Working Paper

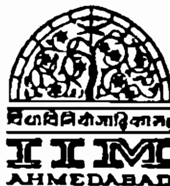
Strategies for Internationalization: Some Indian Case Studies

Ashok Korwar

W.P. No. 1290
January 1996

The main objective of the working paper series of the IIMA is to help faculty members to test out their research findings at the pre-publication stage.

WP1290
WP
1996
(1290)



Indian Institute of Management
Ahmedabad 380 015, India

Abstract

This paper presents a framework in which to understand the internationalization strategies of Indian firms. Drawing upon the experiences of twenty firms, we postulate that firm strategies may be best understood as responses to certain strategic challenges, with the firms drawing upon certain competitive advantages. These challenges and advantages are specifically identified. This framework appears to work well even where the firms differ in age, maturity, or size of international business. Cases studied are drawn from several Indian industries, and cover the period 1991 through 1995.

Key Words

Internationalization, Strategies, India, Case Study, Competitive Advantage, Mode Choice

Strategies for Internationalization: Some Indian Case Studies

Introduction

India is a classic example of a developing economy just opening out to the external world. Before the current (since 1991) phase of liberalization began, Indian companies had been used to a stable, protected environment, where the government controlled competition through a system of licenses and permits. Competition from global players was fended off by high tariff barriers and outright refusal to permit many foreign companies to operate in India. All this has now changed. Indian companies are encouraged to export, to set up ventures abroad, and to test their strength in foreign markets. Foreign competitors have been permitted to enter India through joint ventures or even fully owned subsidiaries.

When Indian companies started internationalizing, in response to these stimuli, they were faced with challenges, the like of which they had never seen before. The international customer was much more demanding, much more powerful, and seemed to operate by a different set of rules altogether than did the Indian customer. In this paper, we report the experiences of some Indian companies who have been relatively successful in meeting these new challenges. We analyze their responses to the challenges they faced, and present a framework in which to understand their international strategies. We would hope that the Indian experience may have significant lessons for developing countries in general.

Conceptual Issues

We focus on understanding international strategies at the company level. However, we do not address the question of why firms export in the first place. This is a large issue on which considerable work has been done (see Leonidou, 1995, for an exhaustive survey).

We are also not attempting to identify de minants of success and failure in internationalization (see Jaffe et al, 1988, and Koh, 1989).

Issues relating to mode choice, on which the literature is rich and varied, will naturally arise in our discussion of company strategies. Closely related to this literature is the literature on stages of internationalization. Modes are the institutional arrangements by which firms carry out their international activities - license/franchise, direct or indirect export, sales subsidiary, strategic alliance, joint venture, autonomous subsidiary, and so on. These arrangements or 'modes' are manifestations of the firm's strategy, and so are central to the issues we are examining here. The modes also reflect, in some sense, the 'stage' at which the firm is - a fully autonomous subsidiary abroad may be the mark of a company highly 'advanced' in its internationalization program, whereas a firm which exports from home base, with minimal adaptation, may be just a 'beginner' on this road. Johanson and Vahlne (1977) point out that the crucial differentiators between the different stages would be the degree of control and degree of direct contact with the ultimate forces of international business. This approach to 'stages' directly establishes the link between stages and modes. If, however, 'stages of internationalization' is defined as the number of export markets served, or some such product/market related parameter, as in Cavusgil (1977), the connection between stages and modes becomes more tenuous.

Empirical support for the 'stages' approach ppears to be mixed. Rao and Naidu (1992) find some recent evidence in support of the stages appro ch. The original empirical work in support of the stages theory was the study of four Swedish firms by Johanson and Wiedersheim-Paul (1975), and Wiedersheim-Paul, Olson and Welch (1978), who studied Australian firms. However, Turnbull (1987) challenges the stages approach on both conceptual and empirical grounds. He studies the behaviour

of British companies in three industries and finds little evidence of any 'stages' in action. He finds little correlation between form of marketing organization and type of company. Firms with little international sales volume are seen to be setting up full-blown subsidiaries abroad, which contradicts the stages theory.

