on exit from exporting identifies a variety of factors explaining why SMEs exit from export markets and these partly overlap with the factors influencing foreign divestment. Onkelinx, Manolova, and Edelman (2016) find that firms that exit exporting show an average lower return on assets before they exit compared to firms that continue to export. Three groups of antecedents of exit from exporting have been highlighted: managerial incompetence, strategic decisions, and external triggers (Nummela et al., 2014). Limited international experience among SME managers increases the probability of exit from exporting (Lafuente, Stoian, Rialp, & Matlay, 2015). Since more international experience reduces the perceived uncertainty related to internationalization (Johanson & Vahlne, 1977), managers with less international experience are likely to perceive exporting as more risky than domestic sales. If managers perceive high risks related to operating in a foreign market, they will be more likely to exit from exporting in order to reduce the chances of failure (Lafuente et al., 2015). There is evidence showing that lack of training and knowledge about foreign markets and procedural factors can result in SMEs losing interest in exporting and deciding to exit the export market and focus on the domestic market (Crick, 2004b). In addition to manager training, foreign ownership can facilitate SMEs’ access to knowledge on foreign markets, and reduce the likelihood of exit from exporting (Deng, Jean, & Sinkovics, 2017; Ilmakunnas & Nurmi, 2010). External factors that might trigger exit from exporting include changes in home market growth, changes in the host market, and exchange rate volatility (Bernini et al., 2016; Boehe, 2014). Adopting the perspective that exit from exporting can be a strategic decision, Pauwels and MatthysSENS (1999) and MatthysSENS and Pauwels (2000) provide insights into the decision-process related to exit from exporting. Their findings suggest that SMEs might not respond immediately to decreased sales; they may continue to commit to the market and the firm may introduce initiatives to reverse the situation and prevent exit from exporting.

Scholars also have questioned whether different internationalization paths – traditional gradual internationalization or a born global path- increase the likelihood of exit from exporting. In this strand of work, exit from exporting is often defined as exit from exporting and subsequent firm failure. Internationalization at a young age can reduce the chances of survival of the international new venture because these types of SMEs must be able to deal with the liabilities of newness and foreignness (Sapienza et al., 2006). However, these young firms have learning advantages over older firms because they can more
easily adapt to new environments since their culture and routines are not well established (Autio et al., 2000; Sapienza et al., 2006). There is empirical evidence showing that the liabilities of newness and foreignness result in higher failure rates of born globals compared to SMEs which exploit a gradual internationalization process (Sleuwaegen & Onkelinx, 2014). However, Mudambi and Zahra (2007) suggest that although born globals may experience higher failure rates these firms are often active in riskier industries which might explain their higher rates of failure. Similarly, Sui and Baum (2014) suggest that the internationalization strategy does not develop in a vacuum but rather is the result of careful consideration of the firm’s resources and the environment. When accounting for this endogeneity they find no differences in failure rates between born globals and SMEs that follow a gradual path. In addition to the risk in the industry and resources, competition in export markets affects the probability of born globals exiting from exporting (Deng et al., 2017).

Although exit from exporting can have a major effect on the firm and its performance, it does not always produce firm failure (Onkelinx et al., 2016); it might result in reduced firm performance and a strategic restructuring (Nummela et al., 2014). Nevertheless, de-internationalization generally is associated to failure (McDermott, 2010; Turcan, 2011; Vissak, 2010). The empirical evidence on how exit from exporting affects firm performance is limited (Trąpczyński, 2016). However, what evidence there is seems to confirm the perception that exit from exporting has a negative effect on the firm’s productivity (Girma et al., 2003; Wagner, 2008).

2.3 Theoretical perspectives

The essays that form part of this dissertation build on different theoretical perspectives to address the research questions. Essay 1 exploits the behavioral agency model (BAM) and real options reasoning; essay 2 proposes the behavioral-attitude framework and the literature on attitudinal commitment as relevant for understanding the de-internationalization process; essay 3 builds on the theoretical framework in the internationalization-performance literature which incorporates transaction cost theory, the resource-based view and learning theory; essay 4 relies on the behavioral theory of the firm. Since internationalization is a complex phenomenon, research on it often relies on a range of theories or the combination of different theories to address the research questions and explain the
phenomenon (Bello & Kostova, 2012). The different theoretical perspectives on which the essays in this dissertation are base are introduced below.

2.3.1 Behavioral agency model and socioemotional wealth

The BAM proposed by Wiseman and Gomez-Mejia (1998) combines agency theory and prospect theory to explain the risk-taking behavior of managers. The BAM assumes that the firm’s decision-maker is the manager who is responsible for making strategic decisions on behalf of the firm. Firm managers are not necessarily risk averse, their risk preferences are not fixed but depend on the problem framing. A positively framed decision is associated to various options with varying risks and returns which provide acceptable outcomes (Wiseman & Gomez-Mejia, 1998, p. 135). Problem framing is influenced by past performance. If firm performance increases, the aspiration levels of decision-makers will also increase over time. As a result, it will become less likely that possible outcomes are positively framed. The relationship between problem framing and decision behavior is mediated by risk tolerance. Tolerance to risk is a measure of the decision-maker’s perception of the possibility of losing personal wealth which is influenced in turn by the contract terms and reward structure to which the decision-maker has agreed. Based on these assumptions, the BAM suggests that self-interested managers are less concerned about maximizing future wealth and more concerned about minimizing the losses to current wealth. Managers will display a higher level of risk averseness when faced with a positively framed situation because risk implies a potential loss of current wealth. In contrast, in the case of a negatively framed situation, managers are more willing to take risks because they have much less to lose (Wiseman & Gomez-Mejia, 1998).

Building on the BAM, Gómez-Mejía et al. (2007) introduce the concept of socioemotional wealth to explain family firm behavior. Socioemotional wealth refers to the “non-financial aspects of the firm that meet the family’s affective needs, such as identity, the ability to exercise family influence, and the perpetuation of the family dynasty” (Gómez-Mejía et al., 2007, p. 106). Whereas non-family firms base their decisions mainly on potential financial gains and losses, family firms consider also the potential gains and losses to their socioemotional wealth. This means that when firm survival is at stake and socioemotional wealth could be lost, family firms might be willing to take more

1 The original Uppsala model (Johanson & Vahlne, 1977) builds on the behavioral theory of the firm and Penrose’s work on growth of the firm and organizational learning to explain the internationalization process. In the revisited Uppsala model, a network perspective is added to the framework (Johanson & Vahlne, 2009). The eclectic paradigm which explains the extent to which firms engage in international production is grounded in location theories and Coasian, Williamsonian and Penrosian theories of the firm (Dunning, 2001). Some more recent empirical studies combine several theories. For instance, Wang and Ma (2018) integrate the resource based view and institutional theory to understand export intensity and export performance, and D’Angelo, Majocchi, and Buck (2016) rely on social capital, agency theory and stewardship theory to explain the scope of family SME internationalization. Similarly, the essays in this dissertation rely on different theories to address the research questions posed and advance our understanding of internationalization as a discontinuous process.

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risks than non-family firms but they might display risk averseness in the case of possible adoption of a new strategy (Gómez-Mejía et al., 2007; Gomez-Mejia et al., 2010). Several authors (Berrone, Cruz, & Gomez-Mejia, 2012; Miller & Breton-Miller, 2014) discuss the sources of socioemotional wealth for family firms. These sources are described as the FIBER dimensions, and capture family members’ identification with their firm, control and influence over the firm, family firms’ social ties and the related feelings of belonging, emotional attachment and dynastic control (Berrone et al., 2012). Socioemotional wealth is a concept that is used increasingly to explain internationalization in relation to family firms (Cesinger et al., 2016; Kraus, Mensching, Calabrò, Cheng, & Filser, 2016; Pukall & Calabrò, 2014; Scholes, Mustafa, & Chen, 2016) because it explains the distinctiveness and heterogeneity of family firms. Thus, its value lies in providing an understanding of the relationship between family control and internationalization as a discontinuous process.

