The Internationalisation of Emerging Market Firms: A Study of the Indian Service Sector

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Abstract

This study investigates the motives for and favoured investment modes of internationalisation of Indian services sector firms. Further, this study examines capabilities and resources and how companies deploy these in international markets. This entails understanding how the companies adapt to host markets and the mechanisms which trigger dynamic capability adoption. Finally, this study analyses the effects of the external market on their internationalisation motives. This study’s relevance is significant given increasing investments from emerging and transition economies, which form a third of global investments today compared to less than ten percent two decades ago. This coupled with the notion that emerging market companies lack the pre-existing capabilities required for internationalisation, is probed in this study. Internationalisation theories have been sourced from a western context based on developed market companies’ investment into other developed or emerging market countries; in this context, this study provides evidence of a subaltern view in reference to the internationalisation of emerging market firms.

The empirical material consists of five Indian service sector firms with significant international presence in the Information Technology, Telecom and Hospitality service sectors. The research adopts an interpretivist cum constructivist approach to understanding their internationalisation motives using a qualitative exploratory case-study based research method. Data was collected in the form of semi-structured interviews (elite interviews) with the decision makers of the companies under study. This was supplemented with email questionnaires from former employees who had worked in overseas locations. This was further supplemented with secondary data towards reliability and triangulation purposes.

Findings from this thesis illustrate that the firms studied are heterogeneous in nature about their internationalisation motives. There is divergence in managerial learning across host markets in the adaption of internationalisation for the creation of competitive advantage. In analysing the internationalisation motives of these companies, this study extends the existing theoretical understanding behind the concept of multinational companies. This study also makes a theoretical contribution towards the understanding of fast capability acquisition by Indian service sector firms towards rapid internationalisation while developing a competitive advantage in foreign host markets.
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Author’s Declaration

I declare that this thesis is a presentation of original work and I am the sole author. This work has not previously been presented for an award at this, or any other, University. All sources are acknowledged as References.
Dedication

This work is dedicated to my son Angad Singh (31-03-1998 to 30-12-2011). If you had not embarked on your journey to the other world, I may have never embarked on this PhD journey.

This work is also dedicated to my late grandfather, Prof. Narendra Nath Choudhuri, the first professor of Sanskrit and Dean of Delhi University, India.
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I would like to express gratitude and heartfelt thanks to my main supervisor Dr. Simon Mollan. I troubled him quite a few times but he graciously embraced my idiosyncrasies, giving me time sometimes even on weekends to go over my work and give his valuable inputs, always pushing me but also telling me to take the much-required breaks from work. I cherish the great mentor-mentee relationship that we had and hope to continue in the future with research collaboration.

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I am ever so grateful to my parents Prof. Indra Nath Choudhuri and Prof. Usha Choudhuri for their blessings, love and support. You were the main pillars of inspiration for me to pursue this journey towards a doctorate. My elder sister, Mrs. Manjushree Choudhuri for urging me on when I sometimes became frustrated and my brother-in-law Mr. Sumanta Choudhuri (IAS) for his love and support.

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It is imperative to acknowledge my ex-colleague and dearest friend now, who helped me connect with elite interviewees and visited me continuously in England to show his love and support. Thank you Vikram Subrahmanyam.

To all the interviewees to accommodate me in their busy schedules, given the limited time I had in India for data collection, I am grateful.

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I wish to acknowledge the constant support received from my friends at York for all those late-night discussions, revelry and those fun breaks from work.

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Finally, I am grateful to God for helping me keep my resolve to complete my PhD. I did my part as I have kept close to my heart the saying: God helps those who help themselves.
1. Introduction

1.1 Introduction
Over the past decade, there has been an increase in the flow of Foreign Direct Investment (FDI) from emerging markets. Outward FDI (OFDI) has steadily increased from developing and transition economies. As per the United Nations Conference on Trade and Development (UNCTAD) World Investment Report 2015, the share of OFDI from developing and transition economies was close to 40% in 2014. While this decreased to 30%\(^1\) in 2015 (UNCTAD WIR, 2016) and by a further 1% in 2016\(^2\) (UNCTAD WIR, 2017), it is still significant compared to the early 2000s when the share was a marginal 10%.

As OFDI increases from developing economies both into other developing countries and the developed world, international business scholars have also increased their focus on studying emerging market companies and the associated competitive advantage and business strategies towards their internationalisation. Additionally, there has been extensive interest to understand whether the rise of Emerging Markets Multinational Enterprises (EMNE) is consistent with existing international business theories (Ramamurti, 2009, a). Existing international business theories are based on behaviours of multinationals from developed markets with no focus on behaviour of EMNEs (Cuervo-Cazerra & Ramamurti, 2014). There is a lack of empirical understanding of the internationalisation of Indian companies, especially from the perspective of the resources and dynamic capabilities approach. Hence, the focal point of this thesis is to investigate the resources and capabilities that firms from emerging markets possess and how these have helped them internationalise; further, during the process of internationalisation, if these firms acquired additional resources and capabilities for a sustained competitive advantage in international markets.

Findings from this thesis illustrates that the firms studied are heterogeneous in nature with regards to the motivation for outward investment followed by divergence in

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\(^1\) The drop has been mainly due to a slowdown in investment from Hong Kong. However, Hong Kong is considered a newly industrialised nation as per International Business (IB) literature and has not been considered among the developing nations for the purpose of this study.

\(^2\) There has been a decline in total outward investment in 2016 (USD 1.408 trillion) compared to 2015 (USD 1.432 trillion). In real numbers, OFDI from developing and transition economies increased in 2016 (USD 408 billion) compared to 2015 (USD 332 billion).
managerial learning in various host markets to adapt their internationalisation in order to create competitive advantage.

This introductory chapter paves the path for this study. It is important to first understand about Indian OFDI and hence, the next section (1.2) outlines the background of India’s industrialisation followed by the trend and pattern of outward investment from India. This is followed by section 1.3 which articulates the research relevance of this study based on the gap in existing literature. Existing literature on internationalisation rests on theories which were developed based on outward investment from developed markets to other developed or developing markets. There is a debate among international business scholars if outward investments from emerging markets conform to such theories. There is a growing body of literature on this topic but it is still limited, especially studies on Indian outward investments. Outward investment from India has only seen a substantial growth after 2000. The gaps that have been identified help generate research questions. The over-arching research objectives are provided in section 1.4 and the methodology adopted for the research study is articulated in section 1.5 along with the findings from the study. Any research work needs to explain its contribution towards the field and that has been presented in section 1.6. Finally, section 1.7 provides the structure of this thesis.

1.2 India and Outward Foreign Direct Investment

In line with global forces, industrialisation in India commenced prior to independence in 1947, although the focus at the time was the growing domestic economy, with little or no focus on overseas markets. Whatever little focus there was at the time was based primarily on the relationship with the colonial ruler (United Kingdom), and neighbouring markets. Additionally, virtually all of this engagement with external markets was around trade flows, rather than any investment opportunities.

After independence in 1947, the Indian government’s focus was on a centrally planned industrial complex, characterised by a dominant public sector, with a limited role for any fledgling entrepreneurs that were developing at the time. Additionally, the focus, building on key aspects of the independence movement, were on import substitution, control of all private investment, the creation of high barriers, tariff and non-tariff, and the use of a fixed exchange rate. In effect, this created a protected domestic economy, and most companies felt comfortable operating within this restricted environment, with a limited need or desire to consider expanding overseas. However, this structure also created a
level of reliance on specific imports to be able to sustain this balance, including oil, commodities and the benefits of technological advances.

Through the 1980s, culminating in a balance of payments crisis in 1990/91, caused in large measure by a spike in oil prices caused by the Gulf War, the economy entered an unsustainable state, exacerbated by an unauthorised flight of capital via illegal means. This resulted in a radical re-evaluation of India’s economic and financial approaches, given that default on debt servicing seemed inevitable and India’s sovereign rating was downgraded by international credit rating agencies like the Moody’s and Standard & Poor.

The Indian Government in power during that time ascertained that the national default could only be avoided by raising loans from the International Monetary Fund (IMF) and World Bank (WB). However, the repayment of these loans was not only restricted to interest and the principal loan amount. Both international funding agencies also expected India to undertake market reforms – primarily around the need to open-up the economy to overseas investment (FDI), by liberalising the inward investments in FDI, creating new options as well as by opening up more sectors to IFDI and relaxing ownership limits for developed market multinationals (DMNCs) entering India in the various sectors.

This then opened the Indian economy to IFDI, which also exposed Indian companies to world class international competition, which forced them to improve themselves, leading to an improvement in their products and services, and the view that they might be able to compete globally. In line with Dunning (1998, 2001) and Rugman’s (1979) assumption, domestic companies began exploring the opportunity to engage with overseas markets and to change their approach from a trade related relationship to an investment oriented bias. This was further facilitated by the India Government’s liberalising the capital exchange controls. As can be seen from Figure 1, IFDI and OFDI have followed an almost similar growth pattern in India over the past decade.

India’s definition of FDI was changed to broadly match the IMF definition in 2003 and FDI data using this new definition is available from 2000 onwards. It is important to mention here that the Indian definition of FDI includes some components that are not a part of the globally accepted definition (Francis, 2010). This remains a constraint of various studies (Bellak, 1998); however, it is not expected to have any material impact on the outcome of this study since the focus is on analysing the internationalisation of a
sample of Indian companies in the services sector within the chosen theoretical framework.

Figure 1: India and OFDI (USD Billion)

![Graph showing India and OFDI (USD Billion)](image)

(PI): Provisional Figures, Source: Department of Industrial Production & Policy (DIPP), Ministry of Commerce (MoC), Government of India (GoI)

Figures are as per Indian Financial Year (April - March)

*IFDI for 2016-17 is until Sept'16 and OFDI for 2016-17 is until Nov’16

OFDI from India has gradually risen over the past decade, though after the financial crisis had somewhat plateaued out. India remains a healthy investor in Africa and other lesser-developed countries (LDCs). Recently, Indian companies have increased their focus on investment to other BRICS countries (UNCTAD WIR, 2017)

While India continues to invest in LDCs and other BRICS countries, an interesting fact remains that almost 60% of its OFDI goes to developed nations (Table 1).

The Indian experience of industrialisation post-independence can be separated into three distinct phases. The first phase continued for almost three decades and can be termed as an import-substitution era under government central planning. The second phase (1975-1991), though not vastly different from the first phase, saw limited liberalisation of trade (Athukorala, 2009). Some controls on import were lifted and a few subsidies were provided to exporters.

The major liberalisation and structural reforms were announced in 1991, which can be stated as the third phase that also saw significant internationalisation of Indian companies.

Over the past decade there has been a structural shift in India’s OFDI: first, a huge spurt in overseas investment; second, manufacturing investment has slowly but steadily edged closer to services investment numbers; and lastly, more investments are going to
developed markets and through the mergers and acquisition route (Satyanand & Raghavendran, 2010).

Table 1: India OFDI Locational Data (USD Billion)

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<td>0.40</td>
<td>0.57</td>
<td>0.46</td>
<td>0.51</td>
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<td>0.56</td>
<td>0.6</td>
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<td>0.44</td>
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<td>0.05</td>
<td>0.06</td>
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</tr>
<tr>
<td>Other Countries</td>
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<td>3.19</td>
<td>2.65</td>
<td>1.33</td>
<td>1.52</td>
<td>1.25</td>
<td>0.81</td>
<td>1.01</td>
<td>0.85</td>
<td>20.26</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>18.58</strong></td>
<td><strong>13.71</strong></td>
<td><strong>16.84</strong></td>
<td><strong>10.24</strong></td>
<td><strong>10.03</strong></td>
<td><strong>10.96</strong></td>
<td><strong>6.90</strong></td>
<td><strong>8.33</strong></td>
<td><strong>8.06</strong></td>
<td><strong>103.65</strong></td>
</tr>
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</table>

The data is as per Indian financial Year (April-March)
* April 2016 to November 30, 2016
Source: Centre for Monitoring Indian Economy (CMIE) and Reserve Bank of India (RBI)

All these statistics show that while, after the financial crisis, there has been a slowdown in Indian overseas investment, overall there has been a significant increase in its OFDI over the past decade; and contraire to existing theory of overseas direct investment which generally follows a north-south or a south-south flow, recent Indian investments has progressively followed a south-north flow.

Further, as an emerging market, India poses a unique case. On the one hand, it is the largest multi-party democracy with the second largest population in the world, a relatively low GDP per capita, with 22% living in poverty (Planning Commission, 2013). On the other hand, rapid prosperity over the last 20 years has created a small class of the elite nouveau riche, and India has a strong multi-cultural heritage with religious coexistence. In this environment, the majority of big businesses are family controlled. Put together, the country defies extant international business theories with almost 60% of its OFDI going to developed nations (South-North flow; Table 1), most of which have an assets and resource seeking motive and also a market-seeking motive; OFDI exceeding IFDI in certain years, and with the majority of overseas investments through mergers and acquisitions in developed markets rather than strategic collaborations. Testing the eclectic paradigm for overseas mergers and acquisitions by Indian companies
from 2000 to 2007, Buckley et al (2009) found that market-seeking motive was a dominant factor.

Indian stock markets have been strong and, as per the Economist (January 2015, a), of the four BRIC countries, India is the only country whose prospects have significantly improved. World leaders are taking note of a strong emerging India. "Wooing the new India is at the top of the priorities of the UK’s foreign policy,” then UK Prime Minister David Cameron told his Indian counterpart, Narendra Modi, on 16th November 2014 (The Economist, 2014); and current UK Prime Minister Theresa May visited India soon after the Brexit vote to garner stronger trade ties. President Obama was the Chief Guest at India’s 66th Republic Day parade in 2015. The International Monetary Fund (IMF) had announced in 2015 that India was set to become the fastest growing economy, outpacing China (Bellman - WSJ, 2015). Recently, the Organisation for Economic Co-operation and Development (OECD, 2016) also projected that India will remain the fastest growing G203 economy with a growth rate of approximately 7.5%. The recent demonetisation4 in the country is expected to affect the growth rate only marginally.

With these factors, there is a significant opportunity to study how companies from India adopt strategies or develop capabilities and resources to internationalise and become effective MNEs, in effect escaping their past heritage and the current constraints of their home country. Hence, to understand the strategy behind internationalisation of Indian firms based on dynamic capabilities and a resource-based approach presents scope for new research.

1.3 Research Relevance

While research on EMNEs dates to the 1970s and 80s (refer to Heenan & Keegan, 1979; Wells, 1983; Lall, 1983; Kumar & McLeod, 1981), such research has gained significant importance in recent years as the developed world sees negative or negligible growth and the balance of global economic growth shifts towards developing economies.

As mentioned above, the existing international business theories may not be fully representative of EMNEs internationalisation motives. Meyer and Thajongrak (2012) have called for a reassessment of established theories of MNE in the wake of a rapid rise

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3 List of G20 countries: http://g20.org.tr/about-g20/g20-member-map/
4 Indian Rupee notes of the denomination 500 and 1000 were put out of circulation with immediate effect from the night of 8th November 2016.
of OFDI from the emerging markets. There is an attempt to understand why emerging market overseas investment does not fit textbook international business or economic theory (Athreye & Kapur, 2009).

While, the aim of this study was not to test accepted international business theories and apply their framework to understand Indian OFDI; in the process of studying internationalisation motives and associated competitive advantages of Indian companies in overseas markets, certain interesting facts with respect to missing links in exiting IB theories have been discovered. These have been highlighted in section 1.6.

India’s industrial economy is composed of two large sectors: Private Multinational Enterprises (MNEs) and Public-sector Undertakings (PSU). The evidence indicates that in a large portion of the OFDI has been driven by the private MNEs in India, as opposed to China, where the growth has been driven largely by its large state owned enterprises (SOEs).

Generally, Indian private MNEs tend to be able to exploit opportunities faster than the PSUs in India. Indian private MNEs have also been subject to the highest level of competition from IFDI driven by DMNCs. Hence, to interpret the compulsion of these companies which are largely promoter controlled for OFDI, it would be relevant to understand their internationalisation motives along with studying the resources and capabilities which assist them as they internationalise.

1.4 Research Questions and Objective of the Study
The primary aim of this thesis is to study the associated competitive advantage, resources and capabilities of Indian service sector companies towards their internationalisation; primarily to interpret the compulsion of these companies for OFDI and to understand the motivation of these companies on the path of internationalisation using a theoretical framework based on the resource-based approach and dynamic capabilities theory within strategic management. The theoretical aspect has been detailed in the literature review chapter (Chapter 2).

As mentioned in section 1.3 above, study of EMNEs has existed over the past 40-50 years. However, there continues to be interest in continuously examining companies from emerging markets as they expand to international markets; more importantly, to study the resources and capabilities that these companies possess, which may aid their
internationalisation strategies, or do not possess, which may hinder them. In the case of them lacking specific resources and capabilities, action is necessary to realise their internationalisation motives.

Further, as pointed out in section 1.2, Indian overseas investments have seen a significant growth over the past decade with an inclination towards developed markets. The country had an inward-looking view post-independence in 1947 with a restrictive foreign exchange policy. It took almost four decades for the country to adopt market liberalisation. For Indian companies to have grown and then internationalise within restrictive and liberalised market regimes, it becomes exigent to study such company resources and capabilities.

Existing literature on internationalisation of Indian companies is limited to the extent of the literature reviewed; hence a qualitative study on such factors of five Indian service sector companies provides scope for empirical investigation. Hence, the overarching question for this thesis is to investigate ‘if firms from emerging markets own resources and capabilities that help them internationalise, if they develop or acquire further resources and dynamic capabilities through internationalisation, and to what extent does the external environment affect the internationalisation motives of these companies?’

The main research question is further broken into five sub-questions. They are as follows:

1. Why do Indian companies internationalise and what is the favoured entry mode for outward investment and the reasons behind the same?
2. Whether Indian MNEs that invest overseas possess home-grown capabilities and are they able to transfer the same to overseas markets?
3. Do Indian companies in the data set require building capabilities that suit host markets or are they able to transform existing capabilities to meet the needs of different host markets?
4. If the Indian companies in the data set follow divergent internationalisation strategies depending upon the host country?
5. Does the external environment affect internationalisation strategies in any way and if yes, then how; and if not, then why?

The above five questions are further broken into specific detailed questions and these are elaborated in the Literature Review chapter (Chapter 2)
Thus, this study aims to explain the resources and capabilities that these companies possess which assist their internationalisation and effects of the external environment on such internationalisation motives. More specifically, the use of the resource-based approach and dynamic capabilities theory as a lens to frame the phenomenon provides the study of the internationalisation process in a disparate context. Thus, the objective of the study can be expressed as follows:

a. Understanding the motives behind Indian services sector firms’ internationalisation including the favoured investment mode
b. Understanding Indian firms’ capabilities and resources that help them internationalise and the deployment of the same in international markets
c. Understanding how Indian service sector firms manage various host markets and the mechanisms which trigger dynamic capability adoption
d. Understanding external environment factors affecting internationalisation of Indian service sector firms

1.5 Research Methodology

It is imperative for a researcher to identify their philosophical perspective as that advises the methodological path that the researcher may adopt. Companies are made up of human beings who can think, speak, rationalise and debate. The stakeholders in organisations have a financially driven interest and tend to work in dynamic and evolving external and internal environments (Remenyi et al., 2005). As this thesis studies the Internationalisation motives of Indian companies, the study takes an exploratory route. The pursuit here is that of knowledge of the phenomenon being researched and hence, the philosophical position adopted is that of an interpretivist cum constructivist. The interpretivist paradigm involves the use of a multiplicity of research methods for the social construction of organisational life (Kelemen & Rumens, 2008). As organisations are complex in nature, it would be beneficial to use qualitative methods to study the companies in the data set (Marschan-Piekkari & Welch, 2011).

As the unit of analysis is the company here, this research uses a multiple case-study method with the purpose of explaining the phenomenon of internationalisation and analysing the data to identify the strategic motivations behind firm internationalisation.

The companies were identified through a scoping exercise using a network of bankers and company personnel. This network was established from previous work experience with multinational banks in India.
Data was collected in the form of semi-structured interviews from ten interviewees in five different companies. These interviewees were all decision makers (elite interviews) in the companies under study. The transcription from these ten interviews accounts for approximately 60,000 words. This was supplemented by with email questionnaire from five more ex-employees who had worked in overseas locations of three of these companies. This additional exercise was carried out to get ‘on the ground’ reality of these companies and to ascertain if the headquarters were removed from the practical realities in the various host countries. For further reliability and verifiability, secondary data was also accessed which included but was not limited to company documents, media reports, analyst reports and bank reports.

The data has been analysed using the technique of explanation-building and cross-case synthesis (Yin, 2009). The framework for the analysis used reflexivity of the researcher to first understand what the data is telling, followed by what the researcher wants to know and finally to ascertain if there is synthesis between the two. As the research questions are theoretically informed, the analysis synthesis theory with data. The analysis has been further augmented with an organisational change level model to trace the company’s internationalisation path and how internal and external factors have influenced it.

The data analysis was aimed at understanding the internationalisation motives. Hence, the analysis has continually sought to query what the interviewees stated and further explain the same using other data sources. This process thus helped understand what compels Indian firms to invest in overseas markets.

1.6 Contribution of the Study
This research work contributes to the overall understanding of firms in the services sector in India and their strategic motivation towards internationalisation and thus making an empirical contribution.

The other contribution is twofold. First, there is contribution towards extending the theoretical understanding behind the conception of multinational companies which includes accelerated internationalisation concept associated with born-global firms and the International New Venture and Free Standing Company concepts. Secondly, this study makes a theoretical contribution to the understanding of fast capability acquisition
by Indian service sector firms in a desire for rapid internationalisation while developing a competitive advantage in foreign host markets.

Finally, this study also enquires into the existence of ownership advantage that the firms possess, as international business literature points out that emerging market firms lack ownership advantages and internationalise to mainly acquire such advantages.

1.7 Thesis Structure
There are ten chapters that follow this first introductory chapter. They are as follows:

Chapter 2: Literature Review. This chapter first reviews the exiting literature on internationalisation motives of EMNEs and then specifically Indian MNEs. This helps identify the knowledge gap that this thesis aims to fill. This is followed by the theoretical framework within which this study is based and then a review of the literature on the main phenomenon of ‘internationalisation’ that is being investigated. This helps to frame the research questions.

Chapter 3: Research Methodology. The methodology chapter outlines the case of India first and then delves into international business research methods that have been used in the field. It then provides the philosophical perspective of the researcher before delineating the qualitative method used and the justification behind the same. The chapter finally presents the framework that has been used to analyse the data.

Chapters 4 to 8: The five chapters that follow the methodology chapter are the empirical chapters based on the five companies that have been studied for this piece of research. The empirical chapters are further divided into similar sections. The company background is first detailed followed by the internal and external compulsions that led the company to internationalise. The company’s preferred mode of entry is then discussed followed by the company’s intendance of various host markets. The effects of the financial crisis on decisions regarding internationalisation are then examined. Finally, there is a discussion section that posits the empirical contribution and determines if there is any theoretical contribution deduced from the analysis of the company in the specific chapters.

Chapters 9: Cross-Case Analysis: this chapter presents a cross-case analysis to highlight the heterogeneity of the five companies that have been studied for this research work.
It explicates the internationalisation motives of these companies and the distinctive stance that each company has taken towards internationalisation. Within similar services, the motivations are divergent and the same have been conceptualised to understand how Indian companies are disparate from developed market companies’ in terms of internationalisation.

**Chapters 10: Discussion.** While there is a discussion section at the end of each empirical chapter, this discussion chapter summarise the main findings from the five empirical chapters. This is followed by a theoretical synthesis to confirm the integration of the findings with existing theories and in the case of disunion extension to existing theories is proposed. This chapter also discusses the theoretical contribution in length.

**Chapters 11: Conclusion.** Finally, the concluding chapter advances the contribution of the study to the field of international business and strategic management and implications thereof. The discussion chapter (Chapter 10) is used as the platform to demonstrate such contribution which lies in both empirical and theoretical contribution. Finally, a summary at the end encapsulates the importance of this study and a further research agenda concludes this thesis.

**1.9 Chapter Conclusion**

This introductory chapter lays out the overall perspective of this piece of research along with justification for the same and the overarching context. It advances the context of internationalisation in relation to international business theory and then provides a perspective of foreign investments from India. It then lays down the research relevance and the objectives of this study.
2. Literature Review

This thesis investigates if firms from emerging markets own resources and capabilities that help them internationalise and if they develop or acquire further resources and dynamic capabilities through the process of internationalisation. More specifically, the aim of this thesis is to study the associated competitive advantage that service sector firms from India possess which determines their internationalisation path.

2.1 Structure of the Literature Review

While, the 1980s and 1990s saw an increased flow of FDI from developed countries to the developing world (north-south flow), over the past decade there has been a role reversal, with an increase of OFDI from developing and transition economies towards the developed markets (south-north flow). As the theme of this research is to investigate the resources and capabilities of Indian service sector firms, the literature reviewed in this section covers the period from 2000 to date, including the historical perspective of overseas investments with regards to emerging markets and specifically India. The framework for the theoretical basis, which is the resource based and the dynamic capabilities approach within strategic management and the philosophical perspective for the research will cover the antecedents of such theory and philosophy.

Hence, for the purpose of this study, five different aspects of literature review has been conducted as follows:

Firstly, there will be a review of internationalisation process and strategic thinking behind foreign direct investments of companies from various emerging markets section (Section 2.2)

Secondly, a review of India specific literature (Section 2.3) concentrating on Indian MNEs internationalisation process is provided.

The third part (Section 2.4) brings out the knowledge gap based on the literature review of EMNEs from India and other developing countries.

Fourthly, a review of the existing literature (Section 2.5) on strategic management covers strategic management as a field within which this thesis is based followed by the resource based approach and dynamic capabilities theories which form the foundation of the questions that this thesis seeks to answer.
Finally, literature on Internationalisation (Section 2.6) is accessed to understand why companies pursue internationalisation and conclude the questions that this thesis is investigating.

2.1.1 Keywords
Strategic Management, Resource Based Approach, Dynamic Capabilities, Outward FDI, Internationalisation, Emerging Markets, India

The keywords were used to review material from the University of York Library, Google Scholar (which provides links to accessible e-Journal sources like Jstor, Science Direct, Willey Online and Ebsco while also covering various university and government working papers) and ProQuest. While all refereed journals were reviewed, other articles that have relevant information were used as appropriate. As mentioned by Griffith et al. (2008), international business authors are not limited to refereed journals.

2.2 Emerging Market Multinational Enterprises (EMNEs)
Embraer, a Brazilian company is the third largest commercial aircraft manufacturer globally (Carrico, 2013); Lenovo of China acquired the IBM personal computer business and is today the largest PC manufacturer globally (Reuters, 2015); Cemex, headquartered in Mexico, is a global giant among cement producers in the world (Aharoni, 2014). Chinese banks hold the top three spots in the Forbes Global 2000 ranking for 2014. A report by McKinsey and Co. published in October 2013, reported that by 2025, 46% of the Fortune 500 companies will be from emerging markets.

The earlier authors referred to the developing world as the ‘third world’ and countries like Singapore, Hong Kong, South Korea were also part of this third world (today they are known as the newly industrialised countries, NIC). Antoine van Agtmael coined the term ‘emerging market’. In a very interesting anecdote in the introduction of his book on emerging markets (2007), van Agtmael writes how he came up with the term as part of an investment strategy for the firm he was working with, he was selling third world equity funds to a group of leading equity fund managers in 1981 and as a result of the feedback from the presentation he had made to these investors, it emerged that the term ‘third world’ conjured an image of instability and anything associated with the third world would not sell, as a result of which he coined the phrase ‘emerging market’.
From the last decade of the 20th century, there has been a spate of overseas investment from emerging market firms and these form part of the ‘second wave’ of developing country MNEs (Bonaglia et al., 2006). Overseas investment from such emerging market economies was approximately around $5-10 billion by 1980 (Wells, 1983), which increased to $468 billion in 2014, accounting for 39% of total global outflows (UNCTAD WIR, 2015). Though 2015 has seen a small dip in outward investments from developing and transition economies with their overall share falling to 28% of total global outflows (USD 332 billion) mainly due to fall in investments from Hong Kong (UNCTAD WIR, 2016). However, as already mentioned, in international business literature, Hong Kong is considered as a newly industrialised country and hence does not fall under the definition of developing countries for the purpose of this thesis.