In this paper, we propose a slightly different approach to this general issue. Our approach would be in line with Reid (1983), who holds that the form of internationalization is a selective adaptation to the firm's market opportunity and is influenced strongly by the firm resources. We postulate that the international strategies of firms may be usefully understood as a response to certain strategic challenges. In responding to these challenges, firms draw upon specific sources of competitive advantage (see Porter, 1980, for an elaboration of the concept of competitive advantage). The conjunction of these sets of competitive advantages and strategic challenges drives the strategies of firms.

One recent work in this same spirit is by Chang and Grub (1992), who examine the competitive strategies of Taiwanese PC firms in international business. They survey 54 companies in this single industry. They categorize their strategy variables as being based on differentiation, focus, cost efficiency, or asset parsimony. Although this work is similar in spirit to ours because it uses competitive advantage as the central concept, our methodology is quite different, as we shall see in the next section.

There is little empirical or conceptual work on firms from developing countries. Most studies work with U.S. companies (Kedia and Chhokar, 1986, Bilkey and Tesar, 1977), Scandinavian firms (Johanson and Wiedersheim-Paul, 1975, and Ghauri and Kumar, 1989), or U.K. companies (Turnbull, 1987). Even the 'developing' countries studied are often close to Western countries, both in geography and culture, as in the study of Israeli firms by Jaffe, Pasternak and Nebenzahl (1988). There is little work on the experiences of companies from the 'classic' developing countries like India or China. This paper attempts to bridge this gap.

Methodological Issues

Most empirical work in this field tends to be survey-based. Survey-based work does have the advantage that selection bias can be controlled by suitable randomization procedures, and statistical testing of hypotheses becomes possible, if the sample size is adequate.

On the other hand, there are some serious shortcomings to the survey approach. Leonidou (1995), in a review of recent empirical work in the field, points out that there is a need for greater qualitative methods of data collection such as personal interviews. Reid (1981), Albaum and Peterson (1984), and Thomas and Araujo (1985), among others, also highlight the need for longitudinal approaches which can capture some of the dynamics of international business decisions.

Anther major shortcoming of the survey method is that the respondent often is not the decision-maker. Even if he is now the decision maker, he may not have been involved in the decisions under study. The persons who actually did shape strategies in the past may be dispersed throughout the organization, and may be difficult to locate except by a detailed study of the organization. Again, the survey method requires the researcher to pre-define the strategy variables she is going to use. Even if the survey instrument is extensively pre-tested, it may not be able to capture some of the more subtle nuances of strategy.

Finally, it is our observation that even senior managers are not always able to articulate their own strategies in a way that would be meaningful to researchers. Only by observing, decision by decision,

what managers actually have done, and why, can the researcher infer the strategic thinking behind their actions.

With all these considerations in mind, we have chosen the case study route to understand the strategies adopted by our sample firms. Several days have been spent talking to people in each company, to customers and suppliers, as well as to knowledgeable people outside the company, in developing a complete understanding of each company situation. We believe this method has the potential to reveal the subtle nuances of company strategies. In each case study, we have attempted to reconstruct the recent history of the firm's internationalization process.

The shortcomings of the case approach include the following: the selection of companies becomes somewhat arbitrary, since companies of interest to the researcher may not be willing, or able, to work with the researcher. Since the number of cases cannot be very large, statistical tests cannot be meaningfully applied. Since the sample studied is a small subset of the entire universe of firms, generalizations must be viewed with caution. Finally, the biases of the researcher are bound to affect his or her findings, especially in a study where considerable judgement and reading between the lines is called for.