2.3.2 Real options reasoning

Real options reasoning originated in the field of financial economics but has been applied increasingly in strategic management (Trigeorgis & Reuer, 2017) and international business (Chi, Li, Trigeorgis, & Tsekrekos, 2019). Real options reasoning holds that a firm’s investment in real assets gives the firm the right but not the obligation to take certain actions in the future (Bowman & Hurry, 1993; Myers, 1977). A real option reduces the downside risks in an uncertain world while simultaneously providing access to upside opportunities (Myers, 1977; Tong & Reuer, 2007). However, not every investment is a real option. A real option requires (Folta & O'Brien, 2004; Tong & Reuer, 2007) first, that the investment is at least partly irreversible, second, that the initial investment creates opportunities for the firm to adjust its strategy according to the development of the environment, and third, an external environment characterized by uncertainty which the firms cannot address easily by changing its actions (Amram & Kulatilaka, 1999). The value of real options is determined by the extent to which the investment is irreversible and the level of environmental uncertainty (Bowman & Hurry, 1993; Folta, 1998).

Real options reasoning proposes a decision sequence in which the firm pursues a certain initiative by investing a limited amount. At a later point in time, additional information or knowledge becomes available about the initiative and the extent to which it results in gains for the firm (Adner & Levinthal, 2004). Based on this information the decision is made to invest more or to abandon the initiative (Myers, 1977). However, especially in the case of strategic decisions multiple options can be created by a single investment (Bowman & Hurry, 1993; Trigeorgis, 1996). The strategic management literature identifies at least five basic types of real options including: 1) the option to defer or stage market entry, 2) the option to grow, 3) the option to adjust scale by expanding or contracting, 4) the option to switch, and 5) the option to abandon (Trigeorgis & Reuer, 2017). A single investment can create several opportunities (Li, James, Madhavan, &
Mahoney, 2007). For example, investment in exporting can create opportunities for growth by allowing the firm to establish a foothold in the foreign market and providing the potential to increase investments at a later date (Li, 2007a). It also creates the opportunity to abandon because by investing in exporting rather than engaging in foreign direct investment, the potential downsides of abandoning the foreign market are minimized. Investment in exporting also creates opportunities to switch which refers to the scaling down of one activity and scaling up another (Chi et al., 2019; Evans, 1991).

In the current de-internationalization literature, real options reasoning is employed to understand divestment of foreign subsidiaries (Belderbos & Zou, 2009; Fisch & Zschoche, 2012; Tan & Sousa, 2015). In line with early descriptions of real options reasoning, these studies refer mainly to the option to abandon. In this thesis, I suggest that in addition to the option to abandon, the option to switch between two strategies—also referred to as the flexibility option—is useful to understand discontinuities in the internationalization process and provide an alternative perspective on intermittent exporting in particular.

### 2.3.3 Attitude-behavior framework and commitment

Commitment is a key concept in the internationalization process literature. The Uppsala model includes commitment to internationalization as a key variable and argues that over time commitment increases as a result of experiential learning (Johanson & Vahlne, 1977). In that case, commitment mainly refers to how many resources are invested in the international activities (Johanson & Vahlne, 1977; Tan et al., 2014). However, commitment is a complex and multi-dimensional concept (Cohen, 2007). Building on Frazier and Sheth (1985) behavior-attitude framework, Stump et al. (1999) suggest that attitudinal commitment influences behavioral commitment in the internationalization process. Behavioral commitment refers to the willingness to invest resources in an activity (Stump, Athaide, & Axinn, 1998). Investment reduces the freedom to change behavior (Gundlach, Achrol, & Mentzer, 1995). Behavioral commitment on its own does not provide a complete explanation of behavior because it depends also on what an action means to the individual employee and the employee’s perception of the values and ideologies that might be actualized by the activity (Penley & Gould, 1988). International business scholars (Cadogan, Sundqvist, Salminen, & Puuimalainen, 2005; Leonidou, Katsikeas, & Piercy, 1998; Reid, 1981) study attitudinal commitment in terms of the managers’ willingness to engage in international activities. Attitudinal commitment can promote increased attention to internationalization, wider information search on international opportunities and evaluation of different alternatives regarding future strategies (Tan, Brewer, Liesch and Coote, 2014). Similarly, attitudinal commitment can influence the de-internationalization process (Boddewyn, 1983b).

However, attitudinal commitment is a complex notion (Cohen, 2007; Reichers, 1985) and involves several dimensions including: affective commitment, continuance commitment, normative commitment (Meyer & Allen,
2. Theoretical framework

1991), and instrumental commitment (O'Reilly & Chatman, 1986). Affective commitment is associated to managers’ and employees’ emotional attachment to, identification with and involvement in the organization or a course of action (Meyer & Allen, 1991). A strong affective commitment means that managers or employees will persevere with a particular action because they want to. Continuance commitment is based on awareness of the costs associated to discontinuing (Gundlach et al., 1995; Meyer & Allen, 1984, 1991). Thus, in the case of strong continuance commitment, managers will continue their commitment to a course of action because the results of changing course are perceived as too high. While continuance commitment focuses on the costs of discontinuing, instrumental commitment is based on expected future returns (O'Reilly & Chatman, 1986). Normative commitment is defined as the attachment the individual feels to a behavior because of their moral conviction that it is the right behavior (Meyer & Allen, 1991). Since different types of commitment can play different roles in different decisions, it is possible to identify different commitment patterns or profiles (Becker, 1992). These commitment profiles have different influence on the willingness to persevere with a course of action (Meyer & Herscovitch, 2001). As such, attitudinal commitment can mediate between the antecedents to de-internationalization and actual de-internationalization behavior.

2.3.4 A theoretical frame to explain performance

The impact of de-internationalization on performance is rarely studied. The few existing works that examine the relationship between de-internationalization and performance (Girma et al., 2003; Mallick & Yang, 2013; Wagner, 2008) focus mainly on the costs associated to exit from exporting. The international business literature suggests that internationalization has benefits as well as costs which can influence the performance of international SMEs (Lu & Beamish, 2001; Ruigrok & Wagner, 2003, 2004).

To explain the effect of internationalization on performance, international business scholars combine insights from the resource-based view, organizational learning theory and transaction cost theory (cf. Berry & Kaul, 2016; Fernández-Olmos, Gargallo-Castel, & Giner-Bagües, 2016; Ruigrok, Amann, & Wagner, 2007). They have proposed that internationalization has benefits as well as costs and the effect of internationalization depends on whether the costs outweigh the benefits or vice versa (Lu & Beamish, 2004; Ruigrok & Wagner, 2003). According to the resource-based view, rare, inimitable, valuable and non-substitutable resources can be a source of sustained competitive advantage (Barney, 1991). In line with the resource-based view, internationalizing SMEs experience a range of issues in foreign markets associated to the liabilities of newness and foreignness. These can disadvantage the firm’s international operations compared to established firms in the market (Lu & Beamish, 2004). Transaction cost theory suggests that multinational firms are based on efforts to internalize externalities by organizing agents in different countries through hierarchy (Hennart, 2010). This allows the firm to exploit market imperfections
which result in higher returns, and to achieve economies of scale and scope (Lu & Beamish, 2004). The organizational learning perspective suggests that knowledge is obtained from international experience which enhances the firm’s capabilities and competitiveness (Ruigrok & Wagner, 2003) and helps to overcome the liabilities of foreignness (Lu & Beamish, 2004; Zaheer, 1995).