2.2.1 EMNEs versus DMNCs

It is the view that the EMNEs are different from the traditional multinationals of the developed world and it is expected that they would be instrumental in bringing much of the development that is required in the poorer economies. It is also expected that the EMNEs would eventually pose a challenge to the established developed world multinationals. Buckley et al., (2008) had proposed a standard theoretical explanation of OFDI from developing countries which stated that EMNEs have specific ownership advantages different from developed market multinational companies (DMNCs), EMNEs invest in other emerging markets closer culturally and then slowly move to developed markets, firms from developing markets prefer international joint ventures over other modes of entry and home country governments of EMNEs largely influence OFDI. We shall see later in this chapter through observation of other researchers as to how much of this standardised theory holds true for the developing world.

Further, a February 2014 Bloomberg report stated that there were pull-outs by foreign institutional investors (FIIs) from emerging markets leading to EMNEs disappearing from the world’s largest companies by market capitalisation. Quoting a lead strategist from a DMNC bank, the report suggested that emerging market companies were still not fully geared up to face large global competitors from the more developed markets. Irrespective, there remains buoyancy about emerging markets. OFDI is expected to continue to grow from developing countries. As per the WIR 2014 (UNCTAD), companies from developing and transition economies expected to increase their overseas investment by 57% in the short-term and 63% in the medium term over the current year compared to only 47% by the developed market MNEs. The EMNEs are competing
with DMNCs for almost everything from markets to natural resources to technology (World Bank 2013). They are giving the DMNCs competition in their own home markets using the benefits of globalisation to become technologically more efficient with easy access to capital and world class talent (Bhattacharya & Michael, 2006)

2.2.2 What constitutes an Emerging Market?

While developed economies remain important sources of FDI, the BRIC bloc, UAE, Turkey and others join them in terms of OFDI. Today, almost a third of total global outflows are from developing markets (WIR, 2015). With such an increase over a relatively short span of time, it is hardly surprising that a lot of interest is being generated among international business and strategic management authors to study this important phenomenon.

While UNCTAD counts countries like Korea, Singapore, Taiwan and Hong Kong among developing economies, the international business authors (Filatotchev et al. 2007; Luo & Tung, 2007; Khanna & Palepu, 2006; Gao, 2005; Makino et al., 2002; Ahmed et al. 2002; Kim & Nelson, 2000; Buckley, 1990) have differentiated these countries as newly industrialised economies or countries (NIE/NIC) and the term emerging or developing market for this thesis considers countries like the BRIC countries, other Asian economies like Indonesia, Thailand, Vietnam, Philippines, Malaysia, African Countries such as South Africa or Latin American countries like Mexico, Argentina and Chile. In recent times, growth in Indonesia and South Africa has been quite significant and researchers and analysts have extended BRIC to also include these two countries and in some articles and reports the six countries together are being called the BRIICS nations.

EMNEs are a product of innovation and also strategic and organisational imitation of DMNCs (Guillén & G-Canal, 2009), a case of “third world copycats” emerging to become multinationals in the face of certain triggers like institutional changes in the home country (Chittoor et al., 2009). Some of the EMNEs considered world class today did not join the club by following conventional practices but challenged some of the best-known practices taking advantage of crises, global vision, and disciplined ambition to become successful MNEs (van Agtmael, 2007). EMNEs have often suffered from competitive disadvantages and latecomer disadvantages. A latecomer firm can be defined as one which enters the market not by choice but by historicity, has poor resources, lacks market access, and may have relatively backward technology. In many cases, the latecomer seeks to overcome these challenges by hoping to catch up with other more
successful players often leveraging a low cost competitive advantage (Mathews, 2002); however, these latecomers already have a global vision on the onset of their internationalisation process (Bonaglia et al., 2006). International connections and leveraging resources based on strengths of others, basically enhancing firm resources rather than asset exploitation have also been strategies employed by the latecomer (Mathews, 2001). These firms then use OFDI as a platform to acquire strategic assets that are then used to create competitive advantage over global firms in international markets and also against DMNCs in their home countries. Faced with less than stable political and economic environments in the home countries, the EMNEs perceive risk very differently from DMNCs and hence have a higher tolerance level for risk (Sauvant et al., 2009).

EMNEs have also benefitted from IFDI in their home countries (Luo & Tung, 2007). Specifically using the term ‘springboard’, the authors demonstrate the springboard strategies of international expansion that EMNEs have used to overcome their disadvantages (competitive disadvantage, latecomer disadvantage, challenges from DMNCs in home market, trade barriers, and institutional barriers at home) to become successful. The main determinants of OFDI from developing countries are home country factors rather than host country factors (Andreff, 2003). These firms are expert in dealing with institutional voids and poor infrastructure, combined with their familiarity with local factors, which are often a disadvantage for established DMNCs. Further, the EMNEs leverage their skills in dealing with home country disadvantages to rapidly modify their products when they enter the global markets (Khanna & Palepu, 2006; Zeng & Williamson, 2006). Similar strategies do not work in all countries; however, developing synergies by getting different markets on a single platform can be useful for a global strategy (Khanna et al., 2005). Developing market firms can use non-market resources such as local knowledge of the host country to complement market resources that they may have developed or acquired to challenge DMNCs in different host countries especially those that have a similar environment as the home country of the EMNE (Cuervo-Cazurra & Genc, 2011). Relative distance or the psychic distance plays an important role for the success of internationalisation. Psychic distance is the perceived distance between home country and host country based on cultural closeness rather than distance; but in recent times, relevance of psychic distance has diminished (Meyer & Thajjongrak, 2012). Psychic distance has become more of a managerial decision-making process with increased experience of internationalisation, and investments to culturally distant countries have increased (Buckley et al., 2008). Emerging markets are
not homogenous and studying the environment of these countries can provide a dynamic view of CSA that the firms can capitalise on (Ramamurti & Singh, 2009, a).

There is also a growing body of knowledge that is focused on new ventures from emerging markets and their strategies for internationalisation. New ventures are relatively young compared to the established business groups from the developing countries. These firms face the twin liabilities of newness and foreignness (Singh et al. 1986; Zaheer, 1995). Research into new ventures from China, India, Mexico and South Africa shows that these firms followed an early internationalisation strategy if the founders had existing international experience, were focussed on foreign customers and their preferences, did not concentrate on their domestic market and had higher international sales intensity (Wood et al., 2011); unique proprietary knowledge backed with Research and Development (R&D) did not contribute to new ventures becoming early internationalisers as per the paper. Performance of new ventures from emerging markets was positively related to the degree of internationalisation and speed of internationalisation is somewhat related to organisational entrainment (Khavul et al., 2010b).

An attribute of the emerging market firms is business group affiliation and unrelated product diversification (Contactor et al., 2007 quoting Khanna & Rivkin, 2001; Yiu et al., 2005; Yeung, 1999a). Diversified business groups are a common feature among the private sector in emerging economies (Khanna & Palepu, 2000) due to underdeveloped market, legal and judicial institutions and less than fully developed equity markets; most of the business groups are family-controlled even if not owned, have the implicit support of the home government and seek monopoly rents (Khanna & Yafeh, 2005). Given asymmetric trade and OFDI conditions, business groups play an important role in emerging economies. Per the resource based view model, they develop capabilities of combining the required foreign and domestic resources for entry into a wide range of business lines (Guillén, 2000). Business group affiliations help in networking and capital raising while unrelated product diversification leverages the power of a pre-existing brand. To compete effectively in global markets, the business group firms need to globalise their operations and become more professional through hiring of business experts rather than having all the decision-making in the hands of the founder/owners (Yeung, 1999b). Business groups with dominant family ownership generally have a narrow scope of diversification (Hoskisson et al., 2005). The emerging market companies have been different from the DMNCs; they are also different from the companies from
emerging markets who globalised earlier (countries which are now referred to as newly industrialised economies or countries; NIEs/NICs). The difference lies in the fact that the EMNEs over the last decade or so have been more aggressive, have ventured straight into developed markets rather than exploring similar developing or less developed markets, and choosing direct investment modes like mergers and acquisitions or greenfield as compared to joint ventures (Indian software and pharmaceutical companies, Haier and Lenovo of China are a few examples). While being different in the various approaches to internationalisation, as mentioned above, EMNEs have imitated the earlier established MNEs from developed markets to some extent; but in a role reversal, such DMNCs are also adapting from some of the innovations from the emerging world (Guillén & G-Canal, 2009; Govindrajan & Ramamurti, 2011). Reverse innovation can pose challenges to the established players in their home markets and hence, they are willing to incorporate some of these innovations to pre-empt such challenges (Govindrajan & Ramamurti, 2011).

2.2.3 Investments from EMNEs

The overseas investment from developing markets from around the mid-90s has been referred to as the ‘third wave of OFDI’ (Gammeltoft, 2008; Gammeltoft et al., 2010, b; Rasiah et al., 2010). Its uniqueness lies in the fact that investments have also been made into knowledge-intensive and mature sectors in developed nations rather than only primary sector or small scale industries on a south-south basis as earlier. While CSA and FSA remain as specific ownership advantages, the third wave has also seen technology, economies of scale, and managerial and organisational capabilities emerging as prime advantages. Internationalisation has been driven by asset augmentation and market power motivations in addition to asset exploitation motives; asset-seeking by EMNEs is expected to meet their goals of growth diversification, increase in global market share, and exploitation of opportunities otherwise not available in their home markets (World Bank, 2013). Emerging market governments in this phase have also been instrumental in creating opportunities for overseas investment by the EMNEs through policies of liberalisation and targeting specific industries and locations; however, such government interests have also been questioned on the basis of narrow national interest rather than broader economic development (Rasiah et al., 2010). Further, a company’s own internal resources and other factors like industry type or location may determine how much it can benefit towards its internationalisation endeavours due to the role of the state (Hong et al., 2015). With specific reference to the BRICs nations, Gammeltoft (2008) analysed the historical and contemporary flow of OFDI for the period 1980-2004.
and found that Russia was the largest outward investor followed by Brazil and China. The trend has since changed with China leading the BRIC group in terms of outward investments and the third in the world behind USA and Japan (UNCTAD WIR, 2016).

The trends mentioned above can be validated through the UNCTAD report reproduced by Raja (2013) which mentions that overseas investment from the BRICs accounts for 9% of the total global outflows in 2012 compared to just 1% in 2002. China accounts for 54% of this share and 42% of the total share going into developed markets with mergers and acquisitions as the key mode of entry and market-seeking as the main motivational factor. This has been further substantiated by Holtbrügge and Kreppel (2012) that market seeking is of prime importance for the companies from BRIC nations. Using an exploratory case-based approach of eight companies from the BRIC nations, the authors further demonstrate that technological and management resource seeking in host countries is also high on the agenda. EMNEs are an idiosyncratic feature of the current globalisation phase (Henisz, 2003; Goldstein, 2009). Studying the performance of target firms by BRIC countries, a study demonstrated that tangible factors rather than intangible factors affect the performance of the acquired firms especially in the manufacturing sector and hence EMNEs invest in developed markets to source such tangible assets and relative success allows for successive investments in developed markets (Buckley et al., 2014). However, a single study of only Indian firms indicated that international acquisitions helped create both tangible and intangible resources which otherwise would have been required to be generated internally and this creates value addition for the share-holders (Gubbi et al., 2010).

Given factors specific to home country, home institutions, economic structure, openness to international trade, government policies, resource endowments, each emerging market country will have its own particular FDI objective, such as resource seeking, market seeking, strategic asset seeking, knowledge seeking, and asset augmentation. Many of the developing countries moved away from protectionism and import substitution in the 1980s and 1990s. This can be termed as the start of the current phase of globalisation (the third wave) with gradual assimilation of various economies towards a single global economy (Dunning et al., 2008). The authors evidenced that the earlier MNEs (mainly from the developed countries) had different characteristics as compared to the EMNEs. The latter benefitted from a more integrated global market with ease of capital flows across borders whereas the earlier DMNCs were faced with a high degree of restriction especially from the developing world. The emerging market
firms were not endowed with FSAs but received more support from their home country governments that enabled them to aggressively invest outwards without any major internalisation edge.

The earlier phase of investment by EMNEs was regional compared to intra-triad investment by the DMNCs. Traditional DMNCs used internal growth (WOS) as their default entry mode compared to the EMNEs who followed an external growth mode (alliances and acquisitions), and had a higher organisational adaptability for accelerated internationalisation (Guillén & G-Canal, 2009). While an outright generalisation of EMNE internationalisation attributes is not advisable due to the diversity of the countries from where they emerge, there are some common factors that link them in their efforts towards internationalisation and make them distinct from their developed market counterparts - local and central governments play a significant role to support OFDI, they face institutional constraints in their home markets, they rely on networks and cultural proximity, and they demonstrate an industry specific focus with cost competitive characteristics (Gammeltoft et al., 2010, a). Firms may have different motivations when moving overseas in light of institutional constraints as some firms may choose to avoid home-based declining institutions where others may choose to go overseas to exploit the better surroundings of host markets (Witt & Lewin, 2007).

Among all nations, developed, developing and transition, developing Asia was the highest investor region in 2014 (UNCTAD, WIR 2015) but saw a decline in 2015 mainly due to decrease of OFDI from Hong Kong (UNCTAD, WIR 2016). A large portion of OFDI from developing and transition economies goes to developed countries. OFDI from developing Asia has been intra-regional and is vertical in nature which evidences that there is a cost consideration of such investments which is being driven by cheap resources and labour available in other lower income countries (Gao, 2005). Specific collaborative platforms for transparent communication to facilitate negotiations and success of projects should be of prime importance for both home (Asia or south group here) and host country governments (developed markets) with investor interest at the heart of such facilitation and with expectation of sufficient corporate social responsibility (CSR) on part of the investor firms (Rasiah et al., 2010).

**2.2.4 Research on EMNEs**

As mentioned earlier, while there is a lot of focus on EMNEs; the actual research on them as a percentage of total international business research is not that significant. The largest
amount of research focuses on China, which is not surprising given its share of both IFDI and OFDI flows across emerging market economies and the country’s accession to WTO since 2001. However, it needs to be recognized that data on Chinese MNEs is not very reliable (Sauvant, 2005).

Traditional theories (Like Ricardian theory of comparative advantage and/or the Heckscher-Ohlin theory) state that firms internationalise to exploit their inherent competitive advantage. However, a 2005 study of Chinese firms (which excludes Chinese SOEs) by Child & Rodrigues contradicts such theoretical assumptions. The firms in the study generally followed a partnership (of original equipment manufacturer nature or joint venture – internal internationalisation) or acquisition or organic expansion route (external internationalisation), to overcome their competitive disadvantages such as low margins in the domestic market, impaired technology, the lack of brand development and marketing capability and adopting a catch-up strategy to established global players. These firms often seek tactical mergers and acquisition in developed markets as they are perceived to be the quickest way to acquire strategic assets relatively cheaply (Anand & Delios, 2002) and can also contribute to technological catch-up (Amighini et al., 2010).

Among the emerging markets in Asia, China has been the largest recipient of IFDI although it has been widely believed that the large flows are due to potential round-tripping of investments (domestic funds generated going out of the country to return as investments) from ethnic Chinese routed through Hong Kong, Macau and Taiwan. The firms also rely on home networking (administrative, regulatory and financial) for their international forays (Yiu et al., 2007).

Studying ownership and internationalisation relationship on the basis of a survey of 607 firms, it was evident that the concentration of power is disadvantageous towards entrepreneurship orientation required for internationalisation and firms should decrease their ownership concentration to increase motivation at managerial levels for increased internationalisation opportunities (Liu et al., 2011). Applying the eclectic paradigm to test the internationalisation of these specific 607 Chinese firms, it was inferred that due to concentrated family ownership and interests of individual family members, the outward looking strategy were given less focus compared to the established theory based on western MNEs and locational choices were built upon existing networked relationships. It was also identified that the Chinese family firms may expand into geographies that established MNEs may avoid as the former have a superior ability to
work in hostile environments due to exposure in their challenging home market. These firms leverage their home cost advantage and have operating flexibility due to smaller sizes in comparison to MNEs, but for exactly the same reason they are unable to expand quickly; hence, the Chinese family firms are distinctive from MNEs with respect to 'OLI' advantages (Erdener & Shapiro, 2005).

However, Yiu (2011) found OLI advantages along with LLL (Mathew’s framework of linkage, leverage and learning) advantages that Chinese business groups (a mix of state, private and collectives), have exploited to internationalise through asset-exploitation and asset-acquisition due to their internal market and inward linkages. They use their unique ownership, internalisation and locational advantages, to attract and provide linkages, leverage and learning opportunities through their internal markets, inward linkages and also institutional support.

Further, the OFDI from emerging markets is determined by cost advantages and flexibility rather than technological advantages (Hong & Sun, 2006). The Chinese external internationalisation commences from internal internationalisation (partnership with Western MNEs in China) before moving to external internationalisation, initially to lesser developed markets (12 of the Chinese firms in Global 500 in 2005 had intra-regional sales; Collinson & Rugman, 2007) for experiential learning before moving to more developed markets (Lyles & Li, 2009).

On the other hand, and contrary to Erdener and Shapiro (2005), Hong and Sun (2006) are of the view that in their objective for internationalisation, Chinese companies are close to their western counterparts in asset, resource and technology seeking objectives. This is due to evolution of policies and shift of such policy strategy from centre to state level and motives being commercial rather than political in nature. Increasing number of Chinese companies are listing on various overseas exchanges for the ease of raising capital. The rise in the number of Chinese companies in the Fortune Global 500 list is only indicative of the fact that they are rapidly implementing their catch-up strategy. Some of the private companies (like Haier) have overcome home disadvantages as they enjoy full autonomy along with government support where required; such hybrid companies with mixed ownership are becoming truly multinational and competitive on the global stage (Zeng & Williamson, 2006).
2.2.5 Research on specific Emerging Countries

This emerging trend of increased outward investment by emerging market companies (especially the BRIC nations) is indicative of state directions due to locational choices and heightened internal liberalisation. Internationalisation of Indian and Brazilian firms is driven by economic motives and those from China and Russia are backed by the state especially in strategic industries (Holtbrügge & Kreppel, 2012). In China’s case, the only difference is that a significant proportion of Chinese MNEs remain state controlled (SOEs). These large SOEs have monopolistic advantages with regards to natural resources and infrastructure sectors (Morck et al., 2008). While it is quite apparent that emerging market firms and their internationalisation has become a fixed feature of international business, ongoing research on BRIC nations indicate divergences in the internationalisation trends among them (Gammeltoft, 2010).

Turkey, which due to its unstable political conditions has failed to put forward a strong case to be part of the EU, forms part of Asia currently. It has lately seen significant political upheaval but it has been an attractive destination for DMNCs and has also has a number of EMNEs emerging from its midst. The country has seen high GDP growth rates and has been open to international trade and is a significant recipient of IFDI but has failed to build on localisation advantages consistently (Erdilek, 2003). An exploratory study on Turkish firms in the retail sector corroborated that internationalisation emerged due to adverse home conditions, and although the country lacked a significant low cost advantage, it had professional managers and homogenous firms with respect to corporate and brand identity (Eren-Erdogmus et al., 2010). In many cases, the latecomer approach to catch up with established global brands was visible in the internationalisation strategies. Unlike the earlier latecomers (like Japan, S. Korea and Taiwan), which imported technology to catch-up to the established players from the West, the current latecomers (like China) are innovating rather than assimilating foreign technology (Amighini et al., 2010). Elite interviewing from four large Turkish retailers revealed that internationally oriented top management was imperative in the firms’ decisions to attempt internationalisation. Location was another key criterion along with networking with developed retailers and branding strategies (separate for developed and developing markets).

Another country that has faced political turmoil for some time is Thailand, a country known for its tourist attractions. The army has taken control twice over the past decade including as recently as 2014. Thailand has gone through its own three plus one stages...
Daniel et al. (2007) presented a consolidated view on Latin America and the Caribbean outflows. They stated that in the earlier stages due to lack of international competition in their home markets (major restrictions on IFDI), the firms lacked growth and exports also suffered. As the governments slowly liberalised to support the regionalisation and globalisation of the domestic companies, the firms started to move towards becoming MNEs. However, most of the EMNEs emerged from countries like Brazil, Mexico, Argentina and Chile. For the growth and development of EMNEs from this region, IFDI was necessary for the required capital and technology alongside stimulation from their respective home country institutional policies.

As already mentioned above, Brazilian firms took time to internationalise and were initially focused towards other Latin American countries. Their initial mode of entry was through exports, moving to setting of representative offices to focus on customer sales and support followed by subsequent acquisitions that could take care of such operations. Mergers and acquisitions as an international expansion strategy to acquire capabilities, resources and overcome the liability of foreignness was much belated for Brazilian firms (Cyrino & Barcellos, 2013). Companies from Brazil have had a mix of global first movers, global consolidators, local optimisers and global value-chain climbers (Fleury & Fleury, 2009). They have lacked institutional policies and a strategically planned overseas business model and some of the OFDI has been purely due to external market opportunities (Resende et al., 2010).
Brazilian overseas investment can be categorised into three phases as per Gouvea (2007). The first phase between 1970 and 1980 was characterised by firms partaking in licensing, consulting and technical services. During the next decade, the firms increased activities to include telecommunication, banking, oil exploration and transport. These two phases saw only the established large firms with existing technological capabilities foraying into overseas markets. The third phase (post 1990s) has seen firms of varying sizes from different industries looking outward and this phase saw the emergence of the IT sector from Brazil too.

Internationalisation through a strategy of innovation in Brazilian firms has specific traits (Oliveira et al., 2013). Local traits influence innovation in Brazil with an aim to transform CSAs to FSAs. Capability building is slower and hence, catch-up to world-class technology or adaptation is moderate. Brazilian companies are trying to build sustained capabilities through commodity innovation (oil), product innovation (automobiles and consumer goods), business model innovation (aeronautics), bottom-of-the-pyramid innovation (consumer goods, infrastructure, and energy), reverse innovation (using research networks) and sustainable innovation (social and environmental responsibility in petrochemicals, cosmetics). Firms have used their networks to internationalise especially in the IT space (de Oliveira Mota et al., 2012).

In a striking difference from other emerging market companies, Brazilian firms with higher degree of internationalisation had lower profits in international operations compared to the domestic operations and the reason provided is a steeper learning curve in international markets (Barcellos et al., 2010). Brazil has felt the brunt of the global financial crisis and the Brazilian companies have taken time to internationalise. Brazilian companies have been known to follow its international customers as a factor for looking outward and like other emerging markets to escape from unsatisfactory home conditions but they face double-taxation issues as they internationalise and hence it is important for the Brazilian government to re-think its policies around taxation and bilateral treaties to promote investments (Lima & Barros, 2009) as it is a proven fact that internationalisation of home companies helps in the development of the home economy.

Russia moved from a socialist state to part democracy in the early 1990s. It was a move to elevate Russia from a period of economic stagnation but it led to economic and political upheavals. The socialist republic was dissolved and Russia emerged. However, the country remains state oriented and in recent times due to its involvement with the
Ukrainian rebels, Syrian crisis and annexation of Crimea, western countries are slowly implementing sanctions (however, with Donald Trump coming to power in the USA and his alleged closeness to Vladimir Putin, the longevity of the imposed sanctions are a question mark as claimed by some tabloids). Nevertheless, Russia seems to be holding its own given its vast natural resources.

OFDI from Russia dates back to the 19th century when it exported capital to neighbouring countries like China, Mongolia and Persia (Liuhto & Vahtra, 2007). Today, Russian multinationals (most of which are state owned and the rest by Oligarchs and their partners) are dominant in natural resources particularly energy firms (Mccarthy et al., 2009). Based on ownership, Russia’s largest industrial corporations can be categorised into four typologies: non-transparent patriots (companies controlled by the state), transparent patriots (relative transparency with a strong overseas presence), non-transparent independents (companies with no state control and low transparency but with significant overseas presence) and transparent independents (companies with virtually no interference from the state and very developed in their operations) (Liuhto & Vahtra, 2007). Russian firms which belong to the last category run transparent businesses that are not politically motivated and these get preferential treatment in host countries.

Russia’s OFDI has exceeded IFDI since the start of its transition to a more liberalised state and the motivating factor has been to control the value chain of natural resources (Kalotay, 2006). Unlike other transition states like Hungary and Slovenia where the concentration has been on manufacturing, Russian OFDI which grew significantly only in the early 2000s is dominated by petroleum and gas and mining but not services, and is directed mainly to CIS and the EU countries (Kalotay, 2003; Kuznetsov, 2010). OFDI has been positively affected by the growth of the country (GDP). Host country market and natural resources are locational determinants for Russian OFDI, as are ownership advantages and cultural proximity (Kalotay & Sulstarova, 2010; Kalotay 2010). Like other emerging markets the internationalisation path for Russian firms started from exports. Russia too was affected by the global financial crisis and OFDI weakened as a result. To overcome the crisis, the country needs to consolidate its overseas assets and the state could provide help for future gradual expansion (Kolatay, 2010). The appropriation of Yukos (a private international oil producing company) by Rosneft (a Russian state owned company) has not gone down well with the international business and political communities and this, along with other (apparently politically motivated) actions has led
to many MNEs taking a cautious approach to relationships with Russian MNEs. Russia lacks the understanding that OFDI is beneficial for the economy and its competitiveness (Panibratov & Kalotay, 2009). As per UNCTAD WIR 2016, OFDI from Russia has reduced significantly due to the country’s inability to access international capital markets. The other reason provided by the report is the implementation of internal policies to reduce round-tripping (domestic funds generated going out of the country to return as investments). Transition states have had a general tendency to invest in other transition economies.

With the developed world seeing negative and negligible growth as an aftermath of the Global Financial Crisis in 2007-08, research on emerging markets has gained significant importance as the balance of global economic growth tilts towards them with a change in the global business environment. Understanding EMNEs and the nature of their strategies and actions can also have far-reaching implications for both home and host countries; are internationalisation path of EMNEs distinctive, institutional policies affecting overseas investments, challenges faced by them in host countries, how do their actions affect host countries are but just a few of the studies conducted on EMNEs (Gammeltoft et al., 2010).

2.3 Indian Overseas Investment
While Indian overseas investment has gained momentum only in mid-2000, the first wave of manufacturing investments (which went into production overseas) was in the 1960s (Wells, 1983). The first Indian mill (textile) was set up even before this, in 1959 in Ethiopia by the Birla group, which was the second largest business house at that time (Athukorala, 2009 further quoting Kudaisya, 2003). In this earlier phase of overseas investment, the main motivations for Indian companies were to protect the export market, leverage cost advantages and investment incentives in host markets, circumvent restrictions in domestic growth and benefit from low technology requirements in host countries. Known as the first wave it was largely driven by manufacturing companies and low technology sectors, directed towards other developing markets, mostly greenfield in nature (Pradhan, 2004; Kumar, 2008) and driven by restrictive government trade practices, strict exchange regulations and the South-South co-operation (Pradhan, 2007).

Overseas investment from India has not been extensively researched. There has recently been a significant increase in the interest in this space due to the unique nature of Indian
OFDI, specifically the south-north flow of the country’s overseas investment and high technological advancement. The country has been called the back-office powerhouse of the world due to relatively low wages and an educated English speaking population. India along with Philippines have been frontrunners in garnering such outsourced jobs from developed markets which do not require any direct interphase with the clients (Peck, 2017). However, most of the literature is descriptive in nature (Nunnenkamp et al., 2012) and outlines the trends and patterns of Indian OFDI along with the preferred mode of investment and locational preference among Indian MNEs. OFDI has increased post liberalisation, has been dominated by the service sector, directed towards developed markets and mergers and acquisitions has been the preferred route of entering the foreign markets; this phase has been called as the second wave of Indian OFDI and was concentrated on cost-effective processes and trade supporting activities (Kumar, 2008). This phase was marked by the need for acquiring skills (technological and management), networks (marketing and distribution), secure natural resources and more importantly to become globally competitive firms (Nayyar, 2008; Pradhan, 2007). These factors have been assisted by the policy implications towards OFDI from India which can be categorised into three phases: 1969-92 (restrictive guidelines on Indian joint ventures and funds transfers); 1992-2003 (removal of few restrictions with regards to remittances, introduction of automatic route for overseas investment; 2004 onwards (further lifting of restrictions, increase in limits of automatic route for overseas investment, further financial de-regulation) (Saikia, 2012). Important regulatory developments like reducing industrial licencing, financial de-regulation and free floating currency and capital market liberalisation paved the path for India as a global outward investor (Satyanand & Raghavendran, 2010).