Methodology and Data

A total of 20 companies were studied in depth. One of these was a multi-division company with separate export businesses in several industries. We have treated these divisions as separate entities, and studied 3 of them in depth, hence the total number of companies studied may be considered to be 22. Firms were selected for study applying the following criteria:

> they should be 'successful' in international business, in the sense that they are leaders in their respective industries. The identification of 'leaders' is necessarily a somewhat subjective process of scanning business periodicals for stories, and discussions with industry experts. In most cases, the companies were indeed the top one or two companies in their respective industries in quantitative terms, as measured by the ratio of international revenue to domestic revenue, or the absolute size of international revenue. However, there are also some cases where such quantitative measures were not available, because many companies are privately held and do not disclose financial information.
>
> they should be willing to cooperate with the study by permitting the researcher to study their companies in depth.
>
> the sample should span a range of industries, especially those significant in India's international activity. Table 1 shows the industry composition of our firms, and maps this composition to the composition of India's exports. The firms in the sample ended up representing 79% of India's non-agricultural exports.

The firms selected range from start-up companies only a few years old, to those who had been in business for hundreds of years. Some had been in international business for decades. Some were exclusively focused on international business, whereas some engaged in domestic business as well.

In every case, extensive discussions were held with managers at several levels of the company. In almost every case (all except 3), the CEO of the company spent significant time with the researcher. In a small number of instances (2 out of the 22), such discussions were held off the company site. This was usually to suit the convenience of the managers being interviewed. In all other cases, the company's manufacturing and marketing facilities were visited, several days were spent in talking to

employees at various levels in the company, and internal company documents and records were examined. In several instances, the researcher was also able to talk to some typical foreign customers.

In each case, the discussion with company officers were aimed at building up a complete understanding of the company's current international activities. Specific attention was paid to the new era of liberalization (1990 onwards). In every case, an attempt was made to get an overall understanding of how the company first got into international business, even if it was several decades ago.

Conceptual Approach

'Strategy is a unified, comprehensive, and integrated plan that relates the strategic advantages of the firm to the challenges of the environment', according to Jauch and Glueck (1988). We shall start with this working definition of strategy.

Company strategy is seen as shaped by two distinct sets of forces - the challenges faced by the company, and the competitive advantages the company can rely on to overcome the challenges. Thus, the firm's strategy is seen in a 'challenge, advantage, and response' framework (see Balakrishnan (1982) for an earlier, similar approach).

The immediate question we turn to is - what are these 'advantages' and 'challenges', for our Indian companies?

Common Beliefs

It is commonly expected (see Jones and Kenen (1984) for a general survey) that Indian companies would face the following challenges in international business:

- lack of capital: international aid agencies like the World Bank were founded on this premise.

- inability to access technologies: since advanced technologies are usually developed in the West or in Japan, Indian firms may be presumed to be unable to access them.

At the same time, it is generally assumed that Indian companies would have the following competitive advantages:

- low labour cost: since labour is cheap and plentiful in India, Indian companies would have a cost advantage compared to companies from developed nations.

- large domestic market: since India is potentially a large market in itself, largely due to its enormous population, it is possible for Indian companies to develop a strong business base at home, from which to launch international activities.

These may be considered the majority view, encountered again and again in conversations with policy makers and industry experts in India.

However, not all writers hold these 'conventional' views. Porter (1990), for instance, points out that low labour cost cannot lead to sustainable advantage in the long run. He also points out that large domestic demand is not enough to confer advantages - the demand must be sophisticated as well.

Challenges and Advantages

Our studies lead us to postulate that the challenges faced by Indian companies in international business are of an entirely different nature than those discussed above.

In no case, did we find lack of capital preventing a company from implementing its international strategy. Even where domestic capital markets were inadequate, Indian companies have been able to tap Euromarkets to raise all the funds they need. Indeed, we have found that many companies have not even been able to spend the funds they had raised in international capital markets.

Again, in no case, did we find a company constrained by lack of technology. In most industries, equivalent technologies were available from a number of foreign sources, and Indian companies were able to get the technology they wanted from one of them. Indeed, of the sample of 22 companies, only 4 appeared to feel the need for any significant technology collaboration, and all of them were able to negotiate such agreements at satisfactory terms. One company entered into two separate technology arrangements, one with a U.S. company, and another with a Japanese company, in the same business line. Another entered into a technical agreement with a Swiss company for a specialized component.