However, de-internationalization may also involve both benefits and costs. De-internationalization may result in freeing up of resources that can be used to pursue alternative opportunities or can be part of a strategic restructuring (Matthyssens & Pauwels, 2000; Nummela et al., 2014). This perspective would suggest that studies which focus only on the costs of de-internationalization, might be biased. I incorporate the framework in the internationalization-performance literature to study the effect of exit from exporting on subsequent firm performance.

2.3.5 The behavioral theory of the firm

The behavioral theory of the firm addresses multiple questions which Cyert and March (1963) consider were unaddressed at the time and were outside the remit of the economic theory of the firm and organization theory. They were interested in how economic decisions such as price and output decisions were made within the complex setting of the firm. Cyert and March assume that an organization is a coalition of individuals. Thus, according to this definition a business organization include managers, employees, owners, suppliers, customers, lawyers, and so on. All of these individuals have different goals, and organizational objectives are established through a process of continuous bargaining. This continuous bargaining allows the individuals to identify a solution which satisfies their individual aspiration levels. In larger organizations, larger numbers of individuals are involved in this process, possibly organized in sub-coalitions which can result in more complex bargaining processes and a considerable amount of latent conflict (Van Ees, Gabrielsson, & Huse, 2009). According to Simon (1947), individuals are boundedly rational, meaning that they cannot foresee all possible alternatives. Finally, it is assumed that firms operate in an uncertain environment which makes it more difficult to gather the information required to make a decision. To manage this difficulty, individuals employ rules and standard operating procedures. These rules are influenced by the environment but in contrast to traditional theory, the behavioral theory of the firm assumes that there is imperfect environmental matching. Therefore, when the environment changes, the decision-rules do not always change simultaneously and therefore can be misaligned to the environment.

The behavioral theory of the firm comprises three sub-theories: the theory of organizational goals, the theory of organizational expectations and the theory of organizational choice. The theory of organizational goals suggests that within the organization the attention paid to different goals is sequential. Which goals receive attention first depends on the actor’s aspirations and the bargaining power of the individuals in the organization. This leads to quasi-resolution of goal
conflict within the organization. Aspirations are a weighted function of past performance, past goals and past performance of comparable competitors (Cyert & March, 1963). If performance falls below aspirations, organizational slack becomes important because it allows the firm to survive for longer. Organizational slack is defined as the difference between the resource necessary to run the company and the resources available to the firm (Cyert & March, 1992, p. 42). The theory of expectations explains how information is formed and handled in an organization, and how information from the external environment enters the decision-making process. In response to problems such as failure to meet goals, firms start a search process to identify alternatives to address the problem. This is referred to as problemistic search. The search process is influenced by the nature of the problem, where in the organization the problem is most visible (Cyert & March, 1992, p. 163) and the degree of organizational slack. More organizational slack allows for less intense search activities. Thus, organizational slack affects the relationship between firm strategy and firm performance (Chang, Jaw, & Chiu, 2012; Kovach, Hora, Manikas, & Patel, 2015). The theory of organizational choice states that choices are made based on a learned set of behavioral rules. The principles related to organizational choice include avoidance of uncertainty, simple rules and maintenance of these rules. Cyert and March (1963) assume that problemistic search produces learning outcomes which can redirect attention to different goals, and change decision rules.

The behavioral theory of the firm has had a strong influence on strategic management in general, and international business in particular (Gavetti, Greve, Levinthal, & Ocasio, 2012; Ruzzier et al., 2006). For instance, the Uppsala model builds directly on the behavioral theory of the firm by incorporating the ideas of problemistic search, uncertainty avoidance and adaptation of behavior as a result of learning (Johanson & Vahlne, 1977b). Moreover, the behavioral theory of the firm is the basis for research on risk taking and the influence of organizational slack on strategic decisions like internationalization (Argote & Greve, 2007; Lin et al., 2009). However, some aspects of the behavioral theory of the firm such as multiple goals and attention are underdeveloped, as is the link between internal processes and the external environment (Argote & Greve, 2007; Gavetti et al., 2012). To increase understanding of organizations and how and why discontinuous internationalization emerges, a more complete incorporation of the behavioral theory of the firm might be a good starting point. For this reason essay 4 builds on the behavioral theory of the firm and suggests avenues for future research on the intersection between family firms and internationalization as a discontinuous process.

2.4 Research framework

Figure 1 provides a depiction of the four essays included in this dissertation and how they link to the different theoretical perspectives and relate to the research aim. The aim of the research is to describe three aspects of internationalization as
a discontinuous process: key antecedents, mediating factors and potential performance effect. For each of these aspects Figure 1 depicts the variables considered and the theoretical frameworks used. Due to the prevalence of family firms and the distinctive effect of control on the internationalization of SMEs, family control is a key antecedent. Essay 1 builds on the behavioral agency model and real options reasoning to explore the influence on intermittent exporting of family involvement in the board and management of SMEs. Here, the mediating factors refer to the role of attitudinal commitment in the de-internationalization process which is addressed in essay 2 to explore how medium-sized firms de-internationalize. The performance effect of internationalization as a discontinuous process is discussed in essay 3. Building on theoretical perspectives in the internationalization-performance literature this essay considers the effect of exit from exporting on SME performance. Essay 4 builds on the behavioral theory of the firm to explain family firm internationalization as a discontinuous process. It adopts a broad view of internationalization as a discontinuous process, meaning that different paths of discontinuous internationalization emerge. This recognizes that SMEs can grow over time even if they experience reduced international commitment during this process. Thus, while in the first three essays there is a clear focus on SMEs, essay 4 refers to family firms more generally because family firms may be SMEs at some point in the discontinuous internationalization process but might develop into larger firms over time. However, the arguments in the behavioral theory of the firm tend to hold for established companies of any size (Dew, Read, Sarasvathy, & Wiltbank, 2008) although in larger firms the complexity of the decision-making process may increase (Cyert & March, 1992; Van Ees et al., 2009). Together, these four essays address the key aspects that would provide a comprehensive model to understand internationalization as a discontinuous process.

![Figure 1: Research framework linking theory to the purpose and to different essays](image-url)
3 Research method

The research methodology depends on the researcher’s philosophical stance and the research questions to be addressed (Morgan & Smircich, 1980; Silverman, 2006). The philosophical stance of the researcher refers to what the researcher regards as the purpose of doing research and his or her assumptions about the nature of the social world and how it could be investigated (Burrell & Morgan, 1979; Morgan & Smircich, 1980). I believe that there are objects in the world that exist independent of human beings - a belief which holds similarities to the realist view (Bhaskar, 1975). In line with the realist view, I believe also that there is no “god’s eye view” which guarantees a single true view of the world. Instead, when doing research, interpretation of the social world is influenced by theory and the researcher’s knowledge (Hult, Ketchen Jr, & Slater, 2005). This justifies a more quantitative approach to understanding events by observing patterns and relationships, and a qualitative approach to achieve an understanding of the deeper underlying mechanisms.

The purpose of this dissertation is to study some of the key antecedents, moderating factors and performance effects of a discontinuous internationalization process of SMEs and in doing so, to examine different forms of discontinuity from different perspectives. Two of the attached essays provide insights in causal relationship. Causality implies that one variable or group of variables, is influencing another variable. Causality is examined using a quantitative approach which can detect patterns in large amounts of data through formal measurement and statistical techniques (Davidsson, 2005). The third essay provides some insights in the de-internationalization process by examining how it unfolds. For this study, a qualitative approach is more appropriate since this is a relatively new research area and we are interested in understanding how the process which results in de-internationalization evolves (Yin, 2003).