While different industries have different motives for Internationalisation (Baskaran & Chaarlas, 2012), a common theme on the motive of overseas investment that emerged was that Indian OFDI was market-seeking (Subramanian et al., 2010; Singal & Jain, 2012) and the motive to access resources is a recent phenomenon (Kumar, 2008; Baskaran & Chaarlas, 2012) though market-seeking greenfield investments and investments in natural resources have not totally diminished (Kumar, 2008).

Given the relative sluggish technological development in India, its OFDI growth has been impressive - especially the acquisitions of established brands by Indian MNEs in the developed markets over the past few years. Unlike earlier years of its overseas investment, recent trends from India have moved in the direction of billion-dollar
manufacturing acquisition deals in developed countries indicating strategic-asset seeking motivation (Kumar, 2008) and this can be referred to as the third phase of Indian OFDI.

The third phase of Indian OFDI has also seen an advantage that the Indian firms have used, which is their capital-raising ability. Their healthy balance-sheets have allowed the companies to attract both domestic and foreign debt (Kumar, 2008). However, over time and with the aftermath of the financial crisis, the Indian firms have faced the challenge of rolling over debt due to global liquidity freeze or interest rate issues (Taylor & Nölke, 2010).

The factors for internationalisation of Indian firms are not very different from other countries and there are mixed motivations of technology absorption and knowledge seeking along with finding new markets (Hattari & Rajan, 2010); building scale for global competitiveness is also a formula adopted by many Indian firms. Software firms and pharmaceutical companies led the second phase of Indian OFDI indicating India’s global position in knowledge-based segment (Pradhan, 2004). Another commonality across the present research is the acknowledgment of the fact that the reforms and liberalisation in the country have been conducive for the exponential growth in Indian OFDI over the past few years. The flow of investment to other developing countries has been due to (a) domestic R&D development and has helped in knowledge transfer (Pradhan & Singh, 2009; Mani, 2013; Chowdhury, 2011) and (b) development of these countries and the policy framework these countries have adopted to attract OFDI, including from India (Pradhan, 2008; Nunnenkamp et al., 2012). Akin to China, Indian internationalisation has also benefitted from network channels (though not to the extent of Chinese firms).

In line with the Uppsala internationalisation model (moving from psychic distance exports to capital investments in further away markets), Indian firms display the development of capabilities for internationalisation, but they also show some unique characteristics such as learning through internal home networks to building capabilities and access to scarce resources (Elango & Pattnaik, 2007). Interviews, archival data and participant observation of four new ventures in the Indian software industry reveal that these firms have established networking relationships (social capital) but also exploit the same to extend the network. Separately, soliciting international business depends on the existing capability of the firm (Prashantham & Dhanaraj, 2010); it would be beneficial for firms to supplement their initial ties and make new ones as old ones’ decay. In a comparative study of Indian software ventures with developed market software ventures
(Irish software firms) there was evidence of similarity in their Internationalisation path in the use of intermediate form of internationalisation wherein the new ventures use other intermediary companies for various processes during the initial phase of internationalisation (Terjesen et al., 2008). Indian MNEs use their technological and financial resources to supplement their knowledge capabilities for furthering their internationalisation (Buckley et al., 2016).

Ramamurti and Singh (2009, b) have articulated some interesting thoughts around generic international strategies adopted by Indian MNEs. Over the preceding 5 years there have been many changes in the companies (structure, international and domestic competition, global outlook and performance and overseas investment) that they identified, to demonstrate the strategies adopted. These are local optimiser (targeting other emerging markets for product and process optimisation targeting downstream operations through acquisitions and joint ventures); low-cost partner (targeting mature industries in a south-north acquisition flow for moving up the value curve); global consolidator (global markets target with large acquisitions in mature industries); and global first-mover (global innovators and global sourcing for strategic asset acquisition in developed markets and greenfield in low-cost countries). Indian firms used one or more of these strategies as they internationalised which were based on advantages such as cheap production costs, superior design capability, ease of restructuring and process excellence which in turn were ‘rooted in India’s technological absorptive capacity, built over several prior decades, its cheap brainpower, its seasoned managerial class, and a historically rooted entrepreneurial tradition’ (p. 159). As mentioned before, the international markets were more flexible than those that earlier Western MNEs or NIEs/NICs faced and that, coupled with easy access to the capital market spurred Indian OFDI specially to developed markets.

Williamson et al. (ed., 2013) discuss the competitive advantage of EMNEs from BRIC countries and talk about how the companies have leveraged innovation, value-chain configurations and cross-border mergers and acquisitions to expand globally. The phases of innovation provided and the case examples analysed to substantiate the same are based on secondary data which concludes that there has been much progress with innovation and internationalisation since liberalisation due to some institutional flexibility leading to increased innovation in home markets to then proceed to global markets with a mix of asset-seeking and market-seeking purposes (Celly et al., 2013); value chain configuration of software firms and pharmaceutical companies were presented using a
dominant strategy lens again based on historical data which elucidates that these industries had more entrepreneurial tendencies compared to the manufacturing industry and their success has been in positioning themselves as global suppliers of intermediate products rather than attempting to build branded products themselves (Athreya, S., 2013); Indian firms relied on FSAs rather than on CSAs due to lack of natural resources and a less than conducive outward business environment, a few mature industries, large economic geographic dispersion, the merger and acquisition route by Indian companies has been a mix of FSA exploitation and FSA seeking (Ramamurti, 2013). Indian IT companies and pharmaceutical companies are considered as being the most successful in implementing internationalisation. Companies in the pharmaceutical industry seeking to internationalise their product market have benefited from technological advancement and access to international financial markets along with possessing innovation capabilities (Chittoor et al., 2009). These companies have succeeded in producing low cost products to serve customers at the far bottom end of the prosperity chain. Due to the absence of product patents in India, Indian pharma companies were able to develop cost-effective generics (Kumar, 2008). Pharmaceutical firms have evolved due to home country institutional changes to explore capability resources and global product markets. But there is no specific proof of business group affiliations within this industry that have supported internationalisation strategies.

For manufacturing firms, the firm maturity, firm size and in-house technology are important determinants for internationalisation; product differentiation is partially important and previous trade experience is an added advantage (Pradhan, 2004). Overseas acquisitions with the objective of re-shaping internal resources and capabilities are an important mode of Indian internationalisation to transform to a world-class competitive firm and sustain any institutional transformations (Gubbi et al., 2010) and to acquire quality strategic resources and capabilities to overcome home disadvantages. However, a recent study on the determinants of overseas acquisitions by Indian firms found no evidence of resources and strategic-asset seeking motives, while the role of foreign exchange fluctuation, cost of capital, host market size and openness to trade, intangible assets and to a certain extent psychic distance were important determinants for such foreign acquisitions (Buckley et al., 2009, 2012).

With increase in the degree of internationalisation, firm performance deteriorates due to business group affiliations even in manufacturing and services industry (Gaur & Kumar, 2009). Using the resource based view as the theoretical framework, strategies of some
of the largest business groups revealed that in emerging liberalised economies, the firms consolidated related businesses and carefully drew on their resource-mix to provide the right direction on such consolidation (Manikutty, 2000). With increased liberalisation and new directions that firms may take, they tend to increase professionalism and recruit professional managers at higher levels for operational freedom, quick decisioning and efficient strategy formulation.

The outflow from India in percentage terms has grown considerably. Large sized acquisitions and green-field projects can have far-fetched policy implications for host-countries and hence researching Indian MNEs is essential (Pradhan, 2011). A special issue of Transnational Corporations Review in 2011 discussed all aspects of FDI and India (IFDI, OFDI and Internationalisation). Looking at the primary sector (food and agriculture) the main determinants of OFDI were market-seeking, obtainment of world class technology, resource-seeking and learning for innovation of new products (Satyanand, 2011). Technological outsourcing emerged as the main determinant for IT and chemical firms along with firm size, global linkages and skills (Bhat & Narayanan, 2011). The same authors when studying just the IT sector (130 IT companies over a six-year period from 2000 to 2005) pointed out that the 'O' factor was significant for such firms; further, proprietary R&D, technology absorption and client knowledge were important factors in deciding on overseas investment (Narayanan & Bhatt, 2011). Given India’s preference for mergers and acquisitions to green-field investments in overseas market, they have been increasingly investing into the triad rather than the region and the US is one of its largest markets for OFDI with its attractive business environment and other incentives provided for inward investments (Jain, 2011).

Funding for most of these acquisitions has been through borrowings rather than from internal generation of funds with spending in foreign currency exceeding earnings, which is detrimental for the economy of the country (Beena, 2011); these acquisitions have both positive and negative economic implications at a micro and macro level (Nayyar, 2008). Acquisitions in pharmaceutical and automobile sectors were market-seeking; horizontal cum vertical integration was the motive for steel and chemical sectors; branding was important in consumer goods and pharmaceuticals; service delivery was a determinant for IT and BPOs; and access to technology was an important factor for telecommunications and energy sectors. Apart from sectoral motivations the sourcing of raw materials and global leadership aspirations are some of the common factors for the overseas acquisitions by Indian firms (Nayyar, 2008). The automotive sector, due to its
experience of fast growth and capability formation, has been aggressive in looking outward via exports, OFDI and strategic alliances with a focus on garnering knowledge for enhanced R&D (Pradhan & Singh, 2009). Cost-effectiveness has also been seen in this sector with low cost cars being produced (Tata Indica and the Nano by Tata Motors and Scorpio SUV by Mahindra). Carlos Ghosn, the ex-CEO of Renault/Nissan had called the cost-effective automobile manufacturing processes by India car manufacturers with ‘frugal engineering skills’ (Kumar, 2008), which has helped attract DMNCs to India for design and development activities.

In the new venture classification, some of these firms are small enterprises and a study on Indian SMEs from pharmaceutical, automotive and IT sector suggested a ‘capability-then-size’ conceptual model that could be extended to other emerging markets but requires empirical validation (Singal & Jain, 2012). International education and experience of managers propelled internationalisation of Indian SMEs, management commitment from smaller firms encouraged capability building and formation of human capital with a global outlook (Javalgi & Todd, 2011). However, the movement of human capital as an investment or as a brain-drain has been a matter of concern for developing countries. In today’s largely globalised world, while human mobility does have an upside with increase in global productivity, such returns are unequal among the developing nations with the poorer nations suffering from higher emigration and hence the need for policies that would ensure equitable returns of globalisation among nations due to the movement of scarce human talent (Solimano, 2004). However, a limited study on US FDI suggests that investments from US is higher to countries which have a higher migrant representation in the country (Javorcik et al., 2011) which may suggest that export of human capital may eventually lead to a positive return for the home country with increased IFDI. India is among the top three prospective hosts for global MNEs (UNCTAD, WIR, 2016).

India and China as two of largest emerging markets with common borders, comparative studies among international business researchers is recurrent. Overseas investment journeys in both countries commenced from developing markets and gradually shifted to developed markets (Pradhan, 2012). Other studies include, evolution of the steel industry and motivation for internationalisation (Kumar & Chadha, 2009), path adopted for going global by the software industry (Niosi & Tschang, 2009), comparison of pharmaceutical companies showing common motivation of acquiring FSA and technological advantages (Athreya & Godley, 2009), comparison between two large
conglomerates and strategic motivation behind their internationalisation (Duysters et al., 2009), policy implications of the emerging internationalisation of China and India and strategy behind increased acquisitions (Athreye & Kapur, 2009), macro-economic factors affecting FDI demonstrated that volumes of OFDI from the two countries were not affected by change in trade policies and home country interest or exchange rates and vice-versa (Tolentino, 2010), ownership advantage framework for overseas mergers and acquisitions revealed that Chinese mergers and acquisitions is manufacturing oriented, regional based, resource-seeking, prefer backward integration whereas Indian mergers and acquisitions is directed towards developed markets, seek superior technology, prefer forward integration and is intensive in services industry; both countries prefer friendly host countries and avoid hostile takeovers (Sun et al., 2012); are pre-dominantly market seeking with low corporate tax rates (Duanmu & Guney, 2009); attracted to tax-havens, products and prices in host countries, currency strength (Pradhan, 2012). A study in 2008 by Henley et al. on investment in sub-Saharan Africa by China and India and South Africa substantiates the market seeking objective albeit in different sectors, and follows the pattern of investments from Europe to developing countries in the earlier years. There are important differences too in the direction of the OFDI from these two countries wherein Chinese investment generally shies away from OECD member countries and geographic distance is an important factor whereas India reaches out irrespective of either factor (Duanmu & Guney, 2009; Pradhan, 2012). Increased investments in Africa by China suggest that they are less worried about the level of corruption and have the ability to handle informal systems and their investments are directed to large but poorer nations while India seeks favourable law conditions and hence smaller richer countries or developed countries (Fung & Garcia-Herrero, 2012).

Companies seek rent. Sustained financial profits are the main objective of organisations. Internationalisation and its effect on performance is a topic which is also widely debated – is internationalisation good for the companies? The three-stage model has been described in the 'Internationalisation Literature' section (Section 2.6.1). This posits that the 2\textsuperscript{nd} stage of internationalisation is when the company see maximum benefit. The performance vis-à-vis internationalisation graph is ‘S’ shaped. Exporting and internationalisation is a simultaneous strategy seen in both the services and manufacturing industries in India (Contractor et al., 2007). Studying 269 Indian firms from these industries over a five-year period between 1997 and 2001, the authors postulate that performance/internationalisation relationship is ‘U’ shaped for the manufacturing firms, whereas for the services the first stage is very short (being less
capital intensive) and hence generates positive results from the onset as a result of internationalisation. For services, stage three of the ‘S’ curve was not supported by the data but the reason could be that the period covered was close to the period when India liberalised. Considerable time has passed since then; many of the companies in the two industries have further diversified into international markets. It will be interesting to see if the Indian industries also fall into the excessive internationalisation stage (it seems likely, given for example the experience of Tata Steel post its Corus acquisition and sustained negative returns). In a contradictory result, a similar study by Gaur and Kumar (2009) for manufacturing and services industry for the period 1997 and 2001 on 240 firms found no negative relationship between firm performance and degree of internationalisation during the initial stages of Internationalisation.

In a systematic study of strategies adopted by Indian companies to become global successes, van Agtmael (2007) studied a software firm (Infosys) and a pharmaceutical company exporting ‘generics’ (Ranbaxy). It emerged that the competitive edge for these companies was the abundant supply of cheap brainpower. Irrespective of the overall low literacy rates in India, given the total population, a fraction of the educated lot accounts for many millions, many of whom have been educated in English with a proficiency in computer education and engineering at low costs compared to USA and Europe. This then translates into a large pool of well-trained human-capital. Further, given relatively high birth rates, India has a young workforce. A primary motive for the software firm was to create a captive market of software coding and outsourcing using existing low cost resources. Quick adaptability, client-focus, good governance, integrity and above all unusual vision were the success factors for Infosys. There is an on-going debate at the WTO forum on trade deals and India has taken a rather firm stance with respect to agriculture and drug patents; the latter in order to provide cheap medicines to India’s underprivileged by re-engineering expensive drugs. Ranbaxy, thinking ahead, chose to invest in R&D rather than relying on patents on drugs with compositional modification. Ranbaxy’s success significantly depended on international managers and a focus on creating differentiated strategies for the domestic market, developed markets and other developing markets.

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5 Ranbaxy was acquired by Daiichi-Sankyo (Japanese company) in 2008. Daiichi then further sold its stake to Sun pharmaceuticals (an Indian pharma company) in 2014. It is also currently facing issues with the FDA, USA.
India has benefited from OFDI in the form of growth, technology adoption and advancement of managerial expertise that in turn will help India to expand its market further through acquisitions and reinvigorate host economies by providing employment (Basha, 2013). OFDI also plays an important role in the economic development of an economy and has helped India establish itself in the global arena (Chowdhury, 2011).

Posing challenges and opportunities to India, Goldstein (2009) states that diversified business groups in India will do well to overcome institutional or infrastructure insufficiencies. The diversified business groups in India have the added advantage of easy access to foreign capital and technology and also benefit from political connections in an economy burdened by government regulations (Khanna & Palepu, 2000). They also diversify in more host countries and are Europe-centric; take into consideration growth rate, resource-endowments, bilateral investment treaties and investment regimes when making locational choices (Pradhan & Singh, 2010). Indian companies have been welcome overseas in recent times as compared to earlier ones (Arcelor Mittal versus Tata Steel). Post the global financial crisis, most advanced economies have gone through an extended period of low growth or recession, with high levels of inflation and protectionism which is removing some of the south-north divide. There is competition from companies from other emerging markets who face similar home-country disadvantages and can create similar competitive advantages. The Indian government needs to be more business friendly and initiate new reforms in policy areas. This last point is much in focus with a new government having been elected in May 2015 with a new Prime Minister known for his pro-business approach to policy-making.

2.4 Outlining the Knowledge Gap

The gap in literature is identified in this section based on the literature review presented in the previous two sections (2.2 and 2.3) in relation to research conducted on outward investments from various emerging market firms followed by the literature on Indian companies and the outward investment of Indian MNEs.

It can be stated that Indian OFDI is unique which does not fully fit traditional international business and economic theories. Contrasting with the IDP theory, Indian OFDI has been exponential rather than incremental/gradual, IFDI and OFDI have taken off together rather than OFDI following IFDI; OFDI has been mainly to developed markets and have been strategic-asset seeking (Hansen, 2010).
It is evident that large part of the available research is based on secondary data including government reports and company published records and remains descriptive in nature with emphasis on trends and pattern of Indian OFDI. Further the companies under the study barring one were established in an India that was protected with import substitution.

In an integrated literature review of emerging market business groups by Yaprak and Karademir (2010), it emerged that for a deeper understanding of the internationalisation of these firms, it was necessary to research them from the perspective of markets, institutions, and resource based approach along with certain constructs of the OLI and LLL paradigms.

Ramamurti and Singh (2009) also pose questions about how the strategies of Indian MNEs have changed over time in response to the dynamic environment, their specific selection of the environment for investment, occurrence of strategic transitions and interplay of selections on firms. Irrespective of the fact that currently India’s presence in the Fortune 500 list is negligible, India can become truly global and it can develop a substantial number of multinational companies by 2028 (Kshirsagar & Kumra, 2013). A 2010 report by PWC states that by 2024, India may have the largest numbers of EMNEs, potentially 20% more than those from China. The current set of Indian managers has a global ethos having experienced challenging and dynamic environments. Innovation is the name of the game for Indian companies. India’s successes in IT and pharmaceutical are expected to be replicated in other industries, and with the impetus from the current business friendly government and a stable growth compared to other developing countries (UNCTAD WIR, 2016), India is a country with huge potential and future prospects to be a global leader.

Given the fact that EMNEs have been considered to be in a catch-up phase (to the developed market multinational companies), emerging markets like India are ripe for studying companies which have internationalised, some of which have already gained considerable global market share and some are still in the process of catching-up (Brandl & Mudambi, 2014). Also, research on emerging markets companies other than Chinese MNEs is lacking (Thite et al, 2016).
Hence, studying the competitive strength of Indian companies in the services sector on the basis of a resource-based approach and dynamic capability model through a close study of five Indian companies in the service industry using semi-structured interviews, company documents, analyst reports and available public records, is expected to make a significant contribution in the understanding the phenomenon of internationalisation of firms from emerging markets.

Based on the above the overarching research question for this thesis is to investigate 'if firms from emerging markets own resources and capabilities that help them internationalise, if they develop or acquire further resources and dynamic capabilities through internationalisation, and to what extent does the external environment affect the internationalisation motives of these companies?'

The sub-questions are formulated on the basis of the review of the theory which is provided in the next two sections (Sections 2.5 and 2.6).

2.5 Theoretical Framework
The theoretical framework used for this thesis is based on the resource based approach and dynamic capabilities theory within strategic management. Strategic Management is a very broad field. The field of business policy was re-labelled as strategic management in 1979 by Schendel and Hoffer and it overlapped with other subject matters from the fields of Economics, Sociology, Management and Psychology (Hambrick, 2004). Nag et al. (2007) state in their study of strategic management that researchers from the fields of Economics, Management, Sociology and Marketing have more similarities than differences on the way they define strategic management. The unit of analysis as the 'firm' is common among the researchers from these fields with the firm's performance as the major source of research interest; and 'environment', 'resources' and 'internal organisations,' being the other common factors. The major difference within these fields lay in the manner by which they demarcated their own field from strategic management without really exploring the meaning of strategic management. Hence the authors, using a lexicographic analysis of twenty years of abstracts of articles from four major US based journals concluded that 'the field of strategic management deals with the major intended and emergent initiatives taken by general managers on behalf of owners (which in the case of India as we shall see later when discussing the specific companies in the data

6 Here the environment does not refer to nature but to the economic environment and also to the political and social environment that may affect businesses.
set, owners/entrepreneurs are the main decision makers and are substantially supported by a close-knit management team), involving utilisation of resources, to enhance the performance of firms in their external environment’ (p. 944). They further presented explicit definition of strategic management based on scholarly responses from the management discipline and other disciplines like Economics and Sociology. This definition contextualised the major conceptual elements of strategic management as strategic initiatives (strategic planning and actions), internal organisation (internal processes and practices), managers and owners (top managers and executives), resources (resources and capabilities of the firm), performance (profitability and sustenance), firms (the unit of analysis) and the environment (competition and external environment).

From within these elements of strategic management, the focus of this study will be on strategic formulation, resources and capabilities, which can be interpreted as the strategies adopted by the senior management of the companies that have been studied on the basis of resources based and dynamic capabilities approach towards their internationalisation and how they create competitive advantage towards success in a dynamic external environment.

2.5.1 Review of the Theoretical Literature

The main objective here is to study the associated competitive advantage, resources and capabilities of Indian MNEs in the service sector towards internationalisation; mainly, to interpret the compulsion of these companies for OFDI and to understand the internationalisation path of these companies.

Relating strategy to business was first established in 1947 and until the late 1970s, the broad definition of strategy in business was the constructive use of firms’ resources to meet its objectives or as a sequential decision stream for the same purposes within a dynamic environment (Bracker, 1980). Mintzberg and Waters (1982, 1985, 1989) proposed to view strategy more specifically as intended (what the company plans to do but may or may not realise), deliberate (where the company realises its plans) and realised (where the company takes action which were never intended in the first place); the various formations happen based on the kind of strategy formulation adopted by the company and the authors described various strategies from planned (perfectly precise) to entrepreneurial (personal) to ideological to umbrella (within constraints) to process (partly constrained) to unconnected (within silos) to consensus (all pervasive) and
imposed (diktat) strategies. Given the ever-changing external environment, companies in the 1970s and 1980s concentrated on positioning themselves through quick adaptation due to the dynamic environment, although this may not have benefited such companies as much as they would have hoped.

From an agency perspective, managers strategise to implement intended or emergent initiatives using available resources to enhance firm performance in competing dynamic environments to increment owner and shareholder value (Clegg et al., 2011); strategy evolves rationally and needs to survive successfully, each strategy is different and distinctive and is affected by complexities which are on the outside of the firm. The companies need to focus on competitive strategies and Porter (1989, 2008) specified five competitive forces that shape strategy which are: close substitutes to the product or services offered; bargaining power of buyers, bargaining power of suppliers; the threat of new entrants and existing competitive rivalries; however, the combination of these forces will differ from industry to industry and company to company, further, Porter (1996) warned against confusing operational efficiency and company strategy. Depending upon the forces that affect or could affect a company, the corporate strategist would then formulate strategies so that the firm can attain a position of competitive strength. Mintzberg (1994), proposes 5 P’s for strategy formulation; perspective (required to avoid any shocks), planning (important to have one but disturbances can always occur), pattern (can be formed through consistency observed), position (to create an ideal niche) and ploy (to create the right image for the customer). Hence, strategic management as a field is important in understanding why a firm in any industry takes a certain decision (here internationalisation) and what are the motives behind the same.

In unpredictable business environments where companies need to consider malleability (working alone or collaborating) and harshness (survival), Reeves et al. (2015) suggest five distinctive strategy scenarios that companies could adopt. The first is the obvious ‘classical’ business model based on the assumption that environments are stable and having long-term stable plans which may not hold true in a dynamic environment and hence managers need to acclimatise to the same by adopting one or a combination of four other variants of strategy scenarios, namely: ‘adaptive’ which is to continually change in an environment neither predictable nor malleable; ‘visionary’ where the firms are the first off the block with an innovative/creative idea which is scaled to potential; the ‘shaping’ strategy follows next in an unpredictable but malleable surroundings where firms collaborate and evolve; and finally the ‘renewal’ approach to strategy which is
appropriate in environments like the financial crisis when firms need to take drastic steps of reinventing to survive.

Once a strategy is formulated, this will further require successful implementation (Alexander, 1989). This depends on both internal and external factors; however, Kaplan and Norton (2001) state that implementation failure is likely to occur as a result of internal factors rather than external ones like design or process failures. While not totally applicable (as the example is from a developed market), there is relevance due to the theoretical aspect and the exogenous factor; a mixed-method study on Finnish firms in media, maritime and food processing demonstrated that firms can benefit from renewing capabilities (modifying the resource base) rather than regenerative capabilities (adopting new forms of organisational change) in the face of exogenous shock like the financial crisis (Makkonen et al., 2014), however the relationship is contextual. In the face of loss of business opportunities, changes to operational capabilities may not be beneficial for the firms. The relationship to dynamic capabilities and the operating environment is contextual that is a company can perform better if it understands and then fits into the environment, however such an understanding is not an easy task as it entails identifying the continuous opportunities and threats and changing organisational operations and re-organising company resources to face the situation as it may be. Bradly et al. (2013) suggest that companies should follow a building block of strategy by which they can track the advancement of a strategic foundation to the achievement of the end goal through successful operational implementation. The building block comprises of understanding where and why the company generate revenues (diagnose), predicting the future (forecast), identifying the paths that help achieve its end goals (search), recognising integrated strategy (chose) and creating an action plan and ways of achieving it (commit). These five building blocks are bounded by an initial block (frame), which is asking the right questions, and an end block (evolve) which is adapting and learning continuously through the process.

As per early strategy literature, companies formulated strategy to be successful and in Porter’s definition (1991), a firm could be considered successful if it attained a competitive position vis-à-vis the best rival/s in similar business for a sustained and better financial performance ceteris paribus. A strategic decision would generally have longitudinal organisational implications for the future success and sustainability of an organisation. From an outsider’s perspective, some company strategies can appear to be idealistic, others astute, while some will be cataclysmic. An organisation’s strategy
can be quite obvious from the decisions that a company makes. Strategy, which is a series of steps in decision-making, is largely formulated by weighing various options, framing issues, specifying non-issues and having the ability to finally arrive at a decision.

A company taking strategic decisions involving operations across borders falls within the realms of international business. This when extended to the firm level within international business can be referred to as globalisation. Globalisation is a global assimilation in any sphere, which is attained largely through the distribution of goods, services and operational processes through international channels and across international borders. Globalisation creates new relationships between firms and nations thus leading to their structural transformation (Dunning, 1995). While conventional wisdom states that all nations should benefit due to wider integration of the world economies, there are always barriers and associated costs that will determine the overall benefit derived by a nation, some nations may benefit more than the others. The traditional view is that integration will always lead to inequality and create a divide between the haves (rich core) and the have-nots (poor periphery). A crude model of globalisation was suggested by Krugman and Venables in 1995 which brought together two separate notions of integration between the rich core and the poor periphery around which one will benefit at the expense of the other. They suggested that at a certain level of initial world integration, the core benefits at the expense of the periphery but with advanced integration the periphery income will rise and the advantage of the core slowly erodes. McCann (2009) confirms that the emergence of free trade zones, increased economic integration, institutional changes, better communication and transportation, changes in the relationship between countries or group of countries, technological changes leading to lower transactional costs have all helped towards a global integration; however, especially taking the example of the BRICs versus the developed markets, he states that there is still a huge gap and any real convergence of significant meaning will take many more decades. Hence, strategic management understood at an international level is the process through which an individual or group of individuals operate across national borders for value creation (Click, 2007).

Due to globalisation, there is cross-border movement of liquidity, people and materials through multitudinal structures. Global companies can manage to put all the various flows of liquidity, people and material things together on a truly global scale through exerting control either through direct ownership or through partnerships and/or operational controls. Truly global companies will have their sales across the world and
not only in their region (Rugman & Verbeke, 2004; Collinson & Rugman, 2007); for example, an American company selling only in North America or a British company selling in Europe or a Taiwanese company selling only in Asia. However, in the narrower sense, any capital investment into markets outside the geographic border of the home country is considered as OFDI. The world today is a global village in a continuous flux with changing motives of wealth-seeking corporations and rapid fundamental changes in governmental policies in dynamic environments. Firms that can face up to such challenges will survive in this global village (Dunning, 2007).