Turning to the advantages Indian companies are presumed to have, we find the evidence mixed.

In some industries, like leather and garments, labour continues to be a significant proportion of cost (15 to 25%). However, when compared with countries such as Korea and China, the lower productivity of Indian labour (about half to one-fourth) negated any advantage in raw cost (which is around 50%). Only in the diamond industry did we find the cost advantage of labour to be of overriding importance. In the computer software industry, the cost advantage of Indian systems professionals is being rapidly eroded by regulations in advanced countries which require Indian professionals working there to be paid salaries comparable to their host country counterparts. It is the large supply of software professionals which lies at the heart of the Indian advantage, not the price at which such professionals are available. In auto components, the situation is somewhat similar. Here again, it is not cheap labour per se, but the availability of high quality engineering design skills, which forms the more important basis for competitive advantage. In some other industries, such as dyes and chemicals and pharmaceuticals, labour is an insignificant part of total cost.

As for the advantages of a large Indian market, only the dyes industry had a domestic market comparable in size and quality to the international market. Indeed, many of our companies did not engage in domestic business at all.

Challenges Faced by Indian Companies

What, then, are the challenges Indian companies actually face in international business? (We shall label them C1 through C4 for ease of future reference).

C1. Quality

Indian companies, accustomed to an undemanding customer at home, were astonished at the kind of quality demanded by the international customer. For her part, the international customer reacted with mistrust when she saw the 'Made in India' label.

While most companies in our sample faced this challenge in one way or the other, there were differences in degree. For some firms, this was the over-riding challenge, to which the entire energies of the firm had to be directed. For others, it was one of many hurdles to be negotiated.

C2. Speed

In industries where consumer tastes change rapidly, many Indian companies found that the speed of response demanded by international customers was several orders of magnitude higher than what they had been used to in India. In the leather footwear industry, or in garments, the selling season in the U.S. or Europe is only a few months long. Within a short span of 3 months, Indian companies had to figure out consumer tastes, come up with appropriate designs, configure the supply chain, manage production, and deliver the product to the market. None of them had ever been used to responding to such changes in anything less than a few years.

C3. Reach

The ability to reach markets, both in the physical and 'mind-share' sense, turned out to be a major challenge for Indian companies. This is a complex challenge, made up of demands on positioning, image building, and ability to deliver goods accurately and on time. Again, the degree to which this ability matters differs considerably from industry to industry. In auto components, it may not be critical, since the customers are few and concentrated, while in garments and textiles, it may be much more significant.

C4. Credibility

Particularly in service industries, Indian companies found themselves struggling to persuade potential customers that they could actually deliver what they promised. Software companies attempting to market systems to Western banks, for instance, found it extremely difficult to persuade the customer that they understood banking well enough to develop mission-critical systems. The difficulty had nothing to do with technical competence in systems - it had to do with the fact that there are no world class Indian banks. This is an issue of credibility rather than competence.

Competitive Advantages Enjoyed by Indian Companies

What competitive advantages could Indian companies actually draw upon? We found them to belong to the following categories (labelled A1 through A3):

A1. Availability of Inputs

Broadly defined, inputs includes both factors of production like cotton, and skills like engineering design.

The textile industry, for instance, enjoys the advantage of locally available high-grade cotton. The software industry draws on the availability of large numbers of trainable computer professionals. The auto components enjoys the advantage of having a large number of highly skilled engineers, capable of making engineering design variations and adaptations.

A2. Locally Adapted Technology

In some instances Indian technology was found to have been particularly well adapted to the operating conditions and scales required in specific international markets. For instance, the Indian textile industry draws some of its competitive advantage from the adaptations and improvisations made to the basic technology of textile machinery, to suit it for Indian conditions. This adaptation has happened over decades, if not centuries. Similarly, Indian dye manufacturers have evolved textile dyes that are

peculiarly well suited to hot, humid climatic conditions, which has been of great advantage to them in some international markets.