3.1 Quantitative approach

3.1.1 Sample

This dissertation is aimed at understanding SMEs’ internationalization as a discontinuous process. In line with the European Commission (2003) definition, SMEs in the quantitative studies are defined as firms with 10 to 250 employees. I selected a random sample of Swedish SMEs. Based on the Swedish Central Bureau of Statistics Exporter Register the percentage of exports and imports was calculated for different industries in Sweden. For inclusion in the sample, I chose the sectors with the largest shares of exports to increase the likelihood of
observing discontinuities in the internationalization process. The manufacturing (NACE code 10-33) and retail (NACE code 45-47) industries have the highest share of exporters. The selection of companies was enabled by the Business Retriever database which includes companies that are currently active but also that have exited the market. This resulted in a final sample of 2,670 SMEs with observations for the period 2004-2013. The two quantitative studies are based on different samples. Essay 1 is based on a sample of manufacturing and retail SMEs and essay 3 is based on a sub-sample of manufacturing firms.

3.1.2 Data

Export data were obtained from Statistics Sweden for the 10-year period covering 2004-2013. The Exporter Register provides information on the export (and import) volumes based on goods passing through Swedish customs. It also supplies information on the regions to which firms exported. A total of eight regions are covered by the sample: Nordic countries (Scandinavia), EU countries (excluding Scandinavia), the remaining European countries, Asia, Middle East, North and Central America, South America and Africa. In 2004, 47.27% of the SMEs in the sample were exporting in 2004 rising to 49.7% in 2013. A closer look at the data shows that 60.55% of exporting SMEs exported in all the years covered; 20.3% of SMEs exited their foreign market at some point in that time period; and 19.1% re-entered export markets at a later date. The export data are complemented by financial data and information on firm failure. These data are from Retriever Business, which provides data on all Swedish companies including those that have gone bankrupt. Retriever Business provides data for a rolling period of 10 years - when a new year is added, the oldest year is dropped. Information available from Retriever Business includes data on governance and annual reports. Retriever Business provided financial information for the firms in my sample covering the period 2005-2013. I created variables for organizational slack and firm performance based on these data. Information on CEOs and the boards of directors was downloaded from Bureau van Dijk’s AMADEUS database and allowed me to identify the family firms in the sample. In line with previous research, identification of whether a firm is a family firm or not is based on the last names of managers and board members (Arosa, Iturralde, & Maseda, 2010; Chirico et al., 2019; Daily & Dollinger, 1993). This identified 61% of the firms in the sample as family firm. I also downloaded European firm level data from Bureau van Dijk’s AMADEUS database including information on net income and sales of European firms in the manufacturing industry for the years 2008-2015. These data were used to create the industry level variables employed in essay 3.
3.1.3 Analytical techniques

The two quantitative articles use two different analytical techniques: time-to-event analysis and multilevel analysis. The multilevel analysis is based on a random coefficients model and the time-to-event analysis is based on a conditional risk set model.

*Conditional risk set model.* Time-to event analysis is commonly used to address questions on recidivism, employee turnover, onset and recurrence of mental illness, and deaths (Singer & Willet, 2003). In the area of strategy and management, the technique is used to explain the death of organizations (Agarwal & Audretsch, 2001; Revilla, Pérez-Luño, & Nieto, 2016) and has been exploited more recently to explain exit from foreign markets (Sui & Baum, 2014). Time-to-event analysis is not a single method but rather a collection of methods aimed at explaining the occurrence of an event at a specific point in time (Allison, 2014). It requires that each firm is observed for a certain period of time during which the firm may move through different, mutually-exclusive states (Jenkins, 2005). If events are not repeatable the observation period ends with the occurrence of that event.

A first consideration in time-to-event analysis is whether the data are continuous or discrete. If the exact time of occurrence of the event is known then continuous data methods are preferred. However, if only the month or year an event occurred is known, discrete data methods might be more appropriate (Allison, 2014; Singer & Willet, 2003). Discrete time data are best analyzed using a logistic or complementary log-log model. Continuous-time models can be parametric or semi-parametric. Parametric time-continuous models make assumptions about the distribution of the hazard function but semi-parametric models do not (Jenkins, 2005). The Cox proportional hazard model, which is the most commonly used framework for survival analysis, is an example of a semi-parametric model. Some examples of continuous time parametric models include the exponential, Weibull and log-logistic models. These traditional time-to-event analysis methods assume that failure times to different events are independent observations (Allison, 1982).

Time-to-event analysis can also capture repeated events which means that the time-to-event is correlated within the firm which violates the assumption of independent failure time. The occurrence of multiple events can be handled by discrete-time and continuous-time models (Allison, 1982) although the former overstate the amount of information provided by each observation and provide incorrect estimates of the standard errors (Box–Steffensmeier & Zorn, 2002). When multiple events are included, it is important to consider whether these events are ordered or unordered (Cleves, 2000). If events are unordered and of the same type, then discrete-time analysis can control for this by clustering the data by firm. Examples of continuous time models that capture multiple ordered events are three versions of the Cox proportional hazards model: the Andersen-Gill model, the marginal risk set model and the conditional risk set model.
In essay 1, the interest is in intermittent exporting which means that for each firm multiple exits and re-entries are observed. Although exit and entry can happen at any point during the year, customs data are updated annually which means we do not know the exact day and time of the event and the data are measured in discrete time. However, Jenkins (2005, p. 21) states that the majority of the behavioral processes studied in social science take place in continuous time although they tend to be investigated by recording time in interval form. Consequently, the Cox proportional hazard model is frequently used to analyze such data. In line with this notion, I employ the conditional risk set model as the method of analysis. It assumes that a subject is not at risk of a second event until the first event has occurred (Prentice, Williams, & Peterson, 1981) which makes it particularly suited to analysis of intermittent exporting where a firm has to exit from exporting before re-entry can take place.

**Random coefficients model.** Multilevel analysis is often used in education research, family studies, medical research, biomedical research and economics (Hox, 2005). The multilevel regression or random coefficients model is an analytical technique used to analyze data at two levels of analysis where one is nested in the other and where there is variability between these levels of analysis (Snijders & Bosker, 1999). Hence, it refers to a nested model. Examples of nested structures are employees in firms, firms in industries, firms in nations, and longitudinal measurements of subjects (Peterson, Arregle, & Martin, 2012; Snijders & Bosker, 1999). Most the analytical techniques rely on the assumption that observations are independent, however for nested data this assumption is almost always violated. As a result, the standard errors are too small which may result in spurious significant results when applying standard statistical methods (Hox, Moerbeek, & Van de Schoot, 2017).

In the multilevel analysis, we can identify two levels of analysis: the macro- and the micro-level which latter is the lowest level of analysis (Snijders & Bosker, 1999). In a simple nested model each micro-level observation belongs to only one macro-level observation whereas in cross-nested models a micro-level observation can belong to a more macro-level groups (Peterson et al., 2012). In the random coefficients model the micro-level variables have different coefficients and slopes, therefore are referred to as random coefficients. The macro-level variables do not vary within a cluster and therefore, are described as fixed coefficients (Hox, 2002). Different estimation methods can be used in a random coefficients model but the most frequent method is maximum likelihood (Hox, 2002). Random coefficients models can be especially useful for longitudinal data where repeated measurements of the same variable are available for a sample of individuals (Laird & Ware, 1982). When applying random coefficients models to longitudinal data it is possible to distinguish between a fixed occasion design and a variable occasion design (Snijders & Bosker, 1999). A fixed occasion design assumes that data are collected at fixed point in time while in a variable occasion design the same types of observations can be done at different points of time for different individuals.
3. Research method

In essay 3, I use a random coefficient model to analyze the relationship between exit and performance, moderated by industry characteristics to try to explain a firm level relationship using industry level data. The firms are nested within the industry which can result in a higher correlation between firms in one industry than between firms in different industries. Hence, the firm is the micro-level and the industry is the macro-level. Essay 3 also uses longitudinal data, meaning that repeated observations are nested within each firm. As a result of this nesting, the measures can vary over time and potentially can co-vary (Kovach et al., 2015). The random coefficient is designed to take simultaneous account of the different levels of analysis without loss of statistical power and with reduced risk of type 1 error (Hox, 2002).