Post the global financial crisis, the BRIC nations and other emerging markets have continued with their growing influence but significantly reduced from pre-crisis times. With more firms from emerging markets entering the international markets and existing MNEs further growing their international businesses, there is a growing interest in global strategies by such emerging market firms. Globalisation has its risks and established global firms also require an appropriate strategic management process. For newer or lesser established companies, especially from the emerging markets, a foray into international markets is a long-term process of acquiring knowledge for such international survival and performance can be affected until such knowledge is acquired through local development or transfer from the home country (Hitt et al., 2012). Internationalisation by firms is towards achieving different objectives which could be any one or a combination of accessing new resources, economies of scale, exploiting innovative capabilities, acquiring new knowledge, advantage of newer geographies, cost reduction (Hitt et al., 1997). The strategic direction of the firm can be established by the scale and scope of its Internationalisation (Hitt et al., 2006).

Ghemawat (2003) developed the concept of ‘semiglobalisation’, which is international integration that falls in between being totally isolated from any cross-border integration and full integration across borders. Dicken (2011) refers to the latter as pure globalisation, a perspective from the hyper-globalist view (Figure 2). There is an ongoing debate about the levels of globalisation given the global slowdown at various points in history. Rather than concentrating on the flow or direction of international integration, it would be far more relevant to take a measured historical perspective of evaluating how close or far we are from perfect integration as per economic theory, and hence the term semiglobalisation. Ghemawat states that international integration can be in the form of product-market integration (through trade, FDI and price) and/or factor-market integration (through capital, labour and knowledge).
All the market factors mentioned have been known to be associated with significant barriers to international integration and should be accorded strategic importance from an internationalisation perspective and the critical role that location specificity plays in such cross-border integration. The firm level view includes activity based view (performance of the firm linked to effective and efficient performance of the activities and right combination of the same), knowledge based view (exploit firm-specific knowledge), and resource based view (create rents through distinctive firm resources). These views are not mutually exclusive (Ricart et al., 2004) and should be brought together to what is known as the ‘ARK’ (activity, resource, knowledge) view of strategy (further quoting Enright, 2002): activities, resources and knowledge are combined to create firm specific advantage (FSA). This can be further extended to the economy of the geography; each location would have its own bundle of activities, resources and knowledge which is outside the firm (CSA). The ARK view of strategy in international business can help extend understanding why companies internationalise and the selection of host country for such Internationalisation. Countries can be differentiated on the basis of cultural, administrative, geographic, and economic differences (CAGE framework of country level analysis, Ghemawat, 2001). International business is the interactive synergy between firms and geographic locations. Geographies are not isolated silos but in the international context comprise the various regions and their governments, policies and trade regimes, local industries and firms. The firm performance is affected by some or all such interactions in the various locations. Why do multinationals select one country over another? What are the differences that they perceive which match their own international growth strategies?

Semiglobalisation can provide a basis for international business strategy as it combines criticality of location-specificity and the need of product/factor based on location-specificity for international business by understanding how and why firms compete in various locations and compare it with its operations in a single location. Locational strategy can be contextual and will depend upon the industry specificity, investment motive and the subsidiary functions (Dunning, 2004). The CAGE framework also can be used to understand fundamental differences in locations and to understand firm strategy within international business strategy. Ricart et al. have also added a very searching agenda for future international business research, which takes the focus away from rent seeking purposes and towards serving the population below poverty levels or as Prahalad (2005) addresses them ‘bottom of the pyramid’, the billion or so people that mainstream international business research has ignored and future research could focus on how
MNEs (this includes all multinational firms from developed and developing economies) can help towards far reaching welfare and developmental issues. This focus will be more on MNE flows which are north-south and south-south.

**Figure 2: Model of Pure Globalisation**

Some of the influencing factors that compel companies to invest overseas is towards seeking natural resources, markets, efficiencies or knowledge. The next step is to understand the actual entry strategies, which are generally the most important strategic decisions made by the EMNEs. The entry modes could be through acquisition mode, partnerships or alliances, green-field projects or setting up wholly owned subsidiaries (WOS). Such entry strategies will depend upon the host-country government regulations (for example in China, a firm needs to have a Chinese partner and cannot have a WOS). Choice of entry has been analysed on the basis of transaction cost theory or the resource based approach (Ionascu et al., 2004); the resource based approach focuses on organisational learning due to presence of various modes (further quoting Barkema & Vermeulen, 1998), resource development and exploitation (Anand & Delios, 2002) where resource development can be an outcome of home country environment and can affect the global strategies of the firm looking outward (Cuervo-Cazurra, 2011).

The internationalisation process can be gradual, starting from operating contracts to joint ventures and finally establishing WOS. A joint venture locks in investors and can only be based on mutual trust of the partners and selecting the right partner requires tacit knowledge that often only comes from experience. Li and Meyer (2009) call the gradual process of internationalisation as ‘competence-building effect’ and successful joint venture formation as ‘partner-selection effect’. Experience can be varied (depending on the host environment and the home environment) which will affect ownership preferences. The acquisition route as a form of Internationalisation exhibits maximum guarantee of engagement (Meyer & Thajjonggrak, 2012). Ownership structure of the firm also affects internationalisation strategy and the adopted strategy then further affects the outcome of the internationalisation (Liu et al., 2011). Overseas
investment decisions depend upon various factors that may not always be transferable from one context to the other and hence overtime companies may follow similar investment pattern (Buckley et al., 2014). Peng and Meyer (2011) pin down the opportunities or advantages of global strategies that present themselves to firms when they decide to diversify overseas; these include, economies of scale, global sourcing, global innovations and knowledge management, global customers and risk diversification. There is no single global strategy that would fit all firms. Their view is that there is an issue in the convergence strategy as was suggested by Levitt (1983). Rather Peng and Meyer (2011) suggest an ‘AAA’ strategy for firms having global diversification plans. The firms could use any or all such strategies; these are ‘aggregation’ of operations; ‘adaptation’ to local markets; and financial ‘arbitrage’.

Strategic planning in international business must be objective and should be owned by the team responsible for its delivery (Geiersbach, 2010). A good business strategy for international success requires the company managers (who are responsible for strategic decision-making) to be aware of risks and rewards, available growth options for internationalisation, have a longitudinal operational plan; basically, have a broadened awareness. This also needs to be coupled with business experience.

From the literature on Indian MNEs and official records on Indian OFDI it has been established that OFDI from Indian firms has increased over the past decade and that the majority of outward investment from India has taken the mergers and acquisition route. Hence, the first step will be to understand why Indian companies internationalise and what is the favoured entry mode for outward investment and the reasons behind the same?

To answer the above, the following questions have been formulated:

Question 1a: What are the salient factors behind the internationalisation process of Indian firms?
Question 1b: What type of overseas investment do Indian firms favour for their Internationalisation and why?

A literature review conducted by Hitt et al. (2006) on Internationalisation for the preceding 20 years in leading management journals and related journals found several factors for internationalisation such as antecedents (size of organisation, existing resource base, resource seeking, background of top management), environmental
(internal, external and natural), performance outcomes of internationalisation, endogenous (product diversification) and exogenous (culture, institutions) factors, and processes (operational efficiency and improvements and organisational learning).

Given the various strategic directions and factors that a firm can take towards Internationalisation or on the path to internationalisation and with the focus on emerging market firms and their strategic motivations towards such internationalisation, in the first major encapsulation in strategy formulation and implementation by EMNEs, Hoskisson et al. (2000) indicated that there was a paucity of research in this field due to methodological incapacity and the dynamism of the developing and transition economies and reiterated that extant international business theory may not be appropriate for such economies. They nudged international business researchers ‘to contribute to knowledge of enterprise strategies in emerging economies both from a theoretical perspective and in terms of empirical analysis based on institutional theory, transaction cost theory and resource-based theory. Strategy as a tool of analysis towards a study of organisational decision making process (here internationalisation) needs earnest attention (Levy et al., 2003)

Five years after Hoskisson et al. (2000), the Journal of Management Studies, in a special issue in 2005, invited authors to submit papers on ‘Strategy Research in Emerging Economies’ with a distinct classification of four strategic options of which two will be relevant in the given scope of work (India as an emerging market):
1. Firms from emerging markets investing into other emerging markets
2. Firms from emerging markets investing into developed markets
The above was required to be examined within the four perspectives of institutional Theory, transaction cost theory, Resource-based theory and agency theory. The guest editors (Wright et al. 2005) again opined that existing literature did not consist of much research on the internationalisation of emerging market MNEs either investing in other similar emerging markets or more developed markets.

Eight years after Wright et al. (2005) paved the path for advancing strategic theories in emerging economies, Xu and Meyer (2013) studied related articles in 8 leading management and strategic journals (selected based on impact factor) for the period 2001-2010, and found that overall there was an increase of 63% in the number of total articles published on emerging markets or related to emerging markets. However, narrowing the scope and combining the context of the MNEs from emerging markets
(irrespective of the fact if that were investing in similar emerging markets or more developed markets), they found that only 20% of the articles examined emerging market MNEs (for this study, countries like Korea, Taiwan, Hong Kong and Singapore have not been considered as emerging market economies). Among those, the majority of the articles were on China. Articles related to India increased from 8 to 13. There has been a clear bias towards research on Chinese MNEs while other emerging markets continue to remain under-researched (Thite et al, 2016).

Examining the four perspectives as laid down by Wright et al. (2005) in view of strategic management that EMNEs from India may adopt on the path to internationalisation. Peng et al. (2008) and Peng and P-Miles (2009) emphasise that institutional theory is an important aspect of international business strategy and should not be isolated. However, other than the unique case of China, most other emerging markets have a weak institution base with partially stable governments, less than efficient capital markets, high inflation, and surface communal tensions: all of which are relevant to the India context as it has been faced with high inflation rates, religious tensions, hung parliament from 1989-2014 and a weak capital market. Due to such weaknesses, companies from emerging markets develop specific resources which shape both home and outward business prospects (Tan & Meyer, 2010 further quoting Cuervo-Cazurra, 2008; Yamakawa et al., 2008; Kumar & Chadha, 2009; Bhamuik et al, 2010). The agency theory will also be ignored in the context of Indian firms as most of the large firms are family controlled and can lower agency cost as the firm objectives are aligned throughout the firm with higher trust among the various members (Duh, 2010 further quoting Chrisman et al, 2004 and Dyer, 2003, 2006). Given the significant south-north flow of Indian OFDI, it is apparent that these firms have sought to gain superior technology and market share and not to lower costs and hence, to that extent, the transaction theory perspective will also be given less importance.

It is understood that EMNEs are not endowed with dominant firm advantages and invest overseas to acquire strategic assets (Ramamurti, 2013, Cuervo-Cazurro & Ramamurti, 2014).

Hence, the second step will be to understand whether Indian MNEs that invest overseas possess home-grown capabilities and are they able to transfer the same to overseas markets.
The questions formulated are as follows:

Question 2a: Do Indian firms believe that they lack strategic assets which may help them compete with existing global players in both the international market and home market?

Question 2b: Do Indian firms then seek internationalisation as a means of acquiring such strategic assets?

As mentioned above, Tan and Meyer (2010) have stated that ‘foreign direct investment is driven by business strategies aiming to explore resources in international markets or to extend their resource-based by acquiring complementary ones’ (p. 5). Barney and Clark (2007) postulated that the resource-based view as a strategic tool was initially an attempt to develop theory of competitive advantage based on the strength of a firm’s resources – acquired or developed as articulated by Wernerfelt (1984). This was followed by Rumelt (1984), Barney (1986) and Dierickx and Cool (1989), who all attempted to theorise firm characteristics and rent-generation based on existing or future acquired resources - all of which ‘outline some of the basic principles of the resource based theory’. This has been further elaborated below.

Resource based theory received greater direction from the seminal work of Penrose (1959) (Barney, 1991). Though it was not her aim to make such a contribution but to more generally interpret the nature of the firm and understand its growth model, her work came to greatly influence international business and strategy (Augier & Teece, 2007). While Penrose’s original work emphasised managerial resources, it was also to greatly inspire internationalisation as a growth model for firms (Johanson & Vahlne, 2009). The authors state that internationalisation as a perspective of Penrose’s original ideas evaluates the growth and commitment of firms in international markets and the need to build competencies so as to grow and survive in these international markets. Avoiding the term ‘factors of production’ as used in economics literature as she felt that the term made no distinction between resources and services, Penrose stated that each firm was unique based on the services that its resources rendered. The resources when combined with other resources or used in different ways rather than what its initial use was or used in varying measurements provide distinctive services. These services are in the form of physical goods or intangible services which are sold to generate profits and expand or grow the firm. Firms can plan for such future growth and expansion but there are always risks and uncertainties, which may lead to reduced profits or even failure. Different firms have contrasting ways of handling risks and uncertainties; firms may
require specific managerial resources to plan for future unforeseen eventualities. A firm will use resources available to it as long as the services available from them are profitable or, if it has unused resources, will try and apply them in ways to generate profits for growth and expansion. Penrose goes on to state that a firm will stop expanding when it reaches a state of equilibrium (as per traditional theory) which will be caused when resources become indivisible, the resources available cannot be used in various ways and are specialised or when the resources are homogeneous. A firm requires both internal and external inducements to expand using resources already acquired or inherited or required to be obtained externally for such growth and expansion.

Rugman and Verbeke (2002), while not totally critiquing the fact that the strategic management literature has continually referred to the work of Penrose as seminal, do clarify that her work (while having impacted the resource-based field) reflected a specific model of what the firm should be or value towards growth. She based her theory on the disequilibrium approach (supply does not equal demand) without taking into consideration monopolistic rents (where a firm can restrict supply or increase price without fear of competition). Augier and Teece (2007) propagate that the Penrosian approach is different from the modern resource-based approach to multinational activities which has been influenced by Prahalad and Hamel (1990) and Rugman (1996). Her definition of resources was not specific, she did not address the question of how firms developed competitive advantage, importance of knowledge and learning were underestimated, issues of organisational design were not explored though the human aspect of organisation was considered, and she considered that markets need to be developed contrary to economic theory which assume that markets already exist (Augier & Teece, 2007; who state that Penrose’s definition of resources was later tightened by Teece, Pisano and Shuen (1997) to describe inimitable and non-transferable resources inherent to the firm).

Pitelis (2004) refuted the claim made by Rugman and Verbeke (2002) with regards to Penrose’s work. He argued that her work talks about monopolistic rents which are short-term and a stable platform for a company can only be built on the pillars of sustainable resources and other leverages that the firm may have in dynamic environments. It is important to continually innovate and internalise the ‘Schumpeterian process of creative destruction’ to create fortified firms and that firms need to continually innovate else they will perish. Thus, her work affects both competitive advantage and social welfare and hence remains of significant importance. Penrose’s work is symbolic of the business
environment of that time which was bridled with trade and investment barriers (Teece, 2000 quoted in Augier & Teece, 2007) and hence, may not have foreseen all the required determinants for Internationalisation; nevertheless, her influence over strategic management cannot be totally ignored.

Towards short-term goals, firms can subsist on ordinary capabilities; however, to survive and succeed in the long-term, firms need to build further on their ordinary capabilities or what can be termed as dynamic capabilities (Winter, 2003). Winter states that exogenous factors affecting firms cannot always be foreseen and hence building capabilities is an ongoing process as a part of strategic management. Dynamic capabilities can also be termed as a survival technique for the firm in ever-changing markets through the manipulation or modification of resources so as to create value enhanced strategies and develop competitive advantages (Eisenhardt & Martin, 2000; Rindova & Kotha, 2001). Thus, dynamic capabilities can be considered as a form of organisational process which include product research and development resource allocation towards certain routines, acquisitions or strategic alliance capabilities, knowledge transfer and resource replication processes (Helfat, 2007).

Dynamic capabilities are capabilities in themselves and form the resource base of a firm which are tangible, intangible in nature and also include human resources of the firm; they also perform two basic functions with respect to the resource base of a firm which are resource creations and resource deployment (Helfat, 2007).

Firms can use dynamic exploitative capabilities (threshold capabilities and consolidation) or dynamic explorative capabilities (value-addition and disruption capabilities) towards internationalisation process (Prange & Verdier, 2011) for success in international markets; however, adopting any one approach alone will not result in sustained performance and growth (further quoting March 2003). A firm needs to be ambidextrous and employ both the approaches for internationalisation attainment. ‘Successful internationalisation processes rest on the deployment of differential capabilities’ (Prange & Verdier, 2011, p. 132). Exploratory endeavours can result in failure traps whereas exploitation may result in success-traps (Wang et al. 2015 further quoting Gupta et al., 2006). Success traps are more damaging than failure-traps. A survey on 113 UK technology firms by Wang et al. (2015) demonstrates that there is a negative relationship between dynamic capabilities and success-traps. Each firm can adopt a different process for internationalisation depending on the path selected (accelerated or incremental) and
accordingly will need to administrate consolidation or disruption capabilities. It is imperative for managers responsible for firm strategy to know what their competitive advantage is and accordingly build their dynamic capability using a balanced approach to both exploitive and exploratory learning (Gibson & Birkinshaw, 2004). Manager decision making also represents dynamic managerial capability and decision making by managers is based on prior experience and learning (Helfat, 2007).

Capabilities cannot just be acquired or bought across the counter; they must be built (Teece et al. 1997). Teece et al. further assert that companies not only need to strategise the mode of entry but also the timing of entry along with related diversification and distribution of assets in a dynamic market environment. Multinational companies go through a process of capability leverage and capability building to maintain competitive advantage for sustained growth and continuing profits (Tallman & F-Lindquist, 2002). A dynamic capabilities model for internationalisation is depicted in Figure 3.

Internationalisation requires both enhancing and exploitation of capabilities and resources, specifically for firms from the emerging markets; they capture advantages of host markets to complement their home market advantages to create sustained competitive advantages (Lessard, 2014).

Figure 3: Dynamic Capabilities model for Internationalisation

The ever-changing external markets further require that capability building happens in phases. Helfat and Peteraf (2003) introduced the concept of capability lifecycle (CLC) which lays the foundation for dynamic resource based view. As emerging market companies internationalise, understanding their competitive advantages and disadvantages and transformation of organisational resources to adapt to new
environments forms a ‘key component of dynamic resource based view’ (p. 1009). But resources can be both strength and a weakness for a given firm (Wernerfelt, 1984). Resources need to be utilised to give the best competitive advantage to the firm. They should have ‘VRIN’ properties, which have value, are rare, inimitable and non-substitutable and if the firms possess resources with such properties, they can build and sustain a competitive edge through effective strategies (Wernerfelt, 1984; Peteraf, 1993; Barney, 1991, Grant, 1991). However, possessing resources with VRIN alone does not ensure that firms will have an edge over its rivals. A firm needs to have both VRIN resources and dynamic capabilities to retain a position of strength and sustain long-term profitability (Ambrosini & Bowman, 2009). Resources are required to be formed into a capability to yield competitive advantage; through resources and capabilities, firms develop core competencies which give them an edge over their rivals (Hitt et al. 2012).

Dynamic capabilities are of various types; they can create new resources, reconstruct or assimilate existing resources or even remove resources which may have become obsolete. Bowman and Ambrosini (2003) explored the creation of resources and assets under four distinctive processes: reconfiguration (resource creation and consolidation for scale economies), leveraging (diversification of existing resources), learning (innovation through experimentation leading to failures or success with the aim to perform more efficiently and effectively) and finally integration (combining assets and resources leading to new resource configuration). Dynamic capabilities ‘focusses attention on the firm’s ability to renew its resources in line with changes in its environment’ (Ambrosini & Bowman, 2009, p. 45). Such an approach reflects the resource based view (further quoting Cavusgil et al. 2007; Teece et al., 1990). The resource based view as a corporate strategy requires firms in different settings with single-line businesses or diversified businesses to exploit available resources in a manner to get the best possible use (Peteraf, 1993). To succeed in unknown environments where an EMNE will be competing against the best alternative already present in that environment, strategies need to be resource-based (Wernerfelt, 1995). Moving to international markets, firms need to also develop or adopt regional or international advantages depending upon the proximity of the market they wish to venture into as it is possible that home advantages may not always work in host markets. Successful international firms build/develop their advantages and do not merely acquire it (Rugman & Verbeke, 2004).
EMNEs will have some inherent advantages in the form of existing resources (EMNE literature is provided in the section 2.5), though some scholars have questioned if EMNEs should be in possession of any capabilities or resources given the regressive nature of the home countries.

Hence, the third step is to investigate whether Indian companies in the data-set require building capabilities to suit host-markets or are they able to transform existing capabilities to meet the needs of different host-markets?

The questions formulated are as follows:

Question 3a: Do Indian firms possess resources that enable them to diversify into international markets. If so then what type of properties do these resources have?
Question 3b: To gain and maintain competitive advantage, do Indian firms need to continually make changes or supplement the resources that they possess?
Question 3c: Does change in the environment cause Indian firms to create new resources while integrating, recombining or completely releasing existing resources?

While globalisation is the integration of international markets into one large entity, the resource-based strategic model and capability-based model suggest that firm decisions are a response to industry pressures on the basis of their own specific capabilities where the industry characteristics are formed as a response to the various players making that industry (Tallman & F-Lindquist, 2002). A resource-based and capability-based model for internationalisation is depicted in Figure 4.

Figure 4: Resource Based Model for Internationalisation

![Figure 4: Resource Based Model for Internationalisation](Resource Based Model for Internationalisation (Researcher’s own version of the Hitt et al., 2012 RB model of Above Average Return))
Priem and Butler (2001) critiqued the resource base theory. The authors disputed it as a viable theoretical system not fully adaptable to empirical substantiation. This assertion was refuted by Barney (2001). While accepting the fact that Priem and Butler do direct international business researchers to dwell more deeply into a resource base view, attributes like understanding of the firm context in specific markets, inductive theory generalisability, parsimonious list of sustained strategic advantages and dynamic analysis of the resource base view, Barney stated that more pertinent questions around creation of strategic alternatives followed by arrogation and implementation of such alternatives remained unanswered.

Over the years there have been other critiques of the resource base theory. Kraaijenbrink et al. (2010) summarised the criticisms into eight major themes and concluded that while the critical reviews cannot be rejected outright, resource base theory research needs to come out of the existing narrow neoclassical view to include a broader scope and understanding of firm resources, studying human involvement at various stages in the firm towards value-creation and long-term firm sustenance through competitive advantage as an outcome of firm resources. Establishing a clear link between resources and firm internationalisation and to find the connection between those resources and sustained competitive advantage is required to advance the resource based view research (Daellenbach & Rouse, 2007). They acknowledged that one of the limitations was the limited availability of longitudinal data. Barney et al. (2011) also pondered on the future of the resource base theory. They concluded that international business researchers needed to innovate along the lines of resource base theory linkage with other theories, acquisition and development of resources, sustainability, multi-disciplinary approach to the resource base theory research and establishment of micro-foundations of the resource base theory. While use of the resource base theory as a strategic management tool has generally taken a macro-view of the firms, there has been a call to study the micro-foundations. However, it has limiting factors in the form of being more arduous and costly (Foss, 2011); hence, in this study, we will maintain the macro analysis to study the firm as a whole.

Mathews (2001) framed the ‘LLL’ model as an alternative to Dunning’s eclectic paradigm or the OLI model (1977, 2000) from the perspective of resource base to explain EMJNE internationalisation. ‘O’ stands for outward-oriented, implying accessing external resources, which are available in global markets rather than in the home market, thus the firm strategises to look outwards. ‘L’ denotes linkage (and leverage). How can the
resources be leveraged using existing linkages to overcome the barriers of new competition? 'I’ is for integration, along with the rapid expansion through linkage and leverage, the firm needs to quickly integrate its internal operating assets and core capabilities so as not to be faced with a disproportionate imbalanced global operation. The resource leverage framework adds to Barney’s static VRIN based RBV view (2001) about opportunity capturing by EMNEs as they engage in internationalisation (Thite et al., 2016).

Li (2003, 2007) has suggested an integrated model which encompasses the OLI and the LLL model within the content-process (internal, external, market performance) framework of MNE evolution (Figure 5). Internationalisation and all decisions relating to it is the strategic choice of the firm and dynamically viewed, the ‘spatial factors interact with the temporal factors’ (p. 314). MNE evolution is the macro view and internationalisation is a part of it. All related institutional and social elements need to be considered along with the associated business cycles for organisational learning during the various phases of MNE evolution.

![Figure 5: Framework of MNE Evolution](image)

(Yaprack & Karademir (2010) version of the Li (2007) integrated Model)

While the understanding is that the resources based theory and the resource based view have different typology and analysis, it has been seen that the terms have been interchangeably used (refer article by Rugman & Verbeke, 2004). Many scholarly articles have also used the terms resources-based approach, resources-based perspective and resources-based model. Articles on resources-base generally mention similar scholars like Penrose, Barney, Peteraf, Wernerfelt for the theoretical basis for their articles. An extensive search was made to find any piece of work that differentiates the resource based view from the resource base theory. Articles mentioning the two separately talk about similar resources and resource characteristics and capabilities required for firms.
for sustainable competitive advantage. Hence, while the literature review on resource base has categorically mentioned the resource base theory or the resource based view as has been the case in the articles cited, for the purpose of this study the term will be referred to as the resource based approach.

2.6 Internationalisation and International Business Theory

Earlier international business theories were based on various laws of economics like the product cycle hypotheses, labour productivity theory or transactional cost analysis. They focused on inter-country trade (and agreements and pacts), advantages of multinational organisations and their strategy, attractions of host countries, flows of capital, goods, labour and technology, and efficiency spill-overs, among a host of other topics.

Theories which have often been used to explain FDI in general include the theory of market power (Hymer, 1960), which is a seminal piece of work based on his PhD thesis explaining the emergence and survival of the MNEs due to market imperfections; internalisation (Buckley and Casson, 1976) who postulate in their book that firms will seek to increase profits through lowering of transaction costs (Transaction Cost Theory, TC) as they create firms within the firm and have ownership of all these firms; the eclectic paradigm (Dunning, 1977, 2000) also known as the OLI framework (Ownership, Location and Internalisation) which establishes that the firm will look outward when it has all three advantages – ownership which encompasses exclusivity of the firm, locational advantages of the host country which suit the MNE, and internalisation that has already been explained above in this paragraph; and the stages model (Johanson & Vahlne, 1977), also known as the Uppsala Model, based on the internationalisation experience of Scandinavian manufacturing firms within Europe, which states that firms internationalise gradually, starting by exporting first to foreign markets through intermediaries and then by setting sales subsidiaries in such markets and then finally to setting up production operations in those host markets. Later, Johanson and Vahlne extended the Uppsala Model (Johanson & Vahlne, 2009) to take into consideration that internationalisation does not work in silos but within networks of relationship and knowledge creation.

Rugman (2010) has stated that Dunning’s OLI model is too broad in definition. He is of the view that the empirical research to prove the OLI paradigm is firm specific rather than industry-focused; for example, he points out that some of the ‘O’ advantages are ‘country factors’ (p. 2) which Dunning argues can be used to the specific advantage of
the firm. Similarly, MNEs can exploit the ‘L’ advantages of host countries in conjunction with the local governments to turn them into ‘O’ advantages. Finally, with regard to ‘I’ advantages, the same is restricted to benefits via transaction costs and does not consider the resource based view explanation of firm efficiency. Rugman has then attempted to reconcile the internalisation theory and the eclectic paradigm. He has used the firm specific advantages (FSA) and the country specific advantages (CSA) as ‘key determinants of FDI’ (Rugman, 2010, p. 5) to develop a matrix model (designed by Rugman, 1981; Rugman & Verbeke, 2008) and fitted the OLI model into the matrix from the perspective of the home country while recognising that the locational aspect of the OLI model is specific to host countries. He has further considered the four motives for FDI (as conceptualised by Dunning, 1992), which are resources, market, efficiency and asset seeking, and concluded that these motives can also be incorporated into the FSA/CSA matrix and provides direction for home country OFDI.