A3. *Environmental Regulations*

Many industries, especially dyes and leather, are sunset industries in developed countries, because they create unacceptable levels of environmental pollution. Since technology has not been able to solve the problem entirely, these industries have naturally gravitated to host countries where regulations on environmental pollution are less stringent. India is one such country. Some of the competitive advantage enjoyed by Indian companies stems directly from this lack of concern with the environment in India, relative to developed countries. Of course, the long-term price being paid by India is probably incalculable. Indeed, in early 1995, the Indian government has begun to crack down on polluters in the dyes industry.

Table 3 shows the configuration of strategic forces faced by each of our firms.

Strategic Response

Each firm in our sample responded to its challenges in its own unique way. However, while the details and nuances were different from company to company, we found a certain pattern in their strategies, which is shown in Table 4.

The range of strategies adopted may be seen from a few examples.

One company, in auto components, found itself hard put to it to convince global automobile companies that it could be a reliable supplier of components of world-class quality. The challenge it faced was thus two-fold: to achieve world-class quality, and to convince the global auto makers that it could do the job (an issue of credibility). The strategy adopted was to focus intensely on winning business with Japanese joint ventures in India. In serving these demanding customers, it upgraded its quality systems, and learned what it meant to deal with a world-class auto maker. It was able to use this experience as a 'calling card' to establish its credibility with other auto makers abroad. Since one of its competitive advantages was its large pool of engineering skills, which is somewhat immobile, it continued to export from its home base in India.

Another company, a dyes manufacturer, found itself faced with a fast-changing, fashion-driven market for finished dyes in the U.S. It responded by moving final production overseas, close to the final customer, through the vehicle of a joint venture. Since one of its competitive advantages (favourable environmental regulations), was premised on operating in India it split the production process, producing critical (and polluting) inputs in India and finishing them in the joint venture abroad.

A number of companies, finding themselves in a consumer-oriented business, where the greatest challenge was to actually reach the end consumer, entered into buy-back arrangements with large foreign buyers and concentrated on producing to the buyers' specifications. Most such companies also drew upon competitive advantages which were contingent on operating in India - environmental regulations, availability of raw materials such as cotton and leather, and locally available skills. This forced them to maintain operations in India, even though it kept them far from their target markets.

Implications

The interesting implication of Table 4, read with Table 2, is that the nature of the firms' strategic response appears to be driven by the configuration of challenge and advantage, rather than by the

firm's age and maturity, or degree of involvement in international business. Firms in different industries also responded in very similar ways to a given set of challenges and advantages.

For instance, firms number 21 and 22, though in industries as different as diamonds and marine products, responded in identical fashion because the configuration of challenge and advantage they faced, was, in fact, identical. Similarly, firms number 2 and 12, again from very different industries, responded to the credibility challenge by adopting a strategy of focusing intensely on a small number of customers to build credibility. The advantages they could rely on were also roughly similar.

Again, firms numbers 7 and 21 adopted very similar strategies, although there are great differences between them. Firm number 7 is a very large company, whose involvement in international business is quite minor and recent. Firm number 21 is a very small company, completely dedicated to international business, who has been in this business for a relatively long time. Similarly, firms number 1 and 14 responded to similar challenges by seeking a joint venture with a foreign partner. The two firms were quite unlike in other respects, however - firm number 1 is only a few years old, and is quite small, but completely devoted to exports, whereas firm number 14 is very large, has been in existence for many decades, and is mainly in domestic business.

Another pattern may be discerned in the behaviour of firms 14,18 and 20. Each of them drew on a relatively mobile advantage, namely, locally adapted technology. Each of them chose to set up a joint venture abroad rather than export from home.