3.2 Qualitative approach

In the qualitative study I aimed at obtaining insights into the process that results in de-internationalization and relies on an abductive approach. Abduction is aimed at creating new knowledge by developing explanations for surprising phenomena (Denzin, 1978). Abductive inquiry starts from an observation which often contradicts habits and expectations, and therefore, raises questions (Paavola, 2015). Essay 2 was motivated by the observation that on the one hand, de-internationalization seems to be common among medium-sized firms but the internationalization literature seems to focus mainly on the international growth process and less on explaining de-internationalization. Following this initial observation, a literature review was conducted. The literature includes continuously changing stock of papers, books, presentations and other materials which are the building blocks for the study (Shepherd & Sutcliffe, 2011). However, a researcher can only pay attention to a part of this literature so as the research develops and the knowledge about the phenomenon increases, attention can be shifted to different literature.

Given the relatively limited research on the de-internationalization process, I employ a case study research design for essay 2 (Yin, 2003). Case study is a research strategy aimed at understanding the dynamics of the setting being investigated (Eisenhardt, 1989). In recent years, the popularity of case studies for management research has increased (Eisenhardt & Graebner, 2007) and have become the predominant qualitative research method in the field of international business (Piekkari, Welch, & Paavilainen, 2008). Case studies are preferred to address ‘how’ and ‘why’ questions (Ghauri, 2004; Yin, 2003) and to study new research areas (Eisenhardt, 1989). They are particularly well suited to studying the behavior of decision-makers in different country settings. Differences in cultures can influence understanding and interpretation of information but these issues are mitigated by case studies because researchers can continue to ask questions until they have obtained a sufficient number of responses to allow interpretation (Ghauri, 2004).
### 3.2.1 Selecting the cases

The first case selection criterion is to ask what can be learned from the case (Stake, 1995). Case selection was based on a purposeful sampling strategy which involves a continuous process of judgements about what to sample and how the sample should be used in order to answer the research question, a process which is guided by what is known about the phenomenon being studied (Emmel, 2013). Case selection started with finding an appropriate population. Eisenhardt (1989, p. 537) emphasizes that the “selection of an appropriate population controls extraneous variation and helps to define the limits for generalizing the findings”. Therefore, the case firms need to be similar in terms of country of origin and market from which they de-internationalized. Sweden was selected as the geographical country for the case firms. Almost 50% of Sweden’s GDP is represented by exports and there are approximately 2,500 Swedish controlled enterprise groups with affiliates abroad (Tillväxtanalys, 2013). The French market was chosen for its importance for Swedish firms, but it is not one of the main foreign markets for Swedish firms. France is the world’s fifth largest economy and Sweden is ranked 9th for its export market. There are over 460 Swedish subsidiaries in the French market employing more than 70,000 people (Business Sweden, 2014). Consequently, France is an important market for Swedish firms that want to internationalize although it is less important than Norway and Germany for example. Due to its size and cultural and language barriers entry to the French market requires considerable investment which can result in high costs if the firm decides to exit. Based on these characteristics, I argue that the French market for Swedish firms is appropriate for research on de-internationalization.

Stories of firms that de-internationalize are not frequently reported in national or local newspapers. Therefore, contact was made with the Swedish Trade and Invest Council in France to identify suitable case firms. Because de-internationalization is often associated with failure it can be difficult to find suitable case firms (McDermott, 2010). This yielded 14 firms for which desk research was conducted and six companies were chosen. Out of the six contacted we received three positive responses. However, following the initial contact it was clear that one of the companies did not meet all the selection criteria. The companies selected are both active in the medical technology industry and were medium-sized firms at the time of de-internationalization. The medical technology is an industry with a relatively small home market, as such internationalization is a common strategy for growth, which also increases the chances to observe de-internationalization. Medium-sized are defined as firms with 100 to 500 employees (Motwani, Levenburg & Schwarz, 2006; Wilinson & Brouthers, 2006). Studying medium-sized firms is appropriate because medium-sized firms have more resources than larger firms which increases the likelihood that internationalization is initiated as part of a strategic plan and substantial resource commitment rather than as an ad hoc event (Czinkota & Johnston, 1981; Dominguez & Mayrhofer, 2017). As a result, de-internationalization might become more difficult and preceded by a variety of activities before de-
internationalization takes place. Hence, it was expected that it was more likely to observe a de-internationalization process in medium-sized firms than in smaller firms. As a result, we expected that it is more likely to observe a de-internationalization process in medium-sized firms than in small firms. One of the firms de-internationalized by exiting from exporting and the other firm de-internationalized by divesting their foreign subsidiary in France.

3.2.2 Data collection

The qualitative study is based on different types of data. Case studies tend to use different sources of information (Eisenhardt, 1989). The primary data are from four interviews with key decision-makers in the case companies. The remaining data are drawn from annual reports and other information on the companies.

Primary data collection

Interviews allow researchers to collect rich information from each respondent which is particularly important when the population of respondents is small. Interviews allow greater rapport with informants than would be achieved using written questionnaires. The information obtained from interviews provides insights that contribute to the development or extension of theory (Daniels & Cannice, 2004). The most knowledgeable individuals in each company were chosen to be respondents. This allowed the collection of in-depth data on the process of de-internationalization (Whiting, 2008). Respondents were deemed to be knowledgeable about the process if they had been directly involved in the operations in the French market and/or the decision to de-internationalize. In the first case company (company A in essay 2) the former country manager in France and the firm’s CEO were deemed the most knowledgeable about the de-internationalization process. In the second case company (company B in essay 2), we approached several people including the CEO, the current general manager and the former general manager responsible for entry into the French market. However, only the current general manager was available for interview. The general manager of company B was involved in the de-internationalization process from the moment that the first problems emerged and indicated that she had held weekly meetings about the operations in the French market with the CEO.

In order to obtain insights into the de-internationalization process, we conducted semi-structured interviews. Semi-structured interviews are sufficiently structured to ensure that the topics related to the phenomenon of interest are addressed but there is room for respondents to provide in-depth and detailed answers (Galletta, 2013; Kallio, Pietilä, Johnson, & Kangasniemi, 2016). Posing a few open-ended questions about specific themes or asking the respondent to describe the de-internationalization process results in a respondent narrative (Denzin, 2001). Interview guides were prepared prior to the interviews. An interview guide is a data collection tool that is based on previous knowledge, and consists of a list of open-ended questions designed to direct the interview (Kallio et al., 2016). Follow-up questions can be posed during the interviews to direct respondents to different interesting themes emerging from their previous
responses (Creswell, 2013). For the first interview round, the interview guide was based on the review of the literature on de-internationalization. The questions in the second round of interviews were based on insights gleaned from the first interviews and the literature on attitudinal commitment.

The first round of semi-structured interviews was conducted within a year of the firms de-internationalizing. The country manager for France in company A and the general manager in company B were interviewed in this first round. Questions focused on the context in which the firm was active, the problems experienced, the motivations for de-internationalization and the activities associated to de-internationalization. Interviews lasted approximately 90 minutes which allowed for a good understanding of the internationalization efforts and the process of de-internationalization. Following an abductive approach, based on initial analysis of the data new themes emerged (Denzin, 1978). In the second round, two semi-structured interviews lasting approximately 50 minutes each were conducted. The CEO of company A, and the general manager of company B were interviewed. The role of attitudinal commitment emerged from the analysis as an interesting theme and the questions in the second interview focused on gaining more insights into this theme.