Buckley (2009) has commented that emerging market MNEs pose frequent challenges to the established international business theories as they ‘refute orthodoxy’ and behave very differently from the conventional multinational (p. 322). He has further quoted in his paper from 2007 (Buckley et al., 2007) to explain how the ‘emergence of Chinese multinationals can be explained as a special application of the general theory of the growth of the firm by internalisation of the imperfect markets’ (p. 322) mainly because of the peculiarity of the imperfect Chinese capital market.

In a recent paper, emphasis has again been laid on the fact that established international business theories were entrenched in the studies of investment by Developed Market Multinational Companies (DMNCs) and hence an assumption or hypothesis based on the same may not be relevant for EMNEs investing in developed markets (Buckley et al., 2014). Emerging market countries differ significantly from developed markets culturally, politically and the basic institutional environment (Goldstein, 2007 quoted by Buckley et al., 2014) and hence companies from such emerging markets will also differ vastly from their developed market counterparts and so will their internationalisation experience.

Ramamurti (2012) raised the question as to why emerging markets produce MNEs at all as the companies from such economies were not expected to have any ownership advantages due to their relative technological backwardness. He goes to explain that EMNEs may have ownership advantages but different from the ones that are/were seen in DMNCs. It is critical that researchers recognise this and have an open-minded view
and consider empirical ground research for such advantages. He also queried the right or wrong way of internationalisation (the ‘development path’ of countries), the concept of which is credited to Dunning (1981) and then Dunning & Narula (1996). The EMNEs are different from DMNCs as their strategic DNA is different from their more developed counterparts in that some are ‘born global’ in a flatter world and therefore have the ability to exploit opportunities more effectively. Ramamurti (2012) also questioned the relevance of the stages model to explain EMNEs, stating that EMNEs investments persistently displays a south-north flow, a phenomenon that has not been considered in the stages model.

The new paradigm of development (NPD, Dunning, 2006) explores what the development path of economies should be and what role should institutions play (Institutional Theory, InT) in such a development and ‘theorising about determinants of TNC activity in developing countries’ (p. 174).

To this we can also add the Agency Theory (AT) practices as a strategy that firms follow when seeking to invest in countries similar or different to home country environment.

The investment development path (IDP) (Dunning, 1981; Dunning and Narula, 1996) shows the five stages of the development path of countries in light of IFDI and OFDI. Overseas investment by EMNEs has been sought to be explained on the basis of IDP. However, in the case of emerging markets (especially India), industrialisation was an outcome of import substitution rather than IFDI, and OFDI emerged much before the stage as per IDP and substantial flows have been to developed nations (Athreyea & Kapur, 2009). India has had an untypical leapfrog development model (Buckley et al., 2009). India OFDI has been firm specific rather than a national representative trend and if the corporate guarantee figures are added to OFDI numbers then OFDI has exceeded IFDI in certain years which is expected to happen only at the last stage of IFDI when the country is developed (Sathye, 2008).

In the last few years, there have been attempts to explain EMNEs actions through a different lens. Mathews (2006) framework around the three L’s (linkage, learning and leverage) can be applied to EMNEs, which explains how firms use linkages to internationalise, then focus on leveraging resources and finally learn from repeated application of the first two processes to become more effective. Banga (2007) has
categorised drivers of OFDI from developing countries into three factors: trade-related, capability-related and domestic factors.

Some studies have shown that existing international business theories may not perfectly expound OFDI from emerging markets. Hence, there is a need to reevaluate the internationalisation path of these firms and as Tan and Myer (2010) have suggested, particularly study the resources available to the EMNEs as they manoeuvre their way to become international firms.

Griffith et al. (2008) assessed emerging themes and research agendas in international business, and they used the Delphi method to identify the most prolific authors in six leading international business journals over a ten-year period from 1996 and described the themes of past international business research. They further provided these themes to a select group of respondents to identify the potential future themes of international business research and presented their results. One of the themes on company internationalisation process questions the evolution of firm’s internationalisation process, difference in the experience of firms in various sectors during the process of internationalisation and what ‘contextual factors moderate’ such process (p. 1226).

Using the above emerging theme, this study therefore investigates the internationalisation process pathway of service sector firms from India and further attempts to investigate any disparity in such process from what has already been investigated and discussed in existing internationalisation literature.

2.6.1 Internationalisation Literature

Until about the mid-1970s, international trade (export and import) was the main focus of international business studies and it was only post this period that the concept of FDI gained recognition (Buckley and Lessard, 2005). While world trade in absolute numbers is much higher than world investment flows, as a percentage investment (FDI) has grown by 477% versus 276% growth in trade over the past two decades. Companies do not only want to stay in their home countries but are choosing to invest overseas. Which leads us to ask if benefits of overseas investment are higher than the costs associated

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7 World trade which includes both merchandise and commercial services was USD 23,874 billion in 2014 compared to USD 2,582 billion of investment for the same period (WTO Trade Statistics, 2015; UNCTAD WIR, 2015)
 Contractor (2007) determines that companies investing overseas go through three stages of internationalisation, namely: early internationalisation (a stage where they face unfamiliarity with the foreign markets); later internationalisation (length of internationalisation during early stages finally results in benefits); and excessive internationalisation (incremental internationalisation in all types of market may lead to reduced profits). He is of the view that the benefits reaped are higher than the associated costs in the second stage of internationalisation (though there are various views on the direction of the relationship and past internationalisation).

The earlier notion that MNEs competed in international markets on the basis of internalised advantage is gradually getting displaced by the belief that the new MNEs are more of ‘international learner, coordinator, cross-border arbitrageur, multiple-network alliance partner, and integrator across borders’ (p. 462, further quoting Palmisano, 2006; Contractor & Lorange, 2002). Overseas performance depends upon the mode of entry and also the location of entry and not each and every type of experience provides similar benefits but can also have negative impacts (Buckley et al., 2014). Some firms are born global and do not wait to reach a stage of maturity to internationalise. They have set their sights on international markets right from their inception (Knight & Cavusgil, 2004; Weerawardena et al., 2007; Singal & Jain, 2012 quoting Rennie, 1993). The concept of born global is ingrained in three interrelated attributes - new market conditions, technological advancement in many areas, and capabilities of the managers (Nummela et al., 2004 quoting Madsen & Servais, 1997). These firms are typically smaller in size and relatively more flexible in nature so as to quickly adapt to international markets. The founders and managers often begin with a global vision and already have inherent capabilities to conceptualise international strategies due to past such experience having worked with DMNCs. They focus on innovative products and create dynamic capabilities in the form of international customer support (processes that create value for the relationship of the firm with its customer) as their model for success (Khavul et al. 2010a).

Firms possess resources and capabilities which are heterogeneous in nature and helps determine the choice that a firm makes in regard to its internationalisation (Gaur et al., 2014). Resources and capabilities which are firm specific are important for firm internationalisation and for EMNEs these differ from the developed market firms as EMNEs rely on specific advantages gained from competitive strength in the home market, cheap labour and a traditional customer base (Gaur et al., 2014).
Geographic diversification can reduce risk for the firm to a certain extent as business cycles will not be synchronous in different geographies, firms can hedge against exchange risk if they use a combination of currencies (though this is debatable due to the fact that most firms deal in three major currencies: USD, GBP and Euro; and this fact was observed during my 11 years' work experience as an international banker), and have greater flexibility with multiple production facilities. Contractor (2007) states that it is unequivocal that there is a net positive effect of internationalisation.

While internationalisation has its benefits, there are difficulties that firms can face during the process of internationalisation. From a resource based perspective, the difficulties that a firm faces during internationalisation could be in the form of loss of advantage from the specific resources transferred overseas and which may actually turn disadvantageous and lack of complementary resources required for international operations (Cuervo-Cazurra et al., 2007). The causes behind this are various - resources transferred may lose their VRIN properties in the new country; products created by using the resources transferred are not usable/viable in the host country; resource capability within home country context becomes disadvantageous with respect to host country context; host country hostility to certain products or country of origin or institutional factors; and strong competition from host country own home grown companies. The firm can face one or a combination of these issues in one or multiple foreign markets. Decision making through self-learning by managers differs from country to country (Aharoni et al. 2011). In a quantitative study on Latin American companies, Thomas et al. (2007) found that managers can become over-confident from the knowledge gained from internal internationalisation and can face failures during subsequent external internationalisation (especially in internationalisation into developed markets). This can deter these firms to further internationalise due to initial failures, which could tantamount to failed opportunities due to non-utilisation of knowledge during the process of the failed venture. Resources and capabilities are crucial for internationalisation for firms from emerging markets (Liu, et al., 2011).

Hence, companies wishing to internationalise must adopt solid business strategies, be willing to learn from mistakes, and may test knowledge from internationalisation in similar external markets for sustained growth and profitability in their internationalisation endeavours.
So, the fourth step is to comprehend if the Indian companies in the data set follow divergent strategies depending upon the host country?

The questions to answer the same are as follows:

Question 4a: How do Indian firms manage diverse host country advantages which may differ from home country advantages?
Question 4b: In the absence of home country advantages in a host country, do Indian firms meet with the same degree of success as achieved in their home markets?
Question 4c: Can Indian firms replicate a favourable business outcome from one host market to another host market?

While the IFDI far exceeds the OFDI flows in emerging markets, post the financial crisis there was a doubt as to how much decline will be seen in the overseas investment from emerging markets (Sauvant et al., 2009) especially developing Asia (Hill & Jongwanich, 2009). However, such crises affect all entities, some more than others. It was expected that lower asset prices may actually create opportunities for EMNEs to actively acquire.

So, finally we want to ascertain how does the external environment affect internationalisation strategies in any way and if yes, then how; and if not, then why?

For this question, the global financial crisis of 2007-08 has been taken as the reference point as the most significant event during the past couple of decades which is also the period when India has seen a significant outflow of overseas investment and the companies in the data set have also had substantial OFDI flow. Thus, the sub questions are as follows:

Question 5a: How has the global financial crisis affected the company’s internationalisation strategies?
Question 5b: What action has the company taken to counter the effects of the same?

The next section (2.8) provides the logical pathway of the research questions graphically and thus clarifying the objective of this study.
2.7 Graphical Representation of the Research Questions Logical Pathway

Figure 6: Graphical Representation of the Research Questions Logical Pathway

2.8 Chapter Conclusion

Dynamic capabilities and the resource based approach have been studied at great length; however, there is limited research on emerging market economies and especially in the context of international business. An empirical study of the internationalisation path of the services industry of an emerging economy like India is expected to contribute to the literature. Contribution towards understanding dynamic capabilities of these firms and the strategies that they adopt on the strength of these capabilities towards internationalisation is also expected. Further, if the companies in the data set gain competitive advantage which may be derived from the tenacity of available or acquired resources and the final success or failure in host markets can also have potential for significant contribution to research.

Ambrosini and Bowman (2009) say that there is a dearth of empirical studies in dynamic capabilities and a potential problem that may occur is the wide occurrence of quantitative studies which may provide a repetitive issue of examining only firm performance. The authors go on to state the need to study firms as cases which have sustained competitive
advantage in dynamic environments and to understand where and how managers use or need dynamic capabilities (quoting Pablo et al., 2007). This would enhance the strategy-as-practice field which examines the work of managers and the reasons behind their work. Teece (2014) states that international business literature has been strongly influenced by transaction cost theory with limited emphasis on entrepreneurship and capabilities and it is imperative that international business scholars also view MNEs from an entrepreneurial/capability lens towards a unified theory of the MNE enabling a fruitful dialogue between practising managers and management scholars.

Reviewing internationalisation literature, Hitt et al. (2006) stated that international management research would greatly benefit from the study of EMNE internationalisation operational strategy and processes. Today’s EMNEs have internationalised in an environment far removed from that when the early MNEs emerged from developed markets (Gammeltoft et al., 2010, b) and therefore do provide basis to challenge extant internationalisation theories and hence there is scope to continue to study EMNE internationalisation through different lenses (Jormanainen & Koveshnikov, 2012).

Hence, understanding EMNE internationalisation based on the five service sector companies studied for this thesis, nature of their internationalisation and actions based on their resources and capabilities and effect of a significant change in the external environment is expected to make a significant empirical contribution.
3. Research Methodology

The objective of this thesis is to investigate the business strategies and associated competitive advantage of Indian companies in the services sector on the path of their internationalisation.

As has been mentioned earlier, with OFDI increasing from developing economies both into other developing countries and the developed world, there is an increasing interest among international business scholars to study EMNEs and the associated competitive advantage and business strategies towards internationalisation.

Data has been gathered through interviews of key personnel involved in strategic decision making in the selected Indian MNCs in the services sector. Further data in the form of information available in the public domain has been gathered to attempt triangulation for validity and reliability. Hence, this study has adopted a case-based qualitative approach. Reasons for adopting such an approach and the analysis description have been discussed further in the chapter.

3.1 International Business Research Methods

International business is very broad in nature. It deals with questions about MNEs and how and why they venture, operate, succeed or fail in markets other than their own. While international business also includes trade (export and import), the most important aspect of international business is to understand about FDI. Various international business theories have already been discussed in the introduction chapter (Chapter 1). To provide a gist, earlier international business theories were based on various laws of economics. Theory of market power, Hymer’s seminal work in 1960 paved the path towards explanation of FDI. Buckley and Cason (1976) postulate the notion of internalisation. The eclectic paradigm or OLI (Dunning, 1977, 2000) has formed the backbone of international business theorising. Dunning (1992) further conceptualised the main motives for FDI, which were resources, market, efficiency and asset seeking. Rugman (2010) attempted to reconcile the internalisation theory and the eclectic paradigm stating that FSA and CSA were key determinants of FDI. IDP theory (Dunning, 1981; Dunning and Narula, 1996) postulated the stages of development that a country may follow given the levels of IFDI and OFDI in that country. When emerging markets joined the international business fray, Dunning (2006) developed the NPD model discussing the development path of economies and the role of institutions in such a
development. Strategies of firms when seeking to invest in other countries formed the basis of agency theory. To further understand emerging market OFDI, Mathews (2006) used linkage, learning and leverage to explain EMNE OFDI and Banga (2007) added trade-related, capability-related and domestic factors as drivers of OFDI from developing countries. There is a continued interest in developing further theories which explain EMNE overseas investment as it has been observed that extant international business theories based on developed markets do not perfectly expound OFDI from emerging markets.

As mentioned above, earlier international business theories were based on various laws of economics and there is a general consensus across most of the schools of economic thought that ‘quantitative and statistical approaches are a suitable and integral part of economic method’ (Buckley & Chapman, 1996; p. 235) and it has been observed over time that the majority of international business and business study researchers have adopted quantitative methods to test the various theories. This is a fairly strong bias. In an informal gathering of international business scholars, it was mentioned that choosing a qualitative approach for the research project, any publication may be difficult to achieve. However, in recent times there has been a bent towards qualitative study in the international business space.

Journal of International Business Studies (JIBS) in a special issue in 2011 invited authors to suggest ways in which qualitative research could make a comeback into international business research. In the introduction of this issue, Birkinshaw et al. have stated that they feel that there is a missing link between ‘the more grounded perspective of many individual-level studies’ (p. 575) and an attempt to generalise the theories developed by viewing the organisations through the eyes of economists and strategists. They feel that this missing link or void can be filled with qualitative research as it can be used to comprehend how ‘culture and context’ play a role in the ‘collaboration and integration of activities.’ This would further provide an insight into how individuals collaborate across contexts, which is something that the authors feel has eluded organisational process scholars.

Doz, in the same issue (2011), mentions that international business is multidisciplinary in essence; however, it remains unexplored and the international business authors have rather chosen to fit their research into existing theories borrowed from other fields or restricted themselves to ‘data driven inductive empiricism’ (p. 582). He feels that
qualitative research can bring an edge to international business research wherein new/original theories, specific to international business, can be developed and tested. Burgelman (2011), echoes similar views that through longitudinal qualitative research; new international business theories can be generated.

International business is about the overseas investment of companies around the world. These companies could have one or a combination of strategic motivations to invest overseas. These motivations could rise out of initiatives, internal organisation, managers and owners, resources, performance, and the environment. Hence, strategic management (SM) can play an important role in interpreting the internationalisation path of MNEs which is considered a domain of international business. Thus, SM theories can be adopted to understand an international business concept.

In an article in 2002, Buckley debated whether the themes around the flow of FDI, concept of the MNE and their emergence and strategies and stages of a firm’s internationalisation enabling globalisation were passé. He called for international business researchers to identify what new was required in the international business field and also suggested that new world emerging economies should be the focus for new research. Later, based on 30 years of research collaboration results, Buckley and Casson (2009) opined that international business questions have raised additional multiple questions and that the current questions have evolved with the times and the changing global business scenario. They felt that progress in international business research agenda should continue to cover formalising and testing theories; entry strategy for firms into foreign markets; international joint ventures; innovations; and the effect of culture on international business.

During such times and as mentioned earlier, other international business researchers have followed and endorsed using quantitative methods for testing international business theories. However, as this research is about understanding an international business concept (internationalisation) on the basis of SM theory, a qualitative method has been embraced. The rest of the chapter is dedicated to explaining the richness of qualitative research, justification for the method adopted and its limitations, and the method within qualitative research that will be adopted for study of the research phenomenon in this thesis.


3.2 Qualitative Research Methods
Qualitative research has a 'rich diversity of techniques' with various roles and 'variety of approaches' (Cassell et al., 2006, p. 301). There is a misconception that qualitative research is but just a prologue eventually leading to a quantifiable study. This is debatable. Different philosophical positions with their various contributions have much to offer to qualitative research which then can further add to the business and management studies (Cassell et al., 2006).

3.2.1 Philosophical Perspective
A researcher can decide on which methodological path to select. This selection can be made through the philosophical perspective. Each paradigm has its own ontology, epistemology and assumptions about the research methods that can be used (Guba & Lincoln, 1994). Research is about gathering data (within accepted moral and ethical boundaries) in a systematic manner about the social world and analysing this data to derive conclusions. These conclusions could then provide a reflection about the world in general. One can use either a deductive approach where ‘theory guides research’ that is testing through instances pre-determine theories and generalisations or an inductive approach where ‘theory is an outcome of research’ where theory or generalisations are established after studying a phenomenon (Bryman & Bell 2011, p. 4; Hyde, 2000). The research methodology, which refers to the system of enquiry (for example positivism, interpretivism, realism and others) and strategy, which refers to the type of method used (for example data collection methods, analysis, or interpretation) need to be confirmed and justified along with the research design adopted (which should be reliable, replicable and valid) (Linstead, 2013). Study of organisations can combine both theory and its application and different research methodologies (quantitative and qualitative, Denison 1996).

Organisational studies and management as a field have been historically classified under the social sciences. However, there is a difference between the study of organisations and social science due to the nature of the stakeholder. Remenyi et al. (2005) point out that the stakeholders in business tend to be a more varied group within a constantly changing environment and they tend to have a more financially driven interest rather than the other social sciences where the interest is of a more academic nature. Organisations are made up of human beings, who can speak, think, rationalise and debate. The research methods from the pure sciences cannot be replicated for researching organisational behaviour as those are based on ‘eternal laws’ (Marschan-
Piekkari & Welch, 2011). However, some forms of social science research methods (like ethnographic study from anthropology and or psychoanalytical tests from psychology) have been adopted for management studies. While past researchers have used both quantitative and qualitative methods, it has been felt that as organisations grew in complexity, it would be far more beneficial to use qualitative methods to study organisational behaviour. Hence, the researcher’s philosophical bent would be that of an interpretivist cum constructivist.

Research methodology used in the pure sciences or other social sciences are seen to be inadequate to capture the intricacies of organisational behaviour and research. Van Maanen (1979) states that the 'qualitative and quantitative methods are not mutually exclusive’ (p. 520). He has very clearly argued for using qualitative methods in organisational research. He has given the example of an instinctive reaction to an oncoming speeding truck to portray the interpretive procedure required by a qualitative researcher to identify such symbols and record pattern of responses based on the same. Once a given phenomenon based on such recordings is established, this can then be further fit into quantitative studies for theorising. He stresses the need for organisational research based on qualitative methodology to increase the extent of such studies for a more reflective discovery and insight into organisational behaviour. Consequently, researchers in organisational behaviour have been prodded to expand their research methodology and to keep an open mind to more effectively understand organisational culture. 1980s is the period when the concept of 'postmodernism,' which 'rejects the notion that any organisational issue can be studied with one universal method of scientific inquiry' (Linstead 2013, p.4), gained in popularity among the social sciences (Alvesson, 1995). Postmodernism suggests that the actual happening of the real world cannot be systematically agglomerated, because research methods of conceptualising have inherent gaps (Chia, 2002).

Michel Foucault, a French philosopher, has greatly influenced postmodern thinking with his contribution (Genealogy or in his interpretation 'full control through centralisation of power'). Although he did not believe that he belonged to the postmodernism genre (Burrell, 1988) his ideas were seen as being anti-modern and hence his work is generally considered under postmodernism philosophy. He believed in the superiority of power over knowledge. The ‘deconstruction’ theory (study of text) of Jacques Derrida, a French philosopher, has also greatly influenced postmodernism as a way of organisational analysis. Organisations are made up of humans and their chief modes of communication
are through symbols, spoken language (Cooper 1989 further quoting Pondy & Mitroff 1979) and writing. The formalisation of these three components is a form of control that can be analysed to understand organisations. Derrida states that deconstructing these components can unveil the underlying dynamics of an organisation even so far as to threaten its stability. He states that an organisation can be logically reflected through its disorganisation. Discourse analysis, which is a way of understanding inter-social communication and relationships, is another approach that has been considered synonymous with postmodernism. Foucault had said that a discourse is not only what people say but it is more a regulated system of statements. Derrida’s deconstruction theory has also influenced discourse analysis based research.

Explaining postmodernism in light of organisational study would show ‘human activity to be essentially reactive or defensive’ (Cooper & Burrell 1988, p. 106). Humans are social animals and react differently in different situations. While, there are different leadership styles, a single individual in a similar role but in different settings could react in two distinct manners. For example, when confronted with a challenging personnel situation, a leader may react very differently in one cultural context as opposed to another. In dealing with such situations, a researcher of organisational studies needs to be intimately involved with the organisation in various ways and methods and be able to effectively understand the responses and then to theorise.

Whether organisational studies/management is an art or a science has been a topic of great debate. Morgan and Smircich (1980), very soon after Van Maaren’s (1979) call for reclaiming qualitative methods for organisational research, made a case for the same. However, they did not wish for one type of methodology to be replaced by another. Rather, they tried to highlight the fundamental core of the required research, which may then favour one methodology over the other. They restricted themselves to an interpretive and functionalist paradigm while leaving out the radical (humanist and structuralist) paradigm. They clearly pointed out that their aim was not to continue the debate on the right or wrong advocate in determining any given approach; rather it was their attempt to point the researcher towards studying the various assumptions or propositions or questions of their research and to adopt the epistemological method most suited for the study that they undertake. The choice of method should depend upon the phenomenon being studied and in the case of social sciences there is a requirement of reflexivity.
Daft (1983) advised management researchers to treat research as a craft wherein the activities cannot be analysed in a straightforward manner (further quoting Perrow, 1967) due to obscurity of cause and effect relationships and procedural complications. While he took the stance of the pragmatic researcher and provided similes between management observation and scientific experiments, the mere suggestion of treating research as a craft points towards an interpretivist perspective. He was keen to develop new methods to obtain cogent knowledge about organisations and urged the mature breed of researchers to explore ways of making their work intriguing and rewarding.

Alvesson and Kärreman (2007) sought to actively discover theory and advised against relying solely on data for social research. The authors believed in looking for mysteries in research and then solving those mysteries. The authors’ objective, as constructionist researchers, was to pave a path ‘of breakdown induced theory development’ (p. 1267). A constructionist is one who believes in enhancing knowledge through continuous learning and evolving along the way (constructionist is arising out of Papert’s Constructionism theory and is further based on the learning of Piaget’s Constructivism as quoted in Ackerman 2001). In Papert’s own words (along with Harel, 1991), constructionism adds to the constructivist’s view of ‘building knowledge structures’ irrespective of the circumstances wherein the ‘learner’ is engaged in ‘constructing a public entity.’ Alvesson and Kärreman (2007) admitted that organisations were very complex and could be rather difficult to decipher. Data alone could not be reliable and should not be force-fitted into the theory. Rather they sought to look for deviants (or breakdowns) in the empirical material which would allow researchers to delve further into their material to solve these deviations and come up with new theories which could fit the data rather than try and squeezing existing theories into the data found (reductionist view).

Cunliffe (2011) continued the argument for qualitative research in organisational studies. Like Daft, she also stated that organisational research is a craft in the way the organisational life is portrayed through close observational analysis. She claimed that each problematic while dealing with any one characteristic, treats them differently; however, within each problematic, the dealing of all the characteristics were somewhat similar. As per Cunliffe, objectivists would fall under the single hermeneutic category (humans can predict and use replicable knowledge for improving the required surrounding); subjectivists would come under the double hermeneutic (observations and interpretations get influenced by experience of own and surrounding); intersubjectivists
get categorised under reflexive hermeneutic (on going interpretations of self and surrounding based on interactions). She, therefore, furthering Morgan and Smircich’s (1980) question of whether human knowledge is gained outside their social construct (I refer to this as comfort zone wherein an individual knows his surrounding and if he is willing to step out of it to amass more knowledge), states that this would depend on the problematic, and given the categorisation, subjectivist and the intersubjectivist would answer ‘no’ and the objectivist would answer ‘yes.’ She also urged researchers of organisational studies to explore more than one method that could fit into their study so as to give a wholesome argument for their discoveries about the organisations which today are more complex and have various verticals which need to be studied individually or in relation to each other depending upon the research study undertaken.

However, there remain many researchers who are confirmed functionalists and positivists. Donaldson (2005) belongs to this genre and was influenced by the Aston school (known for its positivist approach to theory). He was also greatly influenced by science fiction and Eysenck (who has sought ‘scientific approach to psychology,’ clearly refuting Freud’s unscientific approach, p. 1073). Donaldson chose to defend his own research rather than rebuking others (for example accepting Chandler’s strategy-structure thesis derived by using case studies for organisational research which the Aston school was cynical about). He calls himself an integrationist and one who sees ‘organisational theory as a policy science’ (quoting Reed 1985, 1989, p. 1076).

Then there are others (realists) who choose the middle path and do not reject either the quantitative approach or the qualitative approach and may use any one or both types of methodologies. As Onwuegbuzie and Leech (2005) point out, researchers need to be pragmatic and can strengthen their results by combining both the qualitative and quantitative methods. They have pointed out similarities between the two approaches (‘methodological pluralism,’ p. 382) and have criticised the barriers affecting such pluralism emanating mainly out of alienation by one side or the other of the methodological divide.

Philosophy is significant for organisational analysis (Burrell & Morgan, 1979). However, the role of philosophy in discussions around organisations and the field of management have not been considered of paramount importance (Linstead & Linstead, 2005). The authors state that to ‘represent’, ‘knowing’ and ‘becoming’ of an organisation, scholars of organisation studies and management should draw upon philosophy in a more
definitive and instinctual way. It is important here to take a philosophical stand and ratify the acceptance.

3.2.2 Philosophical Position

My philosophical stance leans towards an interpretivist-constructivism paradigm. The study will be exploratory in nature and while it does not actively seek inductive theorising, the research will be open to any such discovery. As a researcher of a phenomenon which has been not been analysed in depth, the main endeavour here is the pursuit of knowledge, to understand the why and how of the phenomenon.

The interpretivist paradigm involves the use of multiplicity of research methods for the social construction of organisational life (Kelemen & Rumens, 2008). It has not been as commonly used as the positivist paradigm in business and management research (Myers, 2009); however, it has gained popularity since the late 1990s. An interpretivist researcher will try to analyse a phenomenon by understanding what meaning people assign to it; they do not commence with a hypothesis of dependent or independent variable but ‘focus instead on the complexity of human sense-making as the situation emerges’ (further quoting Kaplan & Maxwell, 1994, p. 38).

The social researcher is expected to study the phenomenon from the inside. However, in this research work knowledge is expected to be gathered through analysing the interviews of key personnel involved in the phenomenon under research, which is interpreting the strategic motivations of Indian firms’ internationalisation, without actually becoming a part of the social setting that is being studied as it is difficult to get these companies to agree to participant observation for disclosure and access issues. However, unstructured, open-ended interviews with the key strategic personnel will provide enough evidence to answer the research questions (Buckley & Chapman, 1996).