At the same time, firms in the same industry do appear to be acted upon by similar strategic forces. However, by making certain choices, especially product choices, the firm can effectively side-step some of its challenges. In other words, the firm is not an entirely passive 'taker' of strategic forces - it can, to a limited extent, choose the forces it will suffer to act upon it. For instance, firms faced with the challenge of speedy response, may choose to side-step this particular challenge, as firms numbers 16 and 17 did, or take it on, as firm number 18 did. All three firms were in the same industry, namely, dyes. By choosing to take on this particular challenge, firm number 18 was led to a different strategy - establishing a joint venture in its target market, from that adopted by the other firms. All three firms are roughly comparable in age and maturity, yet their strategies are very different, because the specific challenges they chose to confront, are very different.

Conclusions

This study suggests that our challenge-advantage-response framework is a useful way to understand the strategies adopted by Indian firms in international business. This conceptual approach appears to be robust enough to explain strategy choices even in the presence of differences of age and maturity, both factors considered in the literature to be important determinants of firm strategy.

The model also has implications for practising managers. These may be seen at two levels. At one level, managers can use this framework as a check-list to identify and classify the strategic forces driving their businesses. They could then quickly identify the strategies other Indian companies appear to have successfully adopted in similar situations. At another level, managers of companies which have successfully met a given set of challenges, can use this framework to think through what it would require to take on challenges they have thus far side-stepped. For instance, does it now make sense to establish a joint venture abroad? An examination of Table 4 may yield some useful pointers.

Caveats

One assumption implicit in these conclusions is that our firms will remain successful in the long run. Since many of these firms have, in fact, been in international business only a few years, this may not hold up. In that case, their strategies may not be worth emulating. Again, the set of challenges and advantages the companies face, may change over time. For instance, firms which rely upon lax environmental regulations in India, may well find themselves faced with increasing pressure in India to control their pollution. Similarly, many firms which rely upon locally available inputs as a source of strength, may find their sources drying up as the economy expands.

Again, we must note that these findings are based on a small set of case studies. There may be strategic forces operating on Indian companies, which we have completely missed in studying our sample of firms.

Finally, we have no way of testing whether our findings apply to other countries than India.

Table 1

Industries represented by firms in the sample, and the proportion of these industries in India's exports

Industry	No. of firms in the sample	Percentage of Indian non-agricultural exports contributed by the industry*
Computer software	2	1.5%
Leather goods	5	2.6%
Textiles	4	28.8%
Automobiles and components	4	14.5%
Dyes and chemicals	3	1.4%
Pharmaceuticals	2	6.0%
Gems and Jewellery	1	19.9%
Marine products	1	6.0%

* Source: Annual Report, Ministry of Commerce, Government of India, 1992-93

Table 2
Summary Data on Companies Studied
(as of December 1993)

Company Serial No.	Size (million U.S. dollars)	International business revenue as percent of total	Years in business	Years in internat-ional business
1.	3.6	100%	3	3
2.	25.0	100%	10	10
3.	82.1	100%	over 100	over 50
4.	71.4	100%	8	8
5.	107.1	100%	35	35
6.	75.0	100%	40	40
7.	3,748.2	11%	60	16
8.	576.1	32%	90	15
9.	107.1	100%	11	11
10.	525.9	50%	50	10
11.	3,748.2	11%	60	16
12.	431.2	35%	30	5
13.	258.2	35%	20	5
14.	2,650.0	5%	55	13
15.	145.4	7%	60	3
16.	15.0	60%	15	10
17.	103.9	20%	5	5
18.	620.0	10%	20	15
19.	116.1	55%	8	6
20	821.4	31%	15	12
21.	0.9	100%	20	20
22	3,748.2	11%	60	16

Note: in many cases, exact financial information was not available, because many companies are privately held. In such cases, the researcher's estimates are provided above.