Secondary data collection. Secondary data are data not is generated specifically for the research question at hand (Creswell, 2013). The primary data in essay 2 were complemented by information from company websites, 238 news articles and firms’ press releases and 16 annual reports covering the period 2006-2013. This period covers the time of entry of the companies to the French market and their de-internationalization. The news articles and annual reports were added to the primary data and analyzed to identify interesting themes related to the internationalization process. These sources added relevant insights to the interviews and contributed to the study by enabling data triangulation. The news articles and annual reports provided information on other factors or events that affected the de-internationalization process, but which were not raised in the initial interviews (Leonard-Barton, 1990; Yin, 2003). If we identified additional events in the secondary data, we asked our respondents about them in the second round of interviews. The companies’ websites and written documents allowed us to create a timeline to understand the sequence of events before and at the time of de-internationalization.

3.2.3 Data analysis

In line with the case study technique, the interviews were recorded, transcribed, coded and written up (Huberman & Miles, 1994; Yin, 2003). This involved a multi-step process. Although the description of the process which follows might suggest it was a relatively linear process, it involved iteration and a process of back and forth between theory and data. For example, the initial aim was to describe the de-internationalization process but after the first round of interviews and during the process of data analysis attention shifted to the literature on organizational and attitudinal commitment. This resulted in a second round of data
3. Research method

collection and coding. This corresponds to an abductive approach where new insights obtained from data shift attention to different literature streams not previously considered (Shepherd & Sutcliffe, 2011).

The first step in the analysis involved interview transcription, learning about the cases and writing up the case descriptions. Following transcription of the interviews, the researcher read through the transcripts and the secondary data to identify key events and activities related to internationalization and de-internationalization. After collecting secondary data, each of the company cases was written up. The main focus in the case descriptions was a general description of the case companies and a chronological description of the internationalization and de-internationalization process in the French market. The practice of writing up cases is valuable for the process of data analysis because it facilitates learning about the data and results in identification of emerging themes (Miles, 1979).

In the second step the data collected were analyzed and sorted according to conceptual rather than chronological categories and based on the coding of the interviews and the secondary data. Coding is a method used to establish meaning in a systematic way (Miles, 1979). Although use of NVivo or similar software is common in relation to coding and data analysis (Kikooma, 2010), for this study I coded manually using pen and paper. On the one hand, use of qualitative analysis software can result in more systematic organization of the data which in turn, can facilitate understanding of the data and reflexivity (Woods, Macklin, & Lewis, 2016). On the other hand, it is mainly an organizational tool (Ghauri & Firth, 2009) and the process of coding and analysis does not differ substantially from manual coding. Initially, coding can be described as inductive, meaning a bottom-up approach starting from the data. However, it cannot be said that in this process the existing theory did not play a role (Eisenhardt, 1989; Shepherd & Sutcliffe, 2011). The initial coding was influenced by the knowledge obtained from the literature review on de-internationalization and my familiarity with the internationalization process literature. During the coding process, the relevance of attitudinal commitment was revealed resulting in a more deductive coding process building on the definitions and categorizations discussed in the literature on attitudinal commitment.

In the third step, the focus was on interpreting the codes and developing propositions for future research. In line with Yin (2003), the codes were used first for within-case analysis which focused on different types of commitment in the de-internationalization process. The aim was to identify common and conflicting themes (Ghauri & Firth, 2009), and in the early stages of analysis to identify data gaps to be addressed in the follow up interviews. Finally, the interview codes were combined in a meta-matrix to allow cross-case analysis to compare cases to the literature (Huberman & Miles, 1994) and identify patterns across cases. This comparison of the cases resulted in the definition of propositions which can be used as the basis for future research on the de-internationalization process.
3.3 Ethics and quality

Early in the research process I noted several problems associated to data access and collection when exploring internationalization as a discontinuous process. While longitudinal customs data provide opportunities to observe discontinuities, identifying and getting access to SMEs that have experienced de-internationalization is more difficult. This is potentially due to the fact that exit from exporting and foreign divestment are often associated to failure which makes managers reluctant to share their experience (McDermott, 2010). Scholars of entrepreneurial exit and failure (e.g. Jenkins, Wiklund, & Brundin, 2014) point to similar issues. Ethical considerations are important regardless of the research method adopted and at all stages of the research process (Miller, Birch, Mauthner, & Jessop, 2012). However, the negative connotations associated to de-internationalization potentially increase attention to the need to consider ethical issues associated to reporting of data and protection of privacy. The phenomenon under study is not perceived as highly sensitive and no negative effects are expected for the respondents in the qualitative study. However, the cases in the qualitative study were anonymized at the request of the respondents in order to avoid potential negative effects on the firms’ positions and reputation in the industry. Following common codes of conduct, I report only data relevant to the research questions addressed in each of the essays.

Different research techniques and practices were applied to enhance research reliability and validity. In essays 1 and 3 a range of practices common in quantitative research were adopted to enhance reliability and validity. For example, sample selection biases were corrected through two-stage estimation (Puhani, 2000), time lags were included to test causality and control for fixed effects (Bettis, Gambardella, Helfat, & Mitchell, 2014) and some important robustness tests were performed. In essay 2, the trustworthiness of the study was addressed by triangulating the different data sources, thick case description, and asking respondents to check the case descriptions (Creswell & Miller, 2000; Denzin, 1978). Three researchers were involved in the research process and the outcomes of the coding were discussed among them which increases credibility (Creswell & Miller, 2000).
4 Summary of the essays

In this section, I provide a summary of each of the four appended essays. The contributions of the thesis are discussed in section 5.

4.1 Essay 1: Keeping one’s options open: intermittent exporting, family involvement and foreign background

This essay addresses research question 1: “How does family involvement influence internationalization as a discontinuous process?” and focuses on intermittent exporting as a path that emerges in a discontinuous internationalization process. In this paper, we ask whether family firms - defined as SMEs where the family is involved in the firm management and/or the firm board - experience a higher degree of intermittent exporting than non-family firms, and if so, under what conditions. Drawing on the socioemotional wealth perspective and real options reasoning, we hypothesized and confirm that family firms are more involved in intermittent exporting than non-family firms. To reap the potential benefits of exporting and simultaneously minimize the potential negative effects on socioemotional wealth, family firms are more reluctant to commit fully to exporting and instead choose a more intermittent export process which allows them to keep their options open. We hypothesized also that CEOs and board members with a foreign background influence the relationship between family involvement and degree of intermittent exporting. CEOs and board members with foreign backgrounds can influence the perceived uncertainty associated to exporting (Hutzschenreuter & Horstkotte, 2013; Johanson & Vahlne, 1977) and increase the emphasis on keeping options open. A foreign background can influence the individual’s openness to exporting (Triandis, 2006), knowledge about foreign markets, ability to interpret information on different country settings (Muzychenko, 2008), make use of their international networks (Mustafa & Chen, 2010), and in that way influence the perceived uncertainty associated to exporting. Therefore, we hypothesize that foreign background of the CEO and board members moderates the relationship between family control and intermittent exporting, such that exporting becomes less intermittent. Applying a conditional risk set model, we confirm that family firms have a higher degree of intermittent exporting than non-family firms. We find support also for the moderating effect of CEO foreign background. This paper contributes to the literature on the distinction between export development by family and non-family firms, and work on SME internationalization.
4.2 Essay 2: Time to say “au revoir” - on commitment in firms’ de-internationalization processes

This essay addresses research question 2 by focusing on the process of de-internationalization. De-internationalization literature identifies a range of antecedents of de-internationalization but offers few insights into the process of de-internationalization (Jackson et al., 2005; McDermott, 2010). This study explores how medium-sized firms de-internationalize. De-internationalization is associated to decreased commitment to the foreign market. However, the commitment type studied is mainly behavioral commitment which is associated to the time and resources invested in the foreign market (Johanson & Vahlne, 1977). Building on the findings of two cases studies, we suggest that a focus on attitudinal–affective, continuance, instrumental and normative commitment can provide a more nuanced view of the role of commitment in the de-internationalization process.