Realism as a paradigm has greatly influenced the field of strategy (Mir & Watson, 2000 further quoting Godfrey & Hill, 1995). A realist would try to be as close to the truth as possible; there are only two outcomes for a realist, which is that the theory is either true or false and this can be discerned only through ‘reason’. ‘To be a realist is to, minimally, assert that many entities exist independently of us and our investigations of them (Ackroyd & Fleetwood, 2000, p. 6). Realism is more ontologically focussed with understanding the nature of being. However, the social world is made up of humans; organisations are made up of humans. To understand the social world or the
organisations present therein, it is important to view it from the perspective of those who live in it (Kelemen & Rumens, 2008); this is what forms the crux of constructivism. The phenomenon under study should be explained through the actions of the people responsible for such phenomenon. Actions by the humans within the organisations are due to their experiences of different situations rather than a direct reaction to external forces (Easterby-Smith et al., 2008). Constructivism aims to provide accounts of individuals and how they reach a particular decision.

I have stated above that my philosophical stance is leaning towards an interpretivist-constructivism paradigm. Burrell and Morgan (1979) have emphasised on paradigm incommensurability. However, there has been a shift towards multi-paradigm research in the fields of management, organisational studies and international business (Keleman & Rumens, 2008). An interpretive approach uses qualitative methods like interviewing and analysis of existing documents so as to construct a meaningful reality through the interaction between the researchers and the researched. Interpretivist positions are established on the theoretical belief that reality is socially constructed within the relationships of social settings and are generally fluid.

Hence, interpretivism and constructivism are related approaches to research that are characteristic of particular philosophical world views. Schwandt (1994) states ‘proponents of these persuasions share the goal of understanding the complex world of lived experience from the point of view of those who live it. This goal is variously spoken of as an abiding concern for the life world, from the emic point of view, for understanding meaning, for grasping the actor’s definition of a situation, for Verstehen. The world of lived reality and situation-specific meanings that constitute the general object of investigation is thought to be constructed by social actors’ (p. 118). So, through this philosophical underpinning, this study will attempt to analyse the strategic motivations behind firm internationalisation by interpreting the dialogues that will be held with the people in these firms who are responsible for such strategic actions.

3.2.3 Organisational Studies and International Business Studies
A question that may arise here is, why from discussing international business, the researcher has switched to explaining organisational studies. International business concerns itself with inter-country trade (and agreements and pacts), advantages of multi-national organisations and their strategy, attractions of host countries, flows of capital, goods, labour and technology, and efficiency spill-overs, among a host of other
topics. In this research project, the researcher will study organisations and specifically the motivational strategies of firm internationalisation. Hence, the philosophical perspective of the researcher from the point of view of organisational study was explained in the earlier section. Studying organisations is entwined with international business studies.

3.2.4 Adopting a Qualitative Study

A qualitative approach should not be adopted just to be different in a field that leans towards another approach (quantitative here); as Silverman (2010) makes a point, ‘last thing you want to do is re-invent the wheel’ (pp. 13). Rather, a particular research methodology should be selected because it is the best means by which to find the answers to the particular research questions being addressed.

When should a qualitative approach be adopted? Creswell (2013) points out that it is appropriate to use qualitative research when an issue needs to be explored wherein the variables cannot be measured, when individual stories need to be captured and when theories need to be developed due to the fact that existing theories do not fully or only partially explain the phenomenon that is being investigated. In situations that require the investigation of a phenomenon on which much information is not available, and, where for such investigation, complex organisations need to be studied from the inside but ‘controlled’ approaches may not be possible – in such situations, a qualitative method will be most suitable (Gillham, 2000).

The researcher is the majority stakeholder in the research project (Camerorn & Price, 2009). As a stake holder, the researcher is required to evaluate their motives, skills (both present and needed), available networks and disposable time to decide on which research method will be best suited so that the research can generate a useful contribution towards the selected field of work.

Another key question that the researcher needs to address before embracing research strategies is why the research is being conducted and who the audience is that is interested in that research (Bryman & Bell 2011). These questions form the basis of business research and can help the researcher narrow down the research methodology to be adopted.
3.3 Qualitative Case Study Method

Within a qualitative study, there are different approaches that a researcher can take. It is important to identify the exact approach, what it means, why it is being used, and how it will inform the process of the research study (Creswell, 2013). Creswell identifies the following five approaches to qualitative research: a narrative research, which is a collection of stories about an individual gathered through various means which are then analysed within a given context; phenomenological research, which is also a collection of stories but from different individuals who are connected due to their experience of a common phenomenon and these experiences are then analysed and presented; grounded theory research, which is theory building when an explanatory theory is not available and hence the researcher studies a specific aspect and derives an explanation or theory out of it which can then tested by conducting further experiments or studies; ethnographic research, which can be considered as an extension of grounded theory research wherein the participants studied are bounded by a common cultural background and are present/available at a common place; and finally case study research, which ‘is a qualitative approach in which the investigator explores a real-life, contemporary bounded system (a case) or multiple bounded systems (cases) over time through a detailed, in-depth data collection involving multiple sources of information and then reports a case description and case themes’ (pp. 97).

Yin (2009) says that if the research question seeks to answer ‘how’ and why’ questions, a case study approach will be more relevant and more so if the research question requires a comprehensive examination of a social phenomenon.

Eisenhardt and Graebner (2007) state that case studies are the perfect bridge between inductive theory building and deductive theory testing. Going a step forward, Welch et al. (2011) take a pluralist approach towards international business research and give new vision of theorising from case studies. They suggest that the international business researchers should not restrict themselves to theory building through an inductive approach alone, but consider the use of causal-explanation and contextualisation for theorising.

Seeking to explain what constitutes a ‘casing’ in social enquiry, Ragin and Becker (1992) elucidate that in the course of research wherein ideas are required to be linked to evidence, cases can be concocted (as done commonly is social sciences) or found, as theory may not be a precise guide to empirical research. Casing often creates objects
(the group of people who are empirically categorised) which can then be manipulated to broadly generalise. The casing is matched to the ‘appropriate theory or its decisive theoretical properties must be specified so that it can be located theoretically, often generating new ideas in its wake’ (p. 221). In a situation where cases are not able to explain theory, new theories are generated which can then change viewpoint of existing cases.

Credit can be given to Robert Yin for having provided credence to case study research (Cameron & Price, 2009) and hence, we can use his applications as a general rule to define what should formulate a case study. As already discussed earlier, case studies can be either single or multiple and the case study research can take an exploratory, descriptive or explanatory path (Figure 7).

**Figure 7: Strategy for Case Study Research**

<table>
<thead>
<tr>
<th>Single</th>
<th>Exploratory</th>
<th>Descriptive</th>
<th>Explanatory (Causal)</th>
</tr>
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<tbody>
<tr>
<td>Multiple</td>
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(Researchers’ own version of Yin’s (1994, 2014) case-study research strategy)

As the name suggests, a single case study will focus on a single case whereas a multiple case will include two or more replicative cases that can predict either similar or contradictory results. An exploratory case study is undertaken to ascertain what the final research questions and final research methods will be; descriptive cases will explain the happening of an event within a certain context and; explanatory cases define a causal relationship. What method to use and when will depend upon three conditions as illustrated by Yin (2014, p. 9) as the type of research question posed, control that a researcher may have over actual behavioural events and the focus on contemporary as opposed to entirely historical events. Seeking to understand why Indian companies internationalise and the motivations behind the same will include case studies of companies and their history. The researcher has no control of behavioural events so this study will focus on historical events of established companies and their past strategies towards internationalisation and hence, this piece of research will be exploratory in nature.

Yin (2014) has further demonstrated five techniques that can be used to analyse the data within the chosen strategy or strategies. Pattern matching logic that matches data
findings to pre-determined predictions is the first technique. Second is explanation building where the objective is to analyse the case through an explanation about the same. The third technique is a time-series analysis that traces events related to a case or multitude of cases through a time period. Logic models is the fourth technique and Yin states that this has gained interest over the last few years especially for studying theories of change. Changes can be studies at an individual level, organisational level or a large program level. Finally, the cross-case synthesis technique, which can only be applied to two cases or more, studies each individual case separately first and then the results are amalgamated to seek generalisation.

Silverman (2010) and Creswell (2013) have further identified three different types of case studies (further quoting Stake, 1995 and 2000) (i) an intrinsic case study which involves studying a single case that explains a specific issue, where there is no room for generalisation or theory building; (ii) an instrumental case study wherein a single case is studied to strengthen an earlier result or to revise a generalisation; and (iii) a collective case study which is a study of a particular phenomenon or issue using a number of cases (which is akin to Yin’s multiple case study approach).

Bryman and Bell (2011) have added to the above by identifying a ‘comparative design’ case-study. It basically is a comparative study that helps in enhancing understanding of a particular phenomenon by comparing it to a couple or more contrasting phenomena. This is rather useful in business and management studies due to the fact that universal applicability of business theories is proving to be inaccurate. The authors have specifically advocated this method for cross-cultural research across two or more nations. Thomas (2011) calls it the ‘multiple or collective or comparative or cross-case analysis’. The analysis is a broad comparison of what these cases show – which is the particular phenomenon under study. Drawing on Sennett’s (2009) study, The Craftsman, Thomas prepares taxonomy of the case study approach (p. 143), from which this study will adopt the following pathway:

Unit of analysis (subject) is key as the companies have specifically undergone the specific phenomenon under study
Purpose is explanatory; explaining the phenomenon
Approach is drawing a picture of the phenomenon (the strategic path taken for internationalisation)
Process is a multiple/comparative study (retrospective)
3.3.1 Case Study Selection
The next step was to decide on the company cases that will be studied. Yin (2014), states that selection of cases is one of the most difficult steps in the case-study research method. The researcher should not make a selection on the basis of ease of collection of data but should be focussed on why a certain selection has been made which could be based on the actual phenomenon being studied. To that effect, a screening or scoping process should be carried out which should not be too extensive or expensive.

Silverman (2010) clarifies the three main features of case study research. First, each case should have a set boundary which needs to be illustrated at the outset; second, each case should be reflective of the research interest and the unit of interest specified in the beginning of the research so that the research strategy is clear; and third, the establishment of a limited research problem so that the focus of the case study is maintained.

India has remained under-researched despite its growing economic significance (Buckley et al. 2012). In this context, the researcher felt that it will be interesting to study some of the larger companies of India and their process of internationalisation through a contextual case study approach within the resource-based framework. Gummesson (2008) points out that for those events that are under-researched or there is an uncertainty around them and which may include complex relationships, a case-study approach should be adopted to better understand them, given that quantitative approaches may prove inadequate to explain any such complex phenomena in management studies.

A further step was to decide which companies and which sectors that were present in India were to be studied and more importantly which had significant international investments. There were a number of pathways that this study could have undertaken; for example, it was possible to study a single conglomerate with exposure in various industries and make a comparison of the approach that the company had selected for its various businesses. Yin (2009) defines this as an embedded design of a single case study. One of the rationales that he provides for using single case studies is to test the proposition of a given theory or to search for other explanation and in the process, build new theories. The other was to compare and contrast different companies within the same industry (multiple case study approach). As per Gummesson (2008), ‘any real-world management case can be turned into a case; for example, an industry can be a
case but so can a company within that industry, one of its departments, processes or individuals’ (pp. 38). The case should be defined so as to suit the specific research context.

3.3.2 Limitations

There was a constraint in the number of companies that could be studied in the given time frame for an in-depth case analysis. Further, there was a possibility of a selection bias and if the number of companies selected for the study could provide a good evidence of internationalisation strategic theoretical framework.

To this end, a scoping exercise was undertaken during the initial phase of this study to ascertain the responsiveness of the companies for the study. The maximum positive response was received from the service industry. The companies that were finally selected are large multinationals in the IT, telecoms and hospitality service industry. They are all established companies with a history in international trade and investments.

Case studies should not be defined in one way or the other (Ragin, 1992). Cases are dynamic and useful in linking ideas and evidence. Case study fluidity supports theoretical development through a smaller number of case studies. Theory generation does not require explicit evidence and hence the number of cases is not crucial (Van Maanen, 2000).

The other issue was that of generalisation. Could the analysis emerging out of the study of the strategies behind the internationalisation of these companies be representative of the whole industry and other industries (that have not been studied) within the given context? Longitudinal cross-country studies could have been undertaken to confirm generalisability. As was seen in a study of cross-country mergers and acquisitions from nine emerging markets based on resource-dependence theory, the resultant factors attracting Chinese investments differ from the other countries (Deng & Yang, 2015). If new theories can be propounded out of the research work, these would then need to be tested through a deductive approach to other MNEs in similar emerging markets. Ghauri (2004) states that international business qualitative researchers need to come out of narrations of stories and theory development and at some point, these theories will need to be tested for generalisability.
Eisenhardt’s article on building theories from case-studies (1989) is considered seminal in the field. It is a positivist approach to qualitative studies and is used as a guideline by case-study researchers. Using a positivist linear approach, she lays down the process for qualitative research by first defining the research question as that will help focus on construct effort (flexibility for theoretical construct); cases selected should have a theoretical basis and should not be a random sampling so as to ensure external validity and replication; using multiple data collection method for a solid grounding of theory; adjustments to data collection if required to address emergent themes; the data analysis would include detailed write-ups of case-studies for intra-case analysis and cross-case patterns; establishing hypotheses for validity and measurability; comparison with existing literature both similar and contrasting for validity and generalisability and finally closure either due to theoretical saturation or pragmatic considerations.

There are others who feel that case studies about businesses are more about particularisation rather than generalisation (Stake, 1995; Thomas, 2011). It is easier to generalise from large samples of statistical data as they are more ‘objective’ vis-à-vis the more ‘subjective’ interviews (Buckley & Chapman, 1996). Studying a particular case is to know it in-depth rather than for mere comparison. However, it will be subject to researcher interpretation, uniqueness of the case with respect to different contexts (like economic, cultural, social, historical etc.) and esoteric in nature. Hence, it is important to gather maximum information about the case and analyse it from different angles to gain maximum analytical insight (Thomas, 2011). Using an abductive approach (Dubois & Gadde, 2002 and 2014) will be useful as this research is trying to discover new things. While similar to grounded theory, the abductive approach is more about ‘theory development rather than theory generation’ (p. 559). Unanticipated empirical findings and theoretical comprehension during the research process can help in the evolution of the study, which is initially guided by an established framework. The intention is to make both empirical and theoretical contribution on the basis of the study of the Indian MNE experience on their path to internationalisation.

Silverman (2010) says that in an independent, unfunded research, the inquirer will select cases which can be demonstrative of the phenomenon being studied, can be easily accessed and data is reasonably easily available. As has been mentioned above, a scoping exercise was carried out for just this purpose and the companies selected were the ones that readily agreed to participate in this research activity. It is fortunate that the companies that did agree to participate also happen to be all from the services
industry which will help in cross-case analysis. However, if this helps improve the chances of generalisability or if the companies were heterogeneous in nature is provided in the Discussion chapter (Chapter 10).

3.3.3 Criticism
There have been critiques of multiple case-study research too. It is argued that by using a multiple case study, the researcher concentrates on contrasting the various cases rather than a comprehensive study of the specific research context (Bryman & Bell, 2011 further quoting Dyer & Wilkins, 1991). Cameron and Price (2009) also enumerate some of the drawbacks of case study research. They state that the ‘embeddedness’ of the problem can make it difficult to clearly define what should and what should not be included in a case study. Using multiple sources of data and multiple methods of data-gathering can make the process very time consuming and the use of multiple methods requires a wider analytical skill set. Finally, the researcher has to be confident about data analysis and have the ability to synthesise the research findings to present a coherent set of conclusions.

Another criticism of the case study approach is that it cannot be as fully validated as other methods that use statistics based on a large number of random samples, because the approach can generate hypotheses, those cannot be tested as rigorously (Van Maanen, 2000). However, he adds that there is a ‘holistic’ view of research, which is time consuming and hence does not allow the researcher to carry out more than one or a limited number of cases that are studied in depth. These extensive studies can provide a comprehensive view of the specific event or phenomenon being researched.

3.3.4 Using a Case Study method for this Thesis
Irrespective of the limitations, case studies are being increasingly used in management and international business studies. Management authors have repudiated some of the limitations/myths. Flyvbjerg (2006) tries to address some of the major misunderstandings about case study research. Firstly, that case knowledge is central to human learning (further quoting Christensen, 1987; Cragg, 1940); this is refuting the view that context independent learning is more practical than context dependent learning.

Flyvbjerg (2006) contends that there is a difference between general talent and expertise and the latter can only be achieved through a context dependent training more so
because human affairs cannot be predicted to an exact theoretical perspective. Another major critique of this research practice is that it is not possible to generalise on the basis of a singular case study. The author then provides single case experiments in scientific studies to disprove this belief. He says it is about choosing a strategic case and the underlying event that is being studied which should help decide the research methodology. He adds that research is about knowledge gathering and should not be discounted in a situation of non-generalisation. Generalisation as a form of scientific enquiry should not limit search for knowledge. There is no issue using large samples to prove a phenomenon but a single false observation (falsification theory) disproving the phenomenon will require the generalisability to be revised or rejected. Which brings us to another limitation that hypothesis/assumption testing relates to that is generalisability and that then depends upon the strategic cases selected in the context of the phenomenon under study. He also specifies that ‘richness of information’ is of prime importance. Large general samples may not provide as much clarity on the contextual phenomenon as single specific cases, which can make a much larger contribution. The issue that could arise is the selection of the critical paradigmatic case and the author goes on to state that such a selection would require experience and intuition rather than a laid down specific methodological principle. Finally, case studies are characterised by falsification rather than verification. The perception that a case study is only a verification of the researchers’ hypothesis or assumptions does not hold water in such a scenario. Case studies have their own rigour and can depict the true picture of real-life situations. Subjectivism is also practised in quantitative methods in the selection of the dependent or independent variables.

As stated earlier, in the phenomenology of the human study, a researcher needs to be part of the phenomenon in context to get the maximum learning and understanding. Last but not the least that case study narratives cannot be summarised to provide a general directive. The author during his own research sometimes questioned the interest that large detailed cases could generate. It is beneficial to keep a case study open rather than derive a conclusion so that it could have a different meaning for different people (other researchers, practitioners, academics, students) and such different readers then could interpret the narrative in their own way and draw their own understanding based on their theoretical perception.

The clarification of the misunderstandings about case study should not be taken that other research methods should be rejected but rather to create a foundation for using a
case study research path in the context of the phenomenon that this study is undertaking.

Piekkari et al. (2009) conducted an analysis of 157 case-study articles in international business journals between two time periods (1975 to 1994 and 1995 to 2005). They concluded that most of the researchers were straying away from the ‘methodological recommendations made in the literature’ (pp. 584). They found that majority of the articles were exploratory in nature, used multiple case design which were interview based with ‘positivistic assumptions and cross-sectional designs.’ Some alternative approaches to case study design were found but they were negligible. The authors have suggested that researchers specify the type of case study that they will be conducting and have further provided some alternatives (for example interpretive, longitudinal, theory testing) to the present disciplinary convention as they feel that this would broaden the horizon of the researcher and provide a richer perspective out of the case study design.

In another study of case studies over a period of 6 years (1995-2000) in ten leading management journals, Gibbert et al. (2008) concluded that the authors generally followed a framework of validity (internal, external and construct) and reliability. However, they failed to see an explicit reporting of a rigour criteria for the studies conducted. They, akin to Piekkari et al. (2009) have suggested that case study researchers could use alternative conceptualisation rather than just using the method as isolation from scientific mode of enquiry.

Morse et al. (2002) have also focussed on the need for constructive validity and reliability rather than evaluative trustworthiness. They state that different labels and strategies were suggested to have rigour in qualitative studies as were used in quantitative studies. However, due to a lack of clarity in such procedures, ‘post-hoc evaluation of qualitative enquiry’ (pp. 15) was introduced by many of the authors who propagated qualitative research methods. However, there are issues with such a practice vis-à-vis rationale of audit-trails, defining correct analysis judgment by readers as a verification process and member checks invalidating the research work. They feel that the attempt for rigour is more an evaluative process rather than a process of ensuring rigour, which should be the main aim. This depends on the responsiveness of the investigator as the outcome of the research will depend on the knowledge of the researcher, the effective use of such knowledge and continued thirst to seek further knowledge. Qualitative research
should maintain reliability and validity (through verification) by the researcher, which in turn ensures rigour. The verification strategies should encompass matching of the research question with the methodology adopted; selection of appropriate sample, data collection and analysis should be concurrent; and thinking through the work to create a solid foundation and possible theory development.

Yin (2009) defines certain components vital for a case study design. There needs to be a clear articulation of the central question that the research is trying to address. The within-case propositions require to be defined and unit of analysis to be specified. Data analysis and the case propositions should have linkage. And lastly there should be a clear articulation of the interpretive mechanism for the data findings.

3.3.5 Unit of Analysis
The unit of analysis is very important in a case study design. The researcher needs to specify what the focus of the analysis will be. Within organisations, it could be individuals (senior managers) or a specific group within an organisation (business strategists) or organisations themselves (survey on best place to work). ‘The unit of analysis is the entity on which the interpretation of the study will focus’ (Boyatzis, 1998, p. 62). For this study, the unit of analysis will be the organisation as we are trying to understand the strategic motivations of the organisations on their path to internationalisation, which is the phenomenon of interest. The data collection process can lead to a distortion of the unit of analysis if the main source of data is individual people whereas the unit of analysis is the organisation to which the individuals belong (Yin, 2014). So, while the data collection may rely heavily on individual interviews, it has been augmented with other sources like organisational documents, balance-sheets, company records, press reports, analyst reports, news articles and others.

3.3.6 Data Collection Method
The case studies for this thesis will be formulated by gathering information through semi-structured interviews, company documents, analyst reports and available public records. It is important for the researcher to properly define the case, specify data sources, know the research questions, allocate time for data collection and confirm how the data collected will be reported (Stake, 1995).

A triangulation method can ensure reliability in the findings (Bryman & Bell, 2011). While previously, it had been discussed with the interviewees that the company name will also
be redacted post examination of the thesis, it was subsequently felt that redacting company names will not completely anonymise the company identity given the specificity of their history and internationalisation path. Also, given the vast amount of secondary data that has been used for the final analysis, redacting the company name would in essence have taken away the richness of the analysis conducted. Hence, subsequently, it was informed (by email) to all the interviewees that the company name will not be redacted. However, all interviewee names have been anonymised. Further, a respondent validation method has also been applied to ensure reliability; but this has a limited scope as the respondents can only corroborate what they said but cannot validate any analytical inference that the researcher makes of such communications.

Silverman (2010) states that qualitative researchers ‘should not be overly defensive’ (p. 275) and there are no laid down ground rules on qualitative validity. So, it is of prime importance that the researcher can ensure the reliability of the methods used and the validity of the conclusions. Validation in qualitative methods cannot equal the rigours adopted in a quantitative approach. Cho and Trent (2006) added on Donmoyer’s (2001) ‘problematic nature of paradigm proliferation’ (p. 325) framework and specified the kind of validity that could suffice in the various approaches that a researcher may adopt within a transactional or transformational or a framework overlapping both such approaches to validity. As an interpretivist-constructivist, my adopted method lies between ‘thick description’ and developmental; the validation cannot take just one form but will be interlocking triangulation, member checks (both ongoing and recursive), descriptive data & rich archives and perfect knowledge of the phenomenon. The authors (Cho & Trent, 2006) support narrative constructions that clearly state the validity approach adopted and the reasons behind the same.

Cassell (2014) in a seminar on qualitative research stated that qualitative researchers should abandon the quantitative notion of reliability, validity and replicability. Qualitative research has its own criteria and the researchers would do well to meet those. She nudged the seminar participants towards a paper on such criteriology co-written by her in 2006. The paper seeks to create a ‘contingent criteriology’ keeping a positivist viewpoint and which could fit ‘the researcher’s mode of engagement’ (Johnson et al., 2006, p. 134). The authors have proposed a heuristic contingent criteriology that enables the researchers to open their minds to address quality issues within the ontological oscillation (quoting Burrel & Morgan, 1979, p. 266 and Weick 1995, pp. 34-38) of their enquiry. As stated earlier too, management researchers (having determined their
philosophical stance) should match it with their ‘methodological and criteriological consequences as resources for contingent evaluation’ (p. 147) and through such evaluation match their philosophical position to their investigation.

3.3.7 Interviews and Elite Interviewees

This section provides the rationale of using semi-structured interviews from elite interviewees to gather information for analysis of the companies in the data-set. Specific literature on elite interviewing as a method has been accessed which reveals the robustness of elite interviewing as a method for studying the internationalisation motives of the companies analysed. In the process the drawbacks of the method have also been highlighted and how the same were managed has been articulated.

The five case-studies (empirical chapters 4-8) were mainly constructed through elite interviews. Ten interviewees from the five different companies were interviewed. These interviewees were all decision makers in the companies analysed. Extensive interviewing is an appropriate method to understand the actions of decision-makers, which in this context are the senior members of the team responsible for the decision making of the company’s internationalisation path (Ghauri, 2004). ‘The presumption is that strategy is carried out – for the most part – by those in senior positions’ (Clegg et al., 2017; p. 373). Strategy development of an organisation is influenced by strategic leaders which could be one individual or a team of senior management (Johnson et al, 2017).

Hence, for the purpose of this thesis, elites are the top layer of the management team (Giddens, 1972). Corporate elites are the typical respondent in international business research and are powerful and extremely visible both within and outside their organisation (Welch et al., 2002). One of the main benefits of conducting elite interviewing as a data collection method is receiving in-depth data from the interviewees. The companies studied, being public limited in nature, many of the internationalisation strategic decisions are publicly announced much later thus such early decision making would generally lie with the elites (Clegg et al., 2017). Thus, elite interviewing as a method is also beneficial in accessing information which otherwise may not be easily available (Denzin and Lincoln, 2000).

Deciding internationalisation strategy is formulated at the corporate level and such corporate level strategy is formulated at the CEO and other senior executive level (Thompson et al., 2017). The elite manager will have control over the company
resources which include capital resources, human resources and knowledge resources (Desmond, 2004). Senior management are expected to be adaptive and hence strategy formulation (which here is the internationalisation strategy of the companies studied) power and the relative freedom required for such formulation with access to relevant tools and levers are available to such elites (Clegg et al., 2017).

Having only ten interviewees can be considered as a limitation of this study. However, quality of the interviewee was paramount for this research (Duhaime & Grant, 1984). It was imperative for this study to interview only those company officials that were familiar with the internationalisation motives of the company being investigated. The unit of analysis being the company and its internationalisation path, accordingly, interviewees were sought who could talk about the company’s internationalisation motives (Goldstein, 2002). Further, as per the methodological continuum towards an interpretivist qualitative research, five to ten in-depth interviews are expected to provide rich data.

Interview techniques are good sources of data when the numbers involved are limited, the interviewees are accessible (this can be debated as was experienced with some of the interviewees), the interviewees are key to acquire the information on the phenomenon being studied, questions are open-ended and require comprehensive responses along with prompting and finally, the material is sensitive enough (Gillham, 2000). Interviews were semi-structured, that is there were structured questions around the phenomenon being studied, but the wordings were flexible, level of language was adjusted, interviewer sought continuous clarifications during the process and questions were added or deleted or re-worded in between the interview (Berg & Lune, 2012).

Researchers will fare well to have a strict process in place before the collection of actual data through interviews, which should include determining the research questions (in this study this was essential as some of the questions were common like the effects of the global financial crisis on internationalisation strategies but most of the questions were specific relating to the company’s specific strategies within a common theme); develop skills as a case study researcher (keeping in mind the elite interviewees); identifying the companies and interviewees (which was carried out via the scoping exercise); type of interview which will be followed so as to get the best possible responses to the research questions; use of recording procedures (permission for recording was taken upfront and is mentioned in the consent form; while this can have its disadvantages due to mechanical failure and the possibility that the interviewee may
not have the ability to give another opportunity; hence, researcher notes are critical); setting up an interview protocol (interview guide, consent formalities); pilot testing (this was not feasible in this specific study due to the seniority and hectic schedules of the interviewees); place where the interview will be conducted; obtaining consent before starting the interviews; protection of the human subjects (ethical standards); and procedure to be followed during the actual interview (Yin, 2009; Creswell 2013).

The researcher will take the role of a ‘miner’ as the interviews are expected to uncover information which already exists (Kvale & Brinkmann, 2009), which is the phenomenon of internationalisation that the companies have already gone through and understanding what the strategies were behind the specific action of internationalisation.