Table 3

Configuration of strategic forces

Company Serial No.	Industry	Challenges and Advantages*
1.	Computer Software	C4 and A1
2.	Computer Software	C4 and A1
3.	Leather	C1,C2,C3 and A1,A3
4.	Leather	C1,C2,C3 and A1,A3
5.	Leather	C1,C2,C3 and A1,A3
6.	Leather	C1,C2,C3 and A1,A3
7.	Leather	C1,C2,C3 and A1,A3
8.	Textiles	C1,C2,C3 and A1,A2
9.	Textiles	C1,C2,C3 and A1,A2
10.	Textiles	C1,C2,C3 and A1,A2
11.	Textiles	C1,C2,C3 and A1,A2
12.	Automobile	C1,C4 and A1,A3
13.	Automobile	C1,C4 and A1
14.	Automobile	C2,C3 and A1,A2
15.	Automobile	C2,C3 and A1
16.	Dyes and Chemicals	C2,C3 and A1,A3
17.	Dyes and Chemicals	C2,C3 and A1,A3
18.	Dyes and Chemicals	C2,C3 and A1,A2,A3
19.	Pharmaceuticals	C1**
20.	Pharmaceuticals	C3 and A2
21.	Diamonds	C3 and A1
22.	Marine Products	C3 and A1

* C1: quality — A1: availability of inputs
C2: speed — A2: locally adapted technology
C3: reach — A3: environmental regulations
C4: credibility

** in this case, we found no particular competitive advantage

Table 4
Configuration of Forces and Strategic Responses

Company Serial No.	Industry	Challenges and Advantages*	Strategic Response
1.	Computer Software	C4 and A1	Joint venture with major foreign software firm
2.	Computer Software	C4 and A1	Focus on major customer, alliance with customer to develop software for other firms.
3.	Leather	C1,C2,C3 and A1,A3	Export from home, through foreign buyer. Avoid high fashion segment, thereby sidestep C2.
4.	Leather	C1,C2,C3 and A1,A3	Export from home, through foreign buyer. Avoid high fashion segment, thereby sidestep C2.
5.	Leather	C1,C2,C3 and A1,A3	Export from home, through foreign buyer. Avoid high fashion segment, thereby sidestep C2.
6.	Leather	C1,C2,C3 and A1,A3	Export from home, through foreign buyer. Avoid high fashion segment, thereby sidestep C2.
7.	Leather	C1,C2,C3 and A1,A3	Export from home, through foreign buyer. Avoid high fashion segment, thereby sidestep C2.
8.	Textiles	C1,C2,C3 and A1,A2	Avoid high fashion, thereby sidestep C2. Export from home base, marketing alliance to seek out markets. Intense focus on quality upgradation.
9.	Textiles	C1,C2,C3 and A1,A2	Avoid high fashion, thereby sidestep C2. Export from home, to large buyers (converters).
10.	Textiles	C1,C2,C3 and A1,A2	Avoid high fashion, thereby sidestep C2. Export from home, to large buyers (converters).
11.	Textiles	C1,C2,C3 and A1,A2	Avoid high fashion, thereby sidestep C2. Export from home, to large buyers (converters).
12.	Automobile	C1,C4 and A1,A3	Focus on Japanese automakers. Build credibility, then export to other automakers.
13.	Automobile	C1,C4 and A1	Focus on one global automaker. ISO 9000 certification for quality.
14.	Automobile	C2,C3 and A1,A2	Focus on nostalgia segment, thereby sidestep C2. Joint venture in Europe with distributor.
15.	Automobile	C2,C3 and A1	Focus on nostalgia segment, thereby sidestep C2. Export from home.
16.	Dyes and Chemicals	C2,C3 and A1,A3	Avoid finished dyes, therefore sidestep C2 and C3. Export from home.
17.	Dyes and Chemicals	C2,C3 and A1,A3	Avoid finished dyes, therefore sidestep C2 and C3. Export from home.
18.	Dyes and Chemicals	C2,C3 and A1,A2,A3	Finished dyes. Joint venture in U.S., intermediate produced at home.

19.	Pharma-ceuticals	C1	Focus on single product, build global scale economies. Choice of product such that quality easy to achieve and demonstrate.
20.	Pharma-ceuticals	C3 and A2	Branded products. Joint ventures abroad. Strategic alliance with global player for cross-marketing of products.
21.	Diamonds	C3 and A1	Export from home, through established global buyer.
22.	Marine Products	C3 and A1	Export from home. Buy-back agreements with major buyers.