Attitudinal commitment influences behavioral commitment (Steers, 1977; Stump et al., 1999), and therefore, understanding attitudinal commitment could provide insights into when and how medium-sized firms de-internationalize. Specifically, we found different commitment profiles which influence the timing of de-internationalization, the effort expended on the de-internationalization process, and the degree of de-internationalization. We suggest some directions for future research on the role of attitudinal commitment in the de-internationalization process. Essay 2 contributes to the international business literature in general, and the literature on de-internationalization in particular. Also, it offers some insights which contribute to the literature on attitudinal commitment.

4.3 Essay 3: When does exit from exports benefit the performance of SMEs?

This essay addresses the question: “Under which circumstances can exit from exporting be beneficial for SME performance?”. The performance effects of de-internationalization in general, and exit from exporting in particular are rarely studied. Few existing works studying the performance effects of exit, focus on the sunk costs of exit and the effects on productivity (Girma, Greenaway, & Kneller, 2004; Wagner, 2008). SMEs may exit for reasons other than exporting (Crick, 2004a; Nummela et al., 2014), which reasons might not necessarily have a negative effect on performance.

Building on the internationalization-performance literature (Lu & Beamish, 2004), I argue that similar to internationalization, exit from exporting may be associated to costs and benefits. To understand whether exit from exporting has a positive or negative effect on SME performance, I adopt a contingency approach
and suggest that availability of slack resources, industry munificence and industry dynamism moderate the relationship between exit and SME performance. Building on a sample of manufacturing SMEs, I find that high levels of available slack positively moderate the relationship between exit and SME performance while SME performance can suffer if potential and recoverable slack are high. Environmental munificence has no significant impact but environmental dynamism has a positive moderating effect on the relationship between exit and SME performance. This study contributes to the literature on the effect of exit from exporting on firm performance, and broader work on the effect of SME internationalization on performance.

4.4 Essay 4: Internationalization of family firms as a discontinuous process: conceptualization and future research using the behavioral theory of the firm

Since the early 1990s, work on family firms’ internationalization has increased substantially, and includes rich insights into how family control can influence firm internationalization. The findings for the relationship between the degree of family control and internationalization are inconclusive (Arregle, Naldi, Nordqvist, & Hitt, 2012; Sciascia et al., 2012; Zahra, 2003). As a response to these mixed findings several authors have proposed forms of family firm heterogeneity, and discussions have revolved around the degree of family involvement in the firm’s management and among external board members, and the effect of non-family CEOs (Calabrò & Mussolino, 2013; D’Angelo et al., 2016; Fernandez & Nieto, 2006; Majocchi & Strange, 2012; Mitter, Duller, Feldbauer-Durstmüller, & Kraus, 2014; Sanchez-Bueno & Usero, 2014; Sciascia et al., 2012; Sciascia, Mazzola, Astrachan, & Pieper, 2013). Other suggest considering heterogeneity in internationalization strategies (Banalieva & Eddleston, 2011; Boellis, Mariotti, Minichilli, & Piscitello, 2016; Hennart et al., 2017; Zahra, Hayton, Neubaum, Dibrell, & Craig, 2008). Nevertheless, this research mostly assumes that once family firms enter a foreign markets, they will continue to commit to that market, whereas in reality a discontinuous process is more frequent.

Based on a review of the family business internationalization literature, I conclude that the behavioral theory of the firm has influenced the literature on family firms’ internationalization by borrowing some elements of the behavioral theory of the firm such as the notion of multiple goals and uncertainty avoidance, and rejecting others. In order to understand family firm internationalization as a discontinuous process, I propose a refocus on the full theoretical framework provided by the behavioral theory of the firm. Based on the four key concepts of the behavioral theory – quasi resolution of goal conflict, uncertainty avoidance,
problemistic search and learning – I suggest new areas for empirical research and propose some relevant research questions.
5 Contributions and conclusions

5.1 Contributions to theory

This dissertation set out to study some key antecedents, mediations and outcomes of internationalization as a discontinuous process in the context of SMEs. It contributes to the SME internationalization literature, family business research and work on internationalization-performance. In recent years, there have been calls for a more dynamic view of internationalization (Santangelo & Meyer, 2017; Welch & Paavilainen-Mäntymäki, 2014; Vissak, 2010). This dissertation responds to this call. Specifically, the dissertation extends the SME internationalization literature in two ways. First, this research contributes to the literature on SME internationalization by showing that family control as an antecedent of internationalization as a discontinuous process, can result in higher degree of intermittent exporting (essay 1). The literature mainly studies exporting as a process in which firms continuously commit to foreign markets whereas in reality, exit and re-entry are frequent among exporting firms (Bernini et al., 2016; Welch & Luostarinen, 1988). By studying the relationship between family control and intermittent exporting, this dissertation adds to the discussion about which SME characteristics influence the degree of intermittent exporting. Second, this dissertation highlights the importance of attitudinal commitment in the process of de-internationalization (essay 2). Commitment is an important concept in the internationalization process literature but is understood mainly in terms of the resources invested in internationalization (Johanson & Vahlne, 1977). Recent research shows how commitment in terms of investment in internationalization can decrease and increase over time (Dominguez & Mayrhofer, 2017b). The findings in essay 2 extend this literature and show that combinations of the different forms of attitudinal commitment – affective, normative, continuance and instrumental commitment – influence the timing of de-internationalization, the effort expended on executing the de-internationalization decision and the outcome of the process. It provides information on some of the processes which take place in the firm and which result in de-internationalization. Third, the findings from essay 3 show that under certain circumstances exit from exporting can increase SME performance. The recent SME internationalization literature focuses increasingly on SME survival. It studies exit from exporting simultaneously with the SME seizing all their foreign and domestic activities (Sapienza et al., 2006; Sui & Baum, 2014). In investigating SMEs that exit from exporting but continue to operate in the home market, I provide an alternative perspective for the literature on SME internationalization and exit from exporting.

This dissertation contributes to research on family businesses in three ways. First, I contribute to this literature by adding a real options lens to the
socioemotional wealth perspective. While previous research suggests that family firms are less likely to export (Fernandez & Nieto, 2006), the findings from this dissertation research show that exporting family firms are more likely than non-family firms to be intermittent exporters (essay 1). Following real options reasoning, intermittent exporting allows the family firm to reap the benefits from exporting and achieve flexibility, while at the same time it reduces the potential risk of losing socioemotional wealth by limiting the size of the investment committed to the foreign market. These findings extend current understanding of the role of socioemotional wealth and risk in the export decisions of family firms and add to ongoing debate on the differences between family and non-family firm internationalization. The second contribution is that this research adopts a contingency perspective and theorizes around the role played by CEO’s foreign background in family firm exporting. The findings show that the presence of a CEO with an international background can reduce the of intermittent exporting. Although the international business literature points to the relevance of a foreign background in top management teams (Hutzschenreuter & Horstkotte, 2013; Pisani, Muller, & Bogățan, 2018), this has, so far, not been considered a potential influence in family firms’ internationalization. Third, the thesis suggests an alternative theoretical perspective which can provide new insights into family business internationalization. Although the literature in this field has grown substantially, the mechanisms through which family control shapes the internationalization process and the outcomes of internationalization are not well understood (De Massis, Frattini, Majocchi, & Piscitello, 2018). A possible reason for this is that current theoretical investigations of internationalization of family firms rarely consider the dynamics involved or the specifics of the micro-processes resulting from them (Reuber, 2016). The behavioral theory of the firm offers some insights into the internationalization process of family firms by opening the black box of how family behavior and the interactions among the different coalitions in the family firm influence de-internationalization and re-internationalization.