To get the right interviewees is crucial in this type of research, which is focussing on a very specific aspect of the organisations in question. Welch et al. (2002) state that the interviewer is required to provide their professional credentials to elicit response from elite interviewees. For this it is necessary for the researcher to promote their institutional affiliation and use personal connections. Gaining access to elite interviewees is expensive and time consuming (Mikecz, 2012). Hence, networks from previous work experience as a senior banker in India was used to get to the right level of people in the companies and to this extent, the scoping exercise proved very useful in identifying such companies with senior executives who could be contacted through this network.

The senior executives thus contacted and interviewed were current and past CEOs, current and past CFOs, current and past head of strategy, senior strategy team members and current and past company treasurers and investor relationship heads. The level of senior executives interviewed for this research work is being mentioned here to protect their identities as communicated via the participant information sheet (page 293) and agreed as per the consent form (page 295). In the analysis chapters (Chapters 4-8) only the number of senior executives met has been mentioned as it is possible to identify the interviewee through triangulation if their exact designation is mentioned against the name of the company.

Conducting interviews can be challenging. They are not mere conversations and hence, require planning, preparation and skills to steer them in the right direction (Cameron & Price, 2009). As the theme of this research is to understand internationalisation strategy of the companies being studied, the interviews conducted were at the senior-most levels.
of the organisations (elite interviewing); those who are involved in the strategic decision making of the company. While the term ‘elite’ elicits an inegalitarian undertone, the term has come to be synonymous when interviewing very senior people who have the capability of providing an in-depth insight into the research area (Gillham, 2000). The seniority of the interviewee can pose an issue in the form of ‘unequal power dynamic’ (Creswell 2013, p. 173) where the researcher finds him/herself in a ‘hostage syndrome’ situation eternally grateful to have received an interview (Welch et al., 2002). However, such a situation did not occur due to past experience of the researcher as a senior multinational banker having had sufficient experience of interacting with corporate elites of multinational companies. I could elicit respect by projecting a positive impression, thus ensuring quality responses (Harvey, 2011).

Another issue that can be faced is about the reliability and validity of the data. It is possible that the interviewees provide data with a subjective element. To avoid this, it is imperative to supplement the interviews with other secondary sources of information towards verification and triangulation (Yin, 2014). The questions framed have to be informed by various documents available in the public domain. As all the five companies were publicly listed, this did not prove to be an issue. Thus, during the actual interview process, the interviewees were aware that the researcher was knowledgeable and the responses to that extent were objective (Berry, 2002).

During the scoping exercise, one of the requests that emerged was of providing a questionnaire to allow flexibility to these senior level executives who remain very busy. It was explained that due to nature of the topic, it would be unsuitable to provide a standard questionnaire. Also, if the interviewee knew the questions in advance, the responses could have been affected (Silverman, 2010). Nonetheless, a very broad set of main themes of discussion were shared in advance with the companies, which also acted as an interview-guide (Cameron & Price, 2009).

The questions were open-ended and during the interview, related questions were also developed. It was expected that each respondent would have a unique story to tell depending upon the experience and level in the company and involvement in the strategic decision making within the company. ‘Getting a good interview is not easy’ (Stake, 1995, p. 64); specially when very senior level of interviewees is involved and the process can be subject to various restrictions like paucity of time, sudden company emergencies, information control. Further, repeat interviews being almost impossible
(Mikecz, 2012), it is imperative that sufficient preparation is carried out in researching the company and the set of interview questions. As many of the company specific reasons cannot be controlled by the researcher (who is the interviewer), the time factor is something that can be managed. To that extent, a considerable amount of time was provided to conduct the interviews in India so that flexibility was ensured to the interviewees. This led to considerable additional expenses and after a point it was not possible to indefinitely remain in India. Time and money plays an important role in such elite interviewing especially when it is spread over a wider geography. The elite interviewees will not generally adapt to the researcher’s schedule (Stephens, 2007). This was something that was experienced with the second interviewee at TCS. Nevertheless, continuous follow-up resulted in a Skype interview.

Effective interviewers should be flexible thus making the interviewees comfortable. In the case of elite interviewees, such a situation can lead to additional contacts (Harvey, 2011) as was experienced with IHCL.

The order of the questions was not strictly invariant. The interviewing was expected to capture the strategic stories of the company internationalisation process. Riessmann (2008) is of the view that a narrative interview is more suited to ethnographic studies as social science interviewing has limited scope of open-ended questions or has fixed close-ended questions. However, in this specific case, while the broader set of questions were common, each company had followed a specific strategy intrinsic to its own goals and objectives towards international growth. For example, one company’s foray into a certain market has been an organic investment led expansion and in a second market they have made selective acquisitions while in a third market they have tried to establish a presence through a joint venture. While in the case of another company, they have started the internationalisation process by first setting up operations, then moving to joint ventures and finally using the merger and acquisition route. Each company has had its own specific agenda like market-seeking, resource-seeking or capability-seeking purpose. The companies have had certain successes and a few failures too in their internationalisation endeavours. The aim of this thesis has been to try and capture all the experiences of the companies on their internationalisation journey through these interviews. Hence, the data gathering has taken a narrative form of interviewing. There were no translation issues as all the interviews were held in English.
Analysing and interpreting the transcripts can also pose a challenge. It takes considerable time and it is important to capture each and every sound particle (Silverman, 2010) that may guide the researcher in the right analytical direction. Mark Twain had famously written in 1888 that ‘interviews are pure twaddle and valueless’ in response to the transcript of a ‘chat’ (interview) he had had. He has stated that the ‘written speech’ is very different from the ‘spoken speech’ and the ‘soul’ of the talk goes missing when put into print. This has been corroborated by Matykiewicz (2013) stating that written words italics to show emphasis in delivery or symbols like dots and brackets to represent pauses or speech overlaps cannot catch each and everybody movement and nuance that gives life to the speech. The constructed written record veils the actual emotions, mannerisms, qualities, and experiences of the interviewee. As stated earlier the questions were open-ended and in all cases of the elite interviews were held face-to-face (in person and in one case over Skype). For the purposes of validation, a few email interviews were also conducted with ex-employees of the companies who had worked at international locations. These individuals were Indians and non-Indians who have worked for the subject companies.

Through the presence of the researcher (who will act as the interviewer), listening skills and questioning in a particular manner, it is possible to shape the stories that the interviewee tells (Reissmann, 2008). As a pre-test or pilot was not possible given the senior positions of the interviewees, the questions were well framed to get maximum knowledge about the subject from the respondents. Hence, the interview design was well structured so as to maximise the chances of achieving the purpose and minimising any errors expected to occur (Cameron & Price, 2009).

It is advisable that the researcher commences transcribing the data as it is collected. The threats to transcription are three-fold; breakdown of the recorder or poor recording, capturing the right context and providing an accurate transcription which is no ‘tidying up’ of the talk (King & Horrocks, 2010). Except for the Skype call, there were no technical issues faced during any of the interviews. All the interviews were transcribed immediately after the interviews were conducted.

3.3.8 Method of Analysis
The analysis of this study has been built upon Yin’s (2009) technique of ‘Explanation Building’ and ‘Cross-case Synthesis.’ Data has been analysed to seek explanation as to why these companies internationalise and the strategies that they use. A possible
Drawback could have been that during such a process, there could have been digressions from the original topic as many other interesting facts could emerge from the discussion. Hence, it was important to remain focused and not divert from the original research aim.

Once an explanation was generated from each of the cases, a cross-case synthesis was implemented to detect any common themes or peculiarities. It is critical for the researcher to prepare solid grounds of argument that are evidenced by the data. Interpreting the data is the central role of the researcher. Constructing knowledge out of such interpretation for the benefit of the reader experience will depend on a researchers’ ‘notion of knowledge and reality’ (Stake 1995, p. 100). In a narrative case description, constructionism plays an important role. It helps the researcher provide ample material to the readers for their own generalising.

When this study was commenced, a qualitative methodology had been opted for, within which it was determined that this thesis would be case based and that the main data would be in the form of interviews gathered through elite interviewing and substantiated with documents about the companies in the public domain, press and analyst reports. Linking theory to methodology is important; methodology used by the researchers should reflect the theoretical aims and research questions (Gephart, 2004).

3.4 Strategy behind Case based Analysis

Case based analysis of data can take four different strategies as defined by Yin, 2014. The first relies on theoretical proposition; the second is the grounded theory approach; the third is using a descriptive framework to organise the case; and the fourth is a combination of the first three and involves examining plausible rival explanations. The first form has been aptly defined as a case-based analytic induction by Rindova et al. (2007). Analytic induction seeks ‘the analysis of data in which the researcher seeks universal explanation of phenomenon by pursuing the collection of data until no cases that are inconsistent with a hypothetical explanation (deviant or negative cases) of a phenomenon are found’ (Bryman & Bell, 2011; p. 575).

Lindesmith (1952, p. 492) describes analytic induction as ‘the principle which governs the selection of cases to test a theory that the chances of discovering a decisive negative case should be maximised; the investigator who has a working hypothesis or assumption concerning the data becomes aware of certain areas of critical importance; if his theory
is false or inadequate, he knows that its weakness will be more clearly and quickly exposed if he proceeds to the investigation of those critical areas; this involves going out of one’s way to look for negative evidence’ (quoted in Berg & Lune, 2012). Berg and Lune (2012) and Hammersley and Cooper (2012), expanding the analytic method have also stated that it is necessary to find negative cases and if one is located, then the hypothesis or assumption should be discarded or reformulated to account for the negative case or the negative case needs to be discarded.

As this research work seeks to answer pertinent research questions that were developed on the basis of the gap found from the literature review, this study has not taken a pure grounded theory approach (the grounded theory approach has already been explained earlier in the chapter). Rather, it has sought to analyse the data by relying on particular theoretical proposition. However, the study was open to grounded theory experientialism.

Nevertheless, as mentioned above, studying the motivational strategies for internationalisation of the sample of Indian service industry MNEs, there is bound to be both similarities and differences in approach to internationalisation. Accordingly, the research questions were formulated. For example, given the Indian data on FDI, almost sixty percent of the location choice has been the developed markets. So, majority of the sample companies studied should prefer the developed market. The answers provided by the interviewees should then lean towards this along with the reasons thereof. Hence, the methodology cannot follow a purely analytic inductive method.

A method which involves broad codification or open coding as the first step followed by analysis can form the basis of an analysis. This has been called the constant comparative method by Glaser and Strauss (1967). They state that this method does not discover hypothesis but tests theories and that to a certain extent is the objective here. However, this method also involves development of theory through continuous testing and comparison of cases. This then again takes the path of inductive theory building which is not the main objective here.

The third strategy stated by Yin on creation of a framework which develops the initial framework through the literature review. The purpose of a framework study is pre-decided and shaped by the information required by the researcher (Pope et al. 2000). The process of qualitative analysis is iterative in a reflexive way as interpretations do not
emerge by themselves but are developed by what the researcher wants to know (Srivastava & Hopwood, 2009). To that extent, qualitative analysis will always be controversial as it is quite dependent on what the researcher is querying (Patton, 2002). Qualitative analysis is self-evolving and sense-making from vast amounts of raw data. There is no set formula for reliability and validity and hence it is the obligation of the researcher to provide the analytical procedure followed and to report it without any variance (Patton, 2002).

### 3.4.1 Framework for Analysis

The framework that was provided by Srivastava and Hopwood (2009) involves the reflexivity of the researcher in trying to answer three questions; one is what the data is telling the researcher; second is what the researcher wants to know; and third is to find if there is an analytic understanding between the first two questions. Following this framework (Figure 8) allows the researcher to have an open view about the data, be more flexible and responsive and also be sensitive to serendipity. The analysis will be theoretically informed.

![Figure 8: Reflexive Model for Analysis](image)

To this framework, a firm or organisational change-level model will be applied to trace how the firm internationalised. In most cases the company first established itself in the domestic market before internationalising and this trajectory has been portrayed using the change level model which includes the effects of the external environment on internationalisation decisions, host country adaptation, changes and learnings in foreign markets; in one of the cases, the company almost immediately internationalised, however the reasons thereof and effects of such internationalisation trajectory has been depicted using the organisational change-level model. This model is based on the
organisational level-logic model as suggested by Yin (2014). The change model involves understanding of events over a period of time. As an analytical tool, the events observed over a particular time period are then matched to the theory and to the research questions.

Also, as mentioned, other than interviews, publicly available documents like balance sheets, investor and analyst reports and news items related to the topic under study were used. These help in validity. Organisational documents and mass media reports are valuable sources of information in management studies. As these will be reflective case studies, issues with unascertainable data from print media on future speculation are not expected.

3.5 Chapter Conclusion
In summary, it can be stated that using a qualitative reflective case study method which was constructed using semi-structured interviews and other publicly available documents and analyst reports with appropriate rigour and validation and presented vide a narrative interpretive analysis has contributed to the knowledge about the strategies that Indian companies in the service sector have adopted in their quest of becoming multinational global companies vide the path of internationalisation. In the process, this study has achieved both empirical and theoretical contribution (which has been detailed in Chapters 10 and 11).

Finally, Baxter and Jack (2008, pp. 556) have summarised the methods of case study research quite perfectly:

‘Case study research is more than simply conducting research on a single individual or situation. This approach has the potential to deal with simple through complex situations. It enables the researcher to answer “how” and “why” type questions, while taking into consideration how a phenomenon is influenced by the context within which it is situated. For the novice research a case study is an excellent opportunity to gain tremendous insight into a case. It enables the researcher to gather data from a variety of sources and to converge the data to illuminate the case.’
4. Bharti Airtel Limited

4.1 Introduction

Bharti Airtel Limited (Airtel) is in the telecom services business. Unlike other companies in the services industry in my data set, this company has invested mainly in other emerging markets. Companies internationalise due to advantages and opportunities in the form of economies of scale, global sourcing, global innovations and knowledge management, global customers and risk diversification (Peng and Meyer, 2011). Thus, this chapter explores the strategic intent of Airtel’s internationalisation and the specific route that the company selected and the reasons therefore. The field of strategic management has been used as a basis to understand the motives of internationalisation of the firm. Business environments are unpredictable and firms need to continually adapt or re-invent themselves, either on a stand-alone basis or through collaboration (Reeves et al., 2015). Hence, this chapter further aims to understand the opportunities and challenges that the company faced in various host markets and how the company exploited these opportunities to overcome the challenges that it faced. Given Airtel’s south–south OFDI flow, it can be inferred that the company has not sought to gain superior technology as it is understood that EMNEs are not endowed with dominant firm advantages and invest overseas to acquire strategic assets. So, if the company was looking to expand its market share, then it is important to understand if the company was hoping to transfer home-grown capabilities to overseas markets. Hence, this chapter also explores what resources or capabilities the company possessed that helped it internationalise and whether the company needed to acquire additional resources to gain competitive advantage in different host markets. A firm can face various issues in different host markets which can arise due loss of advantage from the specific resources or capabilities transferred overseas (Cuervo-Cazurra et al., 2007). So, the other thing that this chapter seeks to analyse is how the company manages various host country environments that may differ from its home-country environment to gain competitive advantage. Finally, this chapter also enquires and explains if world incidents like the financial crisis affect the company’s internationalisation strategy.

The rationale of the main research questions has been raised in the literature review chapter, keeping in mind the growing importance of emerging markets within the global investment environment which can be established from the fact that investments from developing economies have grown considerably from early 2000s.
4.2 Company Background

Airtel was established in 1995. It is a telecommunications company headquartered in Delhi, the national capital of India. The founder, Sunil Bharti Mittal (Mittal) first established Bharti Telecom Limited in 1983 to supply push-button telephone models for the first time in India which were especially made for the Indian market in an agreement with Siemens, Germany. This was followed by the launch of fax machines and cordless telephones, also for the first time in India. Liberalisation during the early 1990s in India paved the path for privatisation in the telecom industry with the announcement of the ‘New Telecom Policy’ in 1994 (DOT, 1994) aimed at encouraging private domestic investment and attracting FDI in the telecom industry. Mittal who was already present in the telecom industry but on the hardware side, saw an opportunity in the telecom services industry and established Bharti Tele-Ventures in 1995 to create a cellular network in the capital region of Delhi and then slowly extend to other regions of India. During the same period, many other local players were also issued licences and had commenced cellular services in various parts of the country.

Bharti Tele-Ventures went on a systematic path of acquiring these local companies to increase its presence across the country. This was followed by the company’s first Initial Public Offer (IPO) in 2002 and was listed on the Bombay Stock Exchange (BSE), Delhi Stock Exchange (DSE) and the National Stock Exchange (NSE) simultaneously in February 2002. At the same time, it rebranded its services under the singular ‘Airtel’ brand and also launched voice services across the country. It then changed its name to Bharti Airtel Limited in 2007. Between 2009 and 2010, the company ventured overseas with its first international operation in Sri Lanka followed by Africa (the sub-Saharan Africa where Airtel ventured does not include South Africa or many of the North-African Countries) and finally to Bangladesh.

Today the company operates in 20 countries across Asia and Africa with a customer base of 290 million. The company pioneered the ‘minutes factory’ model which hinges on a business strategy of outsourcing non-core activities and benefits from economies of scale (Leahy, 2010; Anderson et al. 2010). The model which forms the core capability and resource for the company has been described in detail in the next section under ‘Resources and Capabilities.’

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8 In an IPO, a company offers its shares for the first time to the public for a certain pre-determined price.
To understand the internationalisation strategies of the company, a senior member of the company was interviewed in October 2014. A follow-up informal interview was also conducted in August 2016. By that time, the interviewee had been elevated to a far senior role for the holding company. Other interviewees were not available mainly due to logistical reasons. Hence, it can be stated that the analysis of this company may suffer from single-informant bias (Ernst & Teichert, 1998). However, given the seniority and the involvement with various strategic functions, the interviewee was able to provide an in-depth overall view of the company’s internationalisation process from a strategic perspective. In addition, company documents such as balance sheet, investor and analyst presentations, corporate, bank and media reports, which are available in the public domain, have been used for triangulation purposes towards validity and reliability.

The whole interview was recorded. The words indented in quotation marks are direct quotes from the interview.

4.3 Resources and Capabilities
Airtel has held a dominant position among telecom providers in India in number of subscribers (Indian Telecom Presentation, 2006). This was due to its first mover advantage in the telecom industry as a result of the liberalisation policy in India during 1991-91, which opened up the sector to private players. (The telecom sector until then was government controlled.) However, Vodafone India (a subsidiary of Vodafone Group, UK), which entered the Indian telecom market only in 2010 through a series of acquisitions, stands second to Airtel in India in number of subscribers (Figure 9). Further, Airtel is also the third largest cellular services provider in terms of number of subscribers in the world (TOI, 2015).

Use of mobile phones in the developed world dates back to the early 1970s. This does not include the earlier two-way walkie-talkies or telegraphs, the use of which dates to the early 1900s but refers to an earlier version of a functional portable phone. It is said that the first call using such a device was made by an employee of Motorola to place a call to the Bell Labs in 1973 (Lee, 2013). The instrument used, though portable, was almost a kilogramme in weight and measured just a little under a foot in length. Mobile phones as we know them today have been around only for the last 30 years.
Figure 9: Share of Telecom Service Providers in India

Telecom Regulatory Authority of India (TRAI) report card dated 31st March 2015

In UK, Vodafone launched the first cellular services in 1985; though this was two years after the first launch in USA by AT&T in 1983 and four years after the Nordics had their first cellular service in 1981 (Rockman, 2015). So, the developed markets were more than a decade ahead of India in terms of a cellular network. As already mentioned above, while developed markets did have potential for growth, the densities were already high and the ARPM model that Airtel had established would not have worked in a developed market. The internationalisation of the company was more driven by their internal capabilities (ARPM model) which they felt could be implemented in a similar demographic country as the home market, basically other emerging markets. The interviewee stated that the company operated a telecom model in India which was totally different from the telecom models used in developed markets. As the interviewee explained:

‘Developed markets have always worked on... in a model where they can generate returns by higher cash accruals. So it became a niche product in the market, more for the high classes or top end consumers rather than mass consumers’

Given India’s vast population and a demography which is considerably middle class or lower-middle class, which was the prospective market for the company, Airtel needed a model with lower costs.

‘We need to grow by scale, by volume, by masses, so we need to convert a high-class model to a mass sort of model. And we chose to go antithesis to most of the DM [developed markets] market models and said 'look, if we need to do that, we need to create a model where our costs are lower, we provide the benefit of lower cost by lower price to the consumer’
The company’s thought process centred on a low-cost product that would attract more consumers while expecting that the existing consumers would also increase their usage. As the interviewee explained, such a low-cost model would increase overall usage through existing customers and the addition of new customers and increase the scale of the company’s sales. This results in economies of scale for the company and the company can save costs. This saving of cost is further used to lower the price of the product to the consumer. Through this model, the company created their ‘minutes factory’ model. In the interviewee’s words:

’Soo, your cost goes down further and you re-deploy that cost save into the price and drop it down further, you had more users coming into the net, you had more existing users using more and this was [the] ‘minutes factory’ model…’

Post the liberalisation in India, the entrants in the telecom sector in India including Airtel were first using the developed market model which was subscriber-led. There was tremendous competition and profit margins were either low or the companies were making losses; Airtel then came up with the ‘minutes factory’ model in 2001-02 through which the company was able to target millions of pre-paid customers, something that the subscriber-led model did not allow (Dharmakumar & Prasad, 2010).

So, constructing a cost model entirely reverse from the developed world telecom model, the company has garnered a gigantic subscriber base and is still able to continue to grow along with cost-effectiveness (Sinha, 2013).

The company re-invented its core capability to create a niche in the market. This is evident from the fact that they came up with the ‘minutes factory’ model of costing or the ‘average revenue per minute’ (ARPM) model. To make a success of its ARPM model, the company convinced its operational partners to agree to a payment that was also minute based. It then decided to concentrate on its core capabilities and outsource the non-core operations to other established professional companies.

The interviewee explained how their outsourcing model was also created differently. In a general outsourcing model, the user of the service pays monthly which becomes their operating expenditure. However, for Airtel, the company was billing its own subscribers on the basis of minutes. Hence, the company also required that its own cost should also be as per the minute for their ‘minutes factory’ to work. So, the company convinced its
outsourcing partners to bill it on a minute usage base rather than on a monthly basis. To this effect, the interviewee said:

‘For me [the company] to care equally for both, the 100 minutes user [vis-à-vis a 1000 minute user] should also give me EBITDA [Earnings before interest, tax, depreciation and amortisation], for that he should pay me per minute and I should [also] be costed on per minute...[so] we went to Ericsson and said 'you know what you do, you supply me a big box and I need to pay for you [the box], let’s say 20,000 dollars, 15,000 dollars for, per box, that needs to go get installed, once it is installed, it produces minutes, somebody uses it, but I’ve paid you per box...I need to pay you for per minute basis’

So, through this process the company attained a massive transformation in its own costs. This was then further extended to the IT services which were outsourced to a large multinational technology firm. Explaining this the interviewee stated:

‘So, you said, okay IT cost is a big cost in telecom, it is at that point in time. You will outsource IT to IBM...so IT cost also becomes a permanent basis, because I made a percentage of my revenues. Suddenly, I ITised and minutised my cost in a different model...’

The company outsourced all its services to Ericsson which included network design, maintenance services for both operations and field and optimisation. Similarly, all the infrastructure and application services were outsourced to IBM. However, instead of paying a fixed charge, Airtel convinced its outsourcing partners to charge on a variable basis, which is to charge as per the actual usage of the services. Furthermore, it has tied up with Nokia for operational services for its 3G network and more recently with Huawei to upgrade to 4G.

Through this model of outsourcing and sharing towers with other mobile services providers, Airtel was able to offer remarkably low prices (The Economist, 2015, b). The company was able to convert its fixed cost to variable cost through the outsourcing of its network planning and the IT infrastructure (Dharmakumar & Prasad, 2010). Airtel’s “minutes factory” model, focused on generating usage volume from each of its base rather than from each user, which implied that users of any kind were welcome to use the Airtel network irrespective of the actual usage that the subscriber provided and such a model worked very well in the Indian environment which is pre-dominantly a demography with low to medium income population (Leahy, 2010). As Anderson et al. (2010) point out, ‘Bharti Airtel adopted the “volume” model wholeheartedly from 2003, and was one of the first operators in the world to scale the approach through the aggressive outsourcing of five critical value chain activities – network (active
infrastructure), mobile towers (passive infrastructure), information technology (IT), call centre support and distribution’ (p.1).

Hence, the company’s business model, which was its ‘minutes factory model,’ was a success in India and helped it become the most dominant telecom provider in the country. Here a business model is described as the one which generates value for the company through efficient distribution of information between partners which could be customers, government, competitors or its supplier (Kallio et al., 2006).

This model of outsourcing operational cost is what the company calls the ‘Opex’ (operational expenditure) model (Figure 10). The company implemented this model in Africa too. It is using the same operating partners in all the locations and is benefitting from a global outsourcing model which helps to reduce its cost further. The interviewee confirms this:

‘One was, you will be able to get aggregate benefits of global sourcing, nothing we’ve gotten back, 100 per cent there. So, we now have global contracts with IBM, with Ericsson, with Huwaei, with Nokia Networks and so on so forth.’

Figure 10: Airtel Factory Model

Basically, the company has tied up with the same outsourcing partners in all the countries that it operates in, thus concentrating on its core services and related marketing and branding. By using the same partners, the company benefits from global contracts and is ensured the same level of services in all its operating countries.
The resource-based view states that companies develop competitive advantage based on the strength of its resources which are either acquired or developed (Wernerfelt, 1984; Barney & Clark, 2007). Company resources are transformed into capabilities to yield competitive advantage and thus firms develop core competencies which give them an edge over their rivals (Hitt et al. 2012).

Airtel’s capability in the form of its ‘minutes factory model’ was developed and not acquired and helped the company achieve a competitive advantage over its nearest rivals in the Indian market.

This is further reflected in many of the company’s products and tie-ups. The company was a first in introducing many new mobile technologies in India (Panigrahi, 2015). The company introduced the Blackberry in 2005. In a tie-up with Research in Motion (RIM) in 2004 (RIM website history, 2016), the service was available only for corporate use. The tie-up lasted for half a decade before a Blackberry could be used with other service providers. Similarly, the company also introduced iPhone, Hello Tunes and M-commerce in India (Panigrahi, 2015).

The company had resources (in the form of a successful low capex model) which helped them diversify into the international market. However, the way the model was built, it could have been successful only in similar emerging markets with high population density and low telecom density. While, the product did have value and was rare due to the company’s first mover advantage, it was not inimitable or non-substitutable as it was not a generic product that could be patented. Other players in the market could use a similar model which would then be tantamount to a price war-fare. However, it was not easy to replicate such a low-capex model. This can be substantiated from the fact that other operators could not match up to Airtel and were either fully acquired or sold part of their spectrum to the company. For example, Spice Cell was acquired in 2001 in the eastern region of India, Skycell was acquired in Southern India in 2000 and in recent times the company has been acquiring spectrum and is the only pan-India 4G provider (Appendix 1).

Once the company had reached a position of strength in cellular services, it decided to extend to other services like dish TV in India to maintain its position in the market and also to thwart competition from other larger Indian based global conglomerates like Reliance, the Tatas and the Birlas.
Airtel Digital TV was launched in October 2008 and the company was the fifth operator to do so in the domestic market (Airtel Presentation May 2012). Hence, the company was a late entrant in the direct-to-home (DTH) business. The interviewee to this affect stated:

‘DTH, direct to home business is a fantastic business. The learning is we entered DTH late. We should’ve entered DTH much earlier. We are number two now’

So, while the company was a late entrant in the DTH business, it has climbed to a number two position in the Indian market with a share of 20.26 per cent of the total Indian DTH subscribers behind Dish TV (owned by the Essel group of India) which is at 24.92 per cent, this data is as of 31st December 2015 (Data.gov.in, 2016).

The company was also a late entrant in the mobile money transfer business. It learnt from its experience in Africa of easy money transfer via mobile phones. It was a competitor product of Safaricom (a subsidiary of Vodafone). This learning resulted in ‘Airtel Money’, which the company launched in Africa, and then transferred the idea back to India. Airtel Money was the first such product that was launched in India, thereby further strengthening the position of the company in the Indian market.