* C1: quality
C2: speed
C3: reach
C4: credibility

A1: availability of inputs
A2: locally adapted technology
A3: environmental regulations

References

Albaum, G., and Peterson, R. (1984) Empirical Research in International Marketing: 1976-1982. Journal of International Business Studies, Spring-Summer, pp. 161-173

Balakrishnan, K. (1982) Internationalizing LDC Firms: A Strategic Search Model, Occasional Papers, Asian Institute of Management, Manila.

Bilkey, W., and Tesar, G. (1977) Export Behavior of Smaller-Sized Wisconsin Manufacturing Firms. Journal of International Business Studies, Spring/Summer pp. 93-98

Cavusgil, S.T. (1977) A Proposed Conceptualization of International Marketing Activities and Some Observations. Studies in Development, Vol. 16, Summer, pp. 28-42

Chang, T. and Grub, P.D. (1992) Competitive Strategies of Taiwanese PC Firms in their Internationalization Process. Journal of Global Marketing, Vol. 6, No. 3, pp. 5-27

Ghaun, P.N. and Kumar, P. (1989) An Empirical Investigation of Factors Influencing Export Behaviour of Smaller Swedish Firms, in Marketing Thought and Practice in the 1990s, Avlonitis, G., Papavasiliou, N.K., and Kouremenos, A.G. (Eds), EMAC Proceedings, Athens, pp. 355-372

Jaffe, E Pasternak, D.H., and Nebenzahl, I. (1988) The Export Behaviour of Small Israeli Manufacturers. Journal of Global Marketing, Vol. 2, No.2, pp. 27-49

Jones, R.W. and Kenen, P.B. Eds. (1984) Handbook of International Economics, Amsterdam, North Holland Press.

Kedia, B.L., and Chhokar, J.C. (1986) Factors Inhibiting Export Performance of Firms: An Empirical Investigation. Management International Review, Vol. 26, No. 4, pp. 33-44

Koh, A.C. (1989) An Evaluation of Current Marketing Practices of United States Firms. Developments in Marketing Science, Vol. XII, pp. 198-203

Johanson, J. and Vahlne, J. (1977) The Internationalization Process of the Firm - a Model of Knowledge Development and Increasing Foreign Market Commitments. Journal of International Business Studies, Vol.1, No. 1, pp. 23-32

Johansen, J. and Wiedersheim-Paul, F. (1975) The Internationalization of the Firm - Four Swedish Cases. Journal of Management Studies, Vol. 12, No.3, pp. 305-322

Leonidou, L.C. (1995) Export Stimulation Research: Review, Evaluation and Integration. International Business Review, Vol.4, No.2, pp. 133-156

Rao, T.R., and Naidu, G.M. (1992) Are the Stages of Internationalization Empirically Supportable? Journal of Global Marketing, Vol. 6, No.1, pp. 147-170

Reid, S.D. (1983) Managerial and Firm Influence on Export Behavior. Journal of the Academy of Marketing Science, Vol. 11, No. 3, pp. 323-332

Porter, M.E. (1980) Competitive Strategy: Techniques for Analyzing Industries and Competitors. New York, The Free Press.

Porter, M.E. (1990) The Competitive Advantage of Nations, London, The Macmillan Press.

Thomas, M.J. and Araujo, L. (1985) Theories of Export Behaviour: A Critical Analysis. European Journal of Marketing, Vol 19, No. 2, pp. 42-52

Turnbull, P.W. (1987) A Challenge to the Stages Theory of the Internationalization Process, in Managing Export Entry and Expansion. Rosson, P.J. and Reed, S.D. (Eds). Greenwood Publishing Group, Westport, CT.

Wiedersheim-Paul, F., Olson, H.C., and Welch, L.S. (1978) Pre-export Activity: The First Step in Internationalization. Journal of International Business Studies, Spring-Summer, pp. 47-58