Finally, the dissertation contributes to the internationalization-performance literature in two ways. First, few studies examine the relationship between exit from exporting and SME performance and those that do find a negative effect on SME performance because the loss in sales is not compensated for in the home market (Girma et al., 2003; Wagner, 2008). I propose theoretical arguments and provide empirical support for the notion that similar to internationalization, exit from exporting involves both costs and benefits which influence the effect of exit on SME performance (essay 3). Hence, considering the benefits and costs of exiting provides a more nuanced understanding of the effect of exit from exporting on performance. Second, the findings show that exit can be beneficial for SME performance if there is a high level of available slack or if the firm is operating in a dynamic sector. In contrast, too much potential and recoverable slack can be harmful for SME performance. This suggests that some SMEs are more able than others to compensate for the costs of exit from exporting, and
emphasizes the importance of adopting a contingency approach to understanding the effect of exit from exporting on SME performance.

### 5.2 Contributions to practice

The dissertation has some implications for practitioners. Few firms follow a process of internationalization characterized by continuous commitment to internationalization (Bernini et al., 2016b; Dominguez & Mayrhofer, 2017b; Welch & Luostarinen, 1988). This highlights the need for practitioners to be aware of the factors that influence de-internationalization, and how to prepare for it. First, the dissertation suggests that intermittent exporting can be a way for family firms to consider. On the one hand, it provides opportunities to reap the benefits of increased sales and explore the characteristics of the foreign market that one is exporting to before committing for the long-run. The initial investments required to do so are fairly small which means that the firm can keep the options open for either continuing to business in the foreign market if uncertainty about the market reduces over time or to stop exporting and focus on the home market again. With these limited initial investments, the potential risk of losing financial and socioemotional wealth might be reduced when the SME exits from a market for some period of time. The findings highlight the importance of openness to international markets since family firms tend to follow a less intermittent exporting path if the CEO has an international background, while this effect was much weaker for non-family firms. A CEO with an international background cannot only provide access to knowledge about and networks in foreign markets, but he or she can also reduce the family’s concerns with the potential downside effects on socioemotional wealth and among family members.

The findings from this dissertation research show that the de-internationalization process is influenced especially by attitudinal commitment to the international market. This suggests that for firms to de-internationalize, decision-makers need to consider the commitment of the employees involved. A high degree of commitment to the foreign operation can result in a willingness to continue to try to make it a success and postpone de-internationalization. The effort put into the execution of the de-internationalization process was driven by normative commitment. Those involved in the de-internationalization process, were strongly focused on doing it in the right way for everyone. It is important for practitioners to realize that, especially foreign divestment but also exit from exporting, requires knowledge about rules and regulations in the foreign country and considerations of reallocation of employees in the foreign market. Contact and support from external agencies can in this process be of help in order to ensure that the right thing is done. Moreover, instrumental commitment influences the degree of de-internationalization. Although de-internationalization might be the best short-term solution, managers should carefully consider the potential opportunities for future sales. If the firm de-internationalizes completely it is more difficult to re-enter at a later point in time (Javalgi et al., 2011). Hence, if the firm
expects sales opportunities to emerge in the near future, it might be better to withdraw only partially from the market.

The findings suggest also that policy-makers should take careful account of SME characteristics when designing trade promotion programs. Whereas for some firms continuous commitment to international markets and continuous growth might be attractive, others because of their specific characteristics such as family ownership and control, might be more reluctant to commit fully. Nevertheless, trade promotion programs could provide support for these firms by providing targeted initiatives which allow them to enter foreign markets at their own pace, and provide tools and knowledge to reduce perceived uncertainty. This study shows also, that under certain circumstances exit from exporting can be advantageous for SMEs. However, due to the common perception that de-internationalization represents failure (McDermott, 2010; Nummela et al., 2014), few firms are prepared for or share knowledge about de-internationalization. Trade associations could provide more awareness about the reasons for and process of de-internationalization, particularly, attention can be paid to information about which factors to consider such as the issue of commitment, administrative practicalities and the potential associated emotional factors.

5.3 Limitations and future research

This research has some limitations. In essay 1, family firms are assumed to be a homogeneous group of firms. The study distinguishes between family and non-family firms. Although the binary classification of family firms is a frequently used approach (Feldman, Amit, & Villalonga, 2013; Mazzelli, Kotlar, & De Massis, 2018), it could be argued that in exploiting this I overlook the fact that family firms are a heterogeneous group. For example, different degrees of family control can have an impact on the likelihood of de-internationalization and re-internationalization. These characteristics which define different types of family firms are not considered here, and future research could provide insights into how family firm characteristics influence de-internationalization and re-internationalization. Essay 4 suggests some avenues for future research along these lines, building on the behavioral theory of the firm.

The dataset utilized in the quantitative studies offers clear advantages when studying a process. In contrast to static data, longitudinal data capture dynamic processes (Coviello & Jones, 2004) such as intermittent exporting. Longitudinal data also provide a better understanding of the performance effects of de-internationalization since these might not be observed in the same year as the firm exits from exporting (Hult et al., 2008). Finally, the data are from different sources which allowed us to study different aspects of the phenomenon (Yang, Wang, & Su, 2006). Although combining Swedish customs data with company financial data, and the longitudinal character of the dataset allow us to address a variety of questions, use of secondary data can be problematic. Since the data are not designed precisely for the purpose of this study, they have potential limitations in
relation to the variables used (Au, 2000). Future research could, for example incorporate more specific measures of family ownership and the family’s socioemotional wealth considerations in the de-internationalization decision or throughout the process of intermittent exporting.

Similarly, although the measures for the foreign background of the CEO and the members of the board of directors, provides insights in the openness towards foreign markets and the access to foreign networks and market knowledge, this might not be sufficient to completely understand SMEs’ intermittent exporting behavior. This measure is a reflection of the willingness of the CEO and the board to internationalize, but provides limited insights in their ability to do so (O’Brien, Folta, & Johnson, 2003). Hence, future research can include more specific measures that capture the ability of CEOs and board members to support SME internationalization, for example by considering past experience in other international firms.

The retrospective design of the qualitative study is another limitation. Rich and more detailed insights could be obtained by using longitudinal, real-time data on the divestment process. A retrospective design means that reactions might be biased as a result of retrospective sensemaking about the situation (Eisenhardt & Graebner, 2007). However, it is difficult to predict in advance which firms will de-internationalize and this raises problems when trying to conduct a real-time study (McDermott, 2010). Future research could address this limitation by following the firms from their first internationalization attempt.

A potential limitation related to essay 3 is that duration of exporting before exit is not considered. A longer export duration reduces the chances of exit (Bernini et al., 2016) but it can be assumed that exit from exporting will have a greater impact on firms that have been exporting for longer period of time. Investment of resources and commitment of managers to the export strategy will engender a stronger feeling of failure (Javalgi et al., 2011). However, the knowledge accumulated from the export experience could facilitate identification of new opportunities (Shepherd, Wiklund, & Haynie, 2009). Future research could focus on achieving a better understanding of the effects of exit from exporting in terms of learning from past experience, emotional impact of de-internationalization, and performance. (Surdu et al., 2018a) have taken the first steps in this direction by considering how learning from past experience influences re-entry; however, more work in this direction is needed e.g. by focusing on firm performance and emphasizing the potential effects on the individuals involved in the de-internationalization decision.

Finally, all the data in the dissertation are related to Swedish firms. Discontinuous internationalization is influenced by a variety of factors in the domestic market (Arregle, Miller, Hitt, & Beamish, 2013; Bernini et al., 2016). Hence, some of the current findings might be specific to the Swedish context. Future research could focus on replicating this study in different national contexts.
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