Talking about this experience, the interviewee explained how they were faced with a dominant player in Kenya with a market share of almost 80 per cent. This was Safaricom (Vodafone subsidiary) that had launched a product called the M-pesa which was a money transfer facility using mobile services. This is how Airtel-Money was launched by the company to compete with Safaricom in Kenya. Explaining why this service, of mobile money transfer, was so popular in Kenya, the interviewee said:

‘Kenya is a very liberalised mobile money banking market. And because they [Safaricom] have developed a huge pool of on-net, as we call on-net subscribers, they [the subscribers] don't want to leave even if I give half the price for voice minutes. So price is not elasticity or a hook product for them [the subscribers]. They just say, look you know what when I want to transfer money to my son there, I just do this and there it’s done’

As per a study by the Gates Foundation, mobile money transfer was hugely successful in Kenya, first due to low cost of transfers as compared to bank transfers, second transfer of actual cash to rural areas had low safety, and third due to regulatory restriction of using correspondent banks beyond a certain distance (Roy & Soundararajan, 2016).
Hence, Airtel then decided to launch a similar product in Kenya to provide competition to Safaricom in Kenya:

‘So, we learnt to be able to compete in Kenya, we must launch what is we call as Airtel Money. The moment we learnt that Airtel Money is adding so much of a damn value in Kenya for Safaricom and thereby hopefully for us overtime, we just not restricted that to Kenya, but launched Airtel Money across 17 countries and it is in the strong paths of successes in many of the countries and also [im]ported that back in India’

The interviewee was very explicit in mentioning that Airtel Money was the biggest learning that the company had made in Africa and then imported it back to India.

Nonetheless, the product has not been fully successful in India. Even Vodafone launched the M-pesa in India after the success it accomplished in Kenya. As Roy and Soundararajan (2016) point out the cost of transferring money in India is very low compared to Kenya and, hence, that could be the prime reason as to why mobile money transfers in India were not hugely successful.

However, with the demonetisation9 that occurred in India in November 2016, the number of mobile money transactions has increased throughout the country, not only in urban areas but also rural areas (Mukul, 2016). However, many other local players have also sprung up in India, providing such services.

In this section, it was observed that Airtel developed its own capability in the ARPM model and also continued to develop and enhance its resources to maintain and gain competitive advantage. This is in line with what Rugman and Verbeke (2004) state: that firms acquire advantages and also build and develop capabilities to remain successful. The company has continually looked at ways in which to reduce costs so that their model is successful and thus first gain and then maintain its competitive edge in the market. The company has also continued to add new resources or redevelop existing resources as per the change or demand of the environment, which is the consumers here and which arises out of the need for continuous growth in the market where the company is present.

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9 Indian Rupee notes of the denomination 500 and 1000 were put out of circulation with immediate effect from the night of 8th November 2016.
4.4 Liberalisation and Opportunity seeking (Domestic to International)

The Indian government introduced market-oriented reforms during 1991-92 (Bhagwati et al., 2010). Through these reforms the country liberalised and became open to both private and foreign investments in industries which until then had been government controlled. The telecom sector, which was also government controlled, was deregulated and private companies were invited to operate in telecom services. Mittal, who was already supplying telecom hardware, saw a vast opportunity in the telecom services sector (Nayak & Maclean, 2013) and formed a company which is Bharti Airtel today. This is indicative of dynamic capabilities in the form of entrepreneurial activity and managerial capability. Helfat et al. (2007) state that dynamic capabilities involve entrepreneurial activity along with organisational strategy to affect change in a dynamic environment. Augier and Teece (2009) further elaborate dynamic capabilities as a company’s ability to first identify and then seize new opportunities while protecting intellectual knowledge with the desire to achieve a sustained competitive advantage.

When the company was established its initial pricing model was charging for the services it provided using the traditional ARPU (average revenue per user) model of costing. This model, also known as the average revenue per unit model, is predominantly used in the telecom industry that measures the average revenue a company earns in relation to its user base. This model is prevalent in the developed world. However, Airtel soon implemented a new pricing model which was based on a different costing model known as the ARPM model (average revenue per minute). The ARPM model calculated the revenue that the company earned in relation to the total number of voice minutes. Through this model, a mobile operator can provide low rates to its subscribers by reducing its own cost through outsourcing of operations which are not its core activities. Airtime is treated as a perishable item and the mobile operator seeks to maximise network utilisation and thus increases revenue maximising the consumption of minutes (EY, 2013). New enterprises create such models to attract customers by convincing them to pay for the perceived value creation and thus make profits (Teece, 2010).

Airtel’s ‘minutes factory’ model works as provided in the table below (Table 2):
Table 2: Airtel Minute Factory Model

<table>
<thead>
<tr>
<th>Customer Support</th>
<th>IT</th>
<th>Passive Infrastructure</th>
<th>Network</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outsourced customer support e.g., back-office and voice-based services</td>
<td>Outsourced equipment and IT services with revenue-sharing arrangements in place</td>
<td>Tower sharing activities to minimise capital expenditure and costs in rural areas</td>
<td>Outsourced network management with supplier payment based on subscriber usage</td>
</tr>
</tbody>
</table>

Mobile network as a cost-efficient manufacturer of minutes

Source: Bharti Airtel

The company benefitted from a first mover advantage and was growth oriented. It could be seen in the inherent characteristic of the company which was entrepreneur driven (Nayak & Maclean, 2013). The company was always trying to seek opportunities. To this affect the interviewee states:

'Look at the gene pool of the company... [Airtel was an] entrepreneur-driven company... [it was in] 1995 when the privatisation started in India, you [then] looked at opportunities in India. It was a virgin market, tele-density was very low... You did develop... a ‘minutes factory’ model... obviously it is a growth oriented company, growth-oriented drive, the gene pool was more growth rather than creating a more stable cash flow pool for repatriations and or distributions to the shareholders'

This echoes with Teece’s (2010) theories about new enterprises and business models. Teece states that such companies first understand the need of their customers and then seek to create models to meet these needs and in the process, generate revenues and also make profits. Mittal, who was already running a company delivering hardware in the telecom industry, turned to telecom services when the Indian economy liberalised in the early 1990s. After following the standard pricing model, the company created a new business model, ARPM (average revenue per minute), so that cost of mobile services could be reduced for its client base. This is also evident from the fact that charges for mobile services have dropped from INR 2.89 in March 2004 to INR 0.47 in December 2012 as stated by the Ministry of Communications, GOI as per PTI (2013). For the same period the number of subscribers has increased from 33.6 million to 864.72 million.

Airtel had achieved the number one rank among cellular services company in India by 2005 by the highest number of subscribers and percentage of mobile market share (Indian Telecom Presentation, 2006). It has a presence in all the 23 telecom circles of the country.
As the market in India started to saturate, the company saw internationalisation as a growth strategy. The company was facing competition in India from established Indian multinational companies (Tata and Reliance also entered the Indian telecom market) and overseas multinational companies (Vodafone, which is second to Airtel in number of subscribers in India) (Balancing Act, 2010).

This is also evident from what the interviewee said:

‘...you look outside India, because [in] India you were [already] a leader...’

As the first step towards internationalisation, Airtel launched Ethernet services in 25 cities across the globe in Asia, Europe, North America and Australia. Ethernet service providers attach customer equipment (computer, TVs etc.) to a network through a user-network interface at various speeds (mbps) (Santitoro, 2003). The company investor presentation from January 2010 states, ‘The launch of the Global Ethernet Service Portfolio by Bharti Airtel is part of its strategy to become a truly global service provider with a wide range of product offerings’ (p. 9).

For cellular services, the company had at first scoped out Europe – the initial thought was to go to developed markets. However, the cellular services model that the company had built was based on usage per minutes rather than per user, and Airtel concluded that such a model would only work in other emerging markets, similar to India, with high population density and low telecom density. To validate this, the interviewee said:

‘...the kind of model that we developed in India ... [came from] the drive to look at where is the demographic fit [in India], where is it that the evolution of telecom market is in, a phase which we have seen in general in India. And which markets do behave in general like the way India does, which markets are emerging markets...’

So, after scoping Europe, the company shifted its focus to Africa. The company concluded that the African countries demography was similar to the Indian demography and the ‘minutes model’ which was already a success in India, could be easily transferred to African countries. Africa presented an opportunity for the company as mobile penetration level was far lower than India; 32 per cent compared to India's 50 per cent, also there were fewer competitors in Africa (Balancing Act, 2010).

The interviewee stated that Africa in 2010 was similar to how India had been during the earlier part of 2000. The demographic fit was similar to India and the continent was in an evolutionary phase with a low 30%-35% penetration of telephones. Explaining why
Airtel felt that Africa was a right fit to penetrate at that point, the interviewee further stated:

‘Median age by the way in Africa was about 17-18 years, which is youth oriented. Again, a great fit from the way what we have seen in India. The middle class, the mid-belly of the core population who will be potential consumers to you was far more befitting from what we had seen in India. And there where we thought the applicability of the model which was, if I may use patented word, which was something which we thought Bharti’s ‘minutes factory’ model is more replicable there’

Airtel has also stated this fact in its Investor Presentation of November 2014, ‘Africa presented an opportunity where Bharti could replicate its ‘minutes factory’ model successfully’ (p. 19). Airtel entered Africa through an acquisition of an existing company. This acquisition provided the company with growth opportunities in the continent due to the relatively low mobile phone penetration (Sukkawal, 2010).

This is compelling evidence that the company was market-seeking for the model they had pioneered; and in order to succeed, the market had to have a high population density and a low telecom density. This was also the reason behind the company’s entry into other emerging markets like Sri Lanka and Bangladesh.

The first country into which Airtel ventured was Sri Lanka and the entry mode was through Greenfield. A Greenfield mode of entry is when a company enters a new foreign market through capital investment or de novo investment (Hennart et al., 2015).

At the time Airtel entered Sri Lanka, there was already a presence of a few service providers in the country. Post-entry, Airtel realised that they had entered Sri Lanka late. The company especially felt that the Greenfield mode of entry into a market already saturated by three to four operators was problematic in creating a niche or obtaining a sustained stable growth. Though Sri Lanka is a neighbouring country to India, for Airtel it was akin to extending its penetration within the country:

‘[with] no disrespect to the geographical boundaries to a different country system, we thought Sri Lanka is pretty close enough. It is like probably you know in a way adding [a] new circle [in India], right?’

However, the company arrived at the conclusion that an acquisition strategy would have been far more beneficial given the presence of number of existing service providers in Sri Lanka.
The interviewee elucidates this further:

‘The Greenfield theory was stronger in our mind than what it actually turned out to be. We realize that [being] fourth or fifth operator [in the] Greenfield sense globally doesn’t work. If you are not number one or number two, you find if there is organic-based visibility of reaching number one or number in few years. If not that, then you find, can you acquire someone to become number one or number two?’

Sri Lanka was an evolved market with a small population (20 million) and a considerable penetration of telephony services. The interviewee stated that Airtel could have been in a dominant position in Sri Lanka if the company had entered it earlier. At the period in which Airtel entered this neighbouring country, it was difficult to reach a stage of competitive advantage on the basis of organic growth.

One of the marketing approaches that operators take is to provide facilities to family and friends in the same network. So, in a smaller market, it is then difficult to steal such customers. An operator benefits from net calls on the same network as it does not have to bear any termination charges (Pratap, 2010).

From the learnings of the Sri Lanka experience, Airtel realised that in markets which were not virgin territory, where more than two or three operators were already operating in that market, acquiring an existing player in that market made more strategic sense than investing through the Greenfield mode. Investing through the acquisition route provides the acquirer with an opportunity to provide serious competition to the remaining existing players in the host market and to carve out a position of competitive advantage in that market with the potential for future growth.

Gerpott and Jakopin (2005 in Al-Kaabi et al., 2010) have argued that telecom operators become limited to their home-market because of international connection and roaming. To overcome this liability, telecom operators establish new ventures or prefer to invest or acquire an already existing operator in the international host market. Refer to Figure 11 below.
In 2010, Airtel entered Africa by acquiring Zain which was mainly present in the sub-Saharan region of Africa. Zain did not have a dominant market share in the African countries in which it was operating. While its major competitor was MTN, a South-African based company, there were other Middle-Eastern and EU players also present in the market. For example, in Kenya, the main competitor is Safaricom, a Vodafone subsidiary (Africa and Middle-East telecom week, 2015).

Literature states that acquisition of such strategic assets helps companies from emerging markets to compete in both the international market and home market. Companies explore strategic assets and resources in international markets to extend their resource base (Tan & Meyer, 2010).

After its initial failing with the Greenfield route in Sri Lanka, Airtel has preferred the acquisition route (in-organic growth) over organic growth when internationalising in African countries and Bangladesh due to the specificity of its unique telecom services model. The company can be categorised as a ‘local optimiser’ which Ramamurti and Singh (2009) define as companies acquiring targets in other emerging markets for process optimisation.

4.5 Brand and Logo
The company has also promoted a strong brand image. They have used various advertising campaigns to target different age groups and segments of the society. This is substantiated by an advertisement of Airtel from more than a decade ago, which showed a poor tea-server affording a mobile phone, which was still a very new
phenomenon in India. Today a lot of advertising is focussed on generation\(^{10}\) Y and Z. However, the company has not forgotten generation X either, and recently introduced the ‘one touch’ easy access service for the older people. Advertising, if used effectively, can help create customers in the Indian telecom industry (Agarwal et al. 2011). So the company has targeted all sections of the society by advertising affordable and attractive products and services to each of these segments and age groups, thus creating its brand of ‘Airtel’.

In Africa, the company acquired various brands with the acquisition of Zain. Zain had also entered Africa by acquiring Celtel (a local African telecom company). Hence, to maintain its brand image, the company almost overnight re-named all its African operations to the single brand name ‘Airtel’. This was a company strategy to operate under a single global brand name and today all its operations in 20 countries operate under one single brand name. The reason behind this is explained by the interviewee:

‘... we decided the benefits of a synergistic global single unified brand are far higher than trying to attend to temporary problems of another brand shift....so we took all those calculated calls and I think in December of 2010, maybe 5 - 6 months into the journey of Africa on one single overnight we changed the brand to Airtel’

The brand and logo that the company now operates under was created in 2010. The company used an international creative design agency. The company moved from its original three colour label to a red and white logo (Figure 12).

There was much apprehension regarding Airtel’s newly-adopted colour scheme as the Vodafone logo (Vodafone being the second largest telecom company in India behind Airtel in number of subscribers) was also red and white.

Figure 12: Airtel Logo

\(^{10}\) Generation X born between 1966 and 1976; Generation Y or the millenniums born between 1998 and 2006; Generation Z born between 1995 and 2012 (WJSchroer, 2017).
Airtel also came up with a tag line to make people feel that, through conversations, they could become closer to each other.

'Dil jo chahe paas laye’
[if the heart so desires; things feel closer]

However, there was speculation that a change of logo and a catchy tag line may not be sufficient to attract more customers or give the company the edge that it was trying to create through the revamp. Brand makeover is successful if it is backed with superior customer service (Bhandari & Khicha, 2010).

Sanjay Kapoor, CEO (in an interview with media on the launch of the new logo in 2010) stated that ‘The new symbol is an interpretation of the ‘A’ in Airtel and shows the company’s willingness to embrace anything new. The curve with the red highlights makes it more inviting and warm. It looks like a living object and represents the dynamic force that exists in our lives. The Airtel logo is now in lower case, which is an attempt to show the humility that is required in a service brand. And the red colour is a part of our heritage not only because it is auspicious in our environment but also because it is truly vibrant and has played a role in our success thus far. Airtel’s new identity goes beyond telecom. So, in the future, if the company wants to get into new services, the brand image will not be a hindrance.’

With the increase in the use of smart phones in India, Airtel decided to position its advertising campaign so that its brand could be recognised as the most preferred service provider for smartphone users (Dasgupta, 2014).

The actual effect of this change in logo and its various advertising positioning has not been captured in any media or company source; however, Airtel was and is still number one in India in number of subscribers. In Africa, it has been named as the top telecom brand by the Africa Brand Index (Capital Business, 2016). The company has been successful in creating a universal single brand to ensure international recognition.

4.6 Host Country Environment
Airtel internationalised in 2009 with entry into Sri Lanka (Airtel Sri Lanka website, 2017), followed by Africa and then Bangladesh in 2010 (Airtel company balance-sheets, 2010 and 2011). In Africa, it initially acquired services in 15 countries and has since added two more countries. The company chose these countries in Africa as it was felt that
these countries would be more receptive to the ‘minutes factory’ model given their demographic fit with India. While Sri Lanka and Bangladesh are neighbouring countries and smaller in size, in Africa, the company is present in 17 different countries.

Each country in Africa is different in size, density, regulatory environments, infrastructure etc. So, the important question that arises here is in regard to the company’s ease or difficulty in operating in 17 different countries within Africa, as each country has different regulations and socio-political differences.

Africa was not a virgin market and to that extent was different to India during the period when Airtel commenced cellular services in the early 1990s. Africa had already been penetrated and there was a strong presence of other service providers like MTN, a South African company and Safaricom (a subsidiary of Vodafone). Success in entering such host markets depends upon the resource-based strategies that companies adopt (Wernerfelt, 1995).

Experiences differ in each host market. A firm may not be fully successful in deploying its capabilities or taking full advantage of its resources in a new host market as it may lack complementary advantages (Cuervo-Cazurra et al., 2007). The company was also faced with certain issues in Africa and the learnings that emerged out of the problematics of operating in the African countries. These have been discussed below.

Airtel expected the same success that it had experienced in India based on their pricing model. This pricing model was based on outsourcing operational expenditures which were not core company processes. Airtel established global contracts with IBM, Ericsson, Huwaei and Nokia for outsourcing the non-core business processes in all the countries that it was operating in. Hence, to that extent the company was able to lower its operational expenditure across the globe.

The other aspect of Airtel’s pricing model was price elasticity which depended on the variability of customer income. To this effect, the interviewee states:

‘The other thing was... the ability to understand a variability of elasticity in the market. Prices in Africa at a time when we acquired were about eight times than the prices of what we had in India. Per minute costed eight times more in Africa than it costed in India. Per capita income there was a third that of India. It is antithesis’
The company expected that with global sourcing they will be able to replicate its 'minutes model'. Airtel predicted that with lower costs, the volume usage would increase. However, due to lowering of price, the volumes did not increase to the extent that the company had experienced in India. The interviewee said:

'We realised the elasticity is present, but not ubiquitous, it is not everywhere and it is not as high. In India, in 2005, 2006 or 2007, we experienced elasticity quotient of about as high as 4, 5 or 6 which means you dropped the price by 10 per cent, but the volume increased by 30, 40, 50 per cent'

The interviewee in the above quote refers to price elasticity of demand when comparing revenue generation with context to the elasticity in India versus elasticity in Africa. The formula for price elasticity of demand is:

\[
\text{Price elasticity of demand} = \frac{\% \text{ change in quantity demanded}}{\% \text{ change in price}}
\]

Price elasticity is the customer’s responsiveness to demand based on the price of the product (Gallo, 2015). The higher the price elasticity, the more likely a small percentage change in the price of a product will lead to a higher percentage change in the demand for that product.

Price elasticity in Africa was much lower than it was in India and hence decreasing the prices in Africa did not result in a higher demand as the company had witnessed in India. The money that the consumers saved due to lower costs of telephony services, were used for other living expenses in Africa. Hence the company did not witness the kind of success that it was expecting due to its pricing model. The interviewee on success of the company in Africa stated:

'I won't say we failed or anything, it's just that we needed to recalibrate. So, to answer your question, have we successfully implanted the model? We have in it scores sourcing schemes...infrastructure costs, I won't say we underestimated, but we under-appreciated the, the ability to debottleneck them'

Explaining this further, the interviewee explained the import costs in Africa versus the import costs in India. Africa is a continent and the company is present in 17 countries. The company was importing telecom equipment and the same was transported only by the sea route due to size, weight and quantity of such equipment. If the equipment reached the African shore (Tanzania) and had to be transported to the middle of Africa
(Democratic Republic of Congo), it could pass through three or four countries with separate import controls. This would translate into duties and octroi at each port of entry and exit. This caused the company severe delays. It was taking almost three months for the equipment to reach its intended destination. While the transport time was reduced to sixty days (by 2014), it is nowhere close to the ease of transport that the company enjoyed in India11, with transport times of less than one week from one side of the country to the other.

Talking about the miscalculation of infrastructure setting in Africa, the interviewee stated:

‘So, infrastructure cost, I won’t say is our key bottleneck, but it’s something to toil about’

Other important aspects that the interviewee mentioned were human resource costs and the availability of talent:

‘And I will tell you one of the learnings over the last four years is that human resources cost and quality is a trade-off at least in the context that we are talking about in Africa.’

In contrast to India, where there is a vast pool of English speaking graduates, such resources were less available in Africa. Hence, the company could not reduce its human resource costs in Africa as that would have translated into a compromise on quality. This was something that the company was not willing to do:

‘What that meant was if we needed to reduce the cost, we could only do it by reducing the quality, which we cannot because it is antithesis.’

While Africa seemingly had a similar demographic fit to India, its level of urbanisation was much lower than that of India. This lack of urbanisation was the biggest challenge that the company faced in successfully implementing its ‘minutes factory’ model.

The company had met with tremendous success in India with its ‘minutes model’ and was confident that the same model would be successful in Africa given a similar demographic landscape and the fact that there was sufficient potential for market penetration as the usage rates were much lower than in India. Further, the existing telecom players in Africa were still using a developed market pricing model. Hence, investing in Africa, from Airtel’s perspective, was expected to be beneficial.

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11 India is ranked seventh in the world on total square area.
However, the similarities to India that Airtel had perceived in Africa were not quite present. For example, a country like Nigeria, which had a high population compared to other African countries, only had a population density of 162 people per square kilometre which is far lower than India which has a population density of 339. To replicate the ‘minutes factory’ model was therefore a challenge not only for Airtel but for other players too due to lack of scale (Dharmakumar & Prasad, 2010).

The company also faced issues on its branding efforts in countries like Nigeria. Airtel was issued a court order to rebrand as Econet (Johnson, 2012). This was due to an ongoing dispute with Econet Nigeria on a shareholding clause which arose due to the acquisition of its majority share; first by Celtel, followed by Zain and then Airtel. As of February 2014, Airtel had lost the case in the lower courts and was planning to appeal in the Supreme Court of Nigeria (Appendix 2). The Airtel Nigeria website continues to show the new logo of the company (Appendix 3). In a recent report by Reuters (2016), it was stated that both companies had reached an out-of-court settlement. As the telecom license was sold by Zain without the consent of Econet, Zain agreed to pay Airtel’s litigation costs in Nigeria (Kabweza, 2016).

The company recognises the fact that Africa is a continent and not one country; and that the 17 countries that it entered are all different. Airtel would have to deal with different regulators in each country of a continent that had already suffered from geopolitical risks (Leahy, 2010). The interviewee clarified this, saying:

‘... the reality of the situation [is], there are 17 different jurisdictions, there are 17 different currencies, there are 17 different economies, they are all at a different evolution point, there are 17 different government sets, there are 17 different regulators. So, what we needed to be sure of and which thankfully in this particular case, we were sure of from day one itself is there is no one uniform strategy will follow with all’

This is indicative of adaptation to local markets as suggested by Peng and Meyer (2011) towards one of the AAA (Aggregation, Adaptation and Arbitrage) strategy for global diversification.

The company was already facing losses in Sri Lanka due to fierce competition among various operators; Airtel had entered the Sri Lankan market in January 2009 with an offer of price for its services which was lower than the prevailing market rate; however, the same was then negated by the telecommunications regulator who fixed a floor rate (Pratap, 2010). Airtel is now fighting a case in the country’s Supreme Court against the
ruling, stating that a fixed floor price is not beneficial to consumers and is against their interest. While the case is still ongoing, there has been speculation that, due to the floor pricing, the Sri Lankan market has been making a loss for Airtel and it is in discussion with the market leader in the island country for a proposed merger (Parbat & Gupta, 2016). Eventually Airtel may exit the Sri Lankan market.

The company continues to struggle in Africa. Airtel made a statement at the GSM World Conference held in Barcelona in 2012 about its initial understanding of the African market, stating that there was a misunderstanding in the company’s judgment of the African mobile consumer and how they were different from the Indian mobile consumer; the increase in consumers that the company had expected due to decreasing call rates did not take place to the extent that the company had anticipated (Johnson, 2012).

The primary assumption that Airtel made when entering Africa, about creating a niche in the market through increase in usage via an aggressive reduction in tariffs along with outsourcing and consolidating its operations so that it could expand its margins, does not seem to have worked in the company’s favour: the process is much slower than they expected due to the unresponsiveness of the African market to the ‘minutes factory’ model (Pyramid Research, 2013).

In Kenya, the company had to increase its tariffs by 11% which analysts read as an admission by Airtel that its ‘minute factory’ model had not worked in Kenya (The East African, 2013).

Airtel made some aggressive claims of the success it expected to achieve when entering Africa. However, results of the company’s African venture seem to be lower than expected, and while the company is making slow progress, its ‘minutes factory’ has not been embraced by Sub-Saharan Africa the way it had been in India (AMETW, 2013).

To win market share at a rapid pace, Airtel slashed rates when it entered Africa in 2010, claiming that existing operators were overcharging. However, the strategy appears to have failed in Africa as the African people chose to spend the money saved from cheaper calls to buy essential items such as food etc., contrary to Airtel’s expectations that savings from cheaper calls would be spent on additional or longer calls (AMETW, 2013).
For Airtel, Africa has been a struggling market. The company has missed estimates with revenue declining 1 per cent per quarter and operating profit slipping by 1.75 per cent to 21.9 per cent in 2014, which is the lowest for Airtel since its acquisition of Zain in Africa (Moneycontrol, 2015). The company continues to be faced with a net loss in Africa due to increased taxes, continuing finance costs, devaluation of the Nigerian currency and other financial charges, although revenues have increased over the previous financial year (2016 versus 2015; Parbat, 2017).

Host countries are different from home countries in many aspects. However, an inherent strength of emerging market companies investing in other emerging markets is their understanding of the advantages and disadvantages of doing business in a similar environment and their ability to replicate it in such emerging markets (Contractor, 2013). Companies are expected to know how to manage separate geographies with separate regulations, heterogeneous customer preferences, local customs and values, so that they can then be successful in such host countries. Notwithstanding what is stated in the literature, from Airtel’s experience it can be inferred that success in one market cannot always be replicated in another similar market. Airtel continues to struggle in Africa.

4.7 Internationalisation Strategy and the Financial Crisis

It is understood that Airtel first wanted to acquire MTN (a South African based telecom company with the largest presence in the African continent) in Africa and had been in negotiations with the company for a couple of years. Airtel had approached MTN first in 2008 and then again in 2009; however, neither company could enter into a deal. Finally, Airtel settled for Zain and the acquisition deal took place in early 2010. To this effect the interviewee stated:

‘We did try to look at a deal with MTN and I think not just once, twice over, some of that didn’t work through...We tried MTN in 2008, didn’t work out. We tried MTN again in 2009, it didn’t work out’

The company entered Sri Lanka in 2009 and Bangladesh in 2010. The talks with MTN and the final foray into the 2 neighbouring countries and Africa happened during the financial crisis and the years following the peak of the financial crisis. This is in contrast with the literature, wherein there is evidence that strategic decisions of MNCs are affected during any kind of global crisis, especially those of MNCs from emerging markets (Hill & Jongwanich, 2009; Sauvant et al., 2009). Such effects are not necessarily negative. A strategy could be expedited if a crisis is actually beneficial in terms of lower valuations (of the company to be acquired). But on the other hand, debt financing
becomes expensive during a crisis and especially so in the case of a financial crisis of a global scale. This does seem to corroborate with the Airtel case, and as the interviewee stated:

‘Well, linkage to financial crisis are pretty low [to internationalisation strategy], we just wanted to follow through and execute the Africa strategy by taking [acquiring] the Zain assets’

As stated earlier in this chapter, Airtel had a strong presence in India and was a leader in the Indian market in number of subscribers. Hence, the company wanted to expand through internationalisation. After the initial issues of Greenfield investment faced in Sri Lanka, the company wanted to enter Africa only through the acquisition route. As Africa is similar to India in demography, Airtel was keen to invest in the continent before the market matured because the company felt that its ‘minutes factory’ model would also be successful in Africa, so the financial crisis did not affect its internationalisation strategy.

The company had a strong balance sheet and has the ability to leverage the same. So the company accessed the debt capital market to finance the acquisition of Zain assets. The interviewee explaining about the debt financing stated:

‘Access to debt capital was important part of our strategy. To get access to the capital was important; to get access to the capital at the right cost point was also equally important. But I think cost [interest cost and transaction fees] did increase’

During and immediately after the financial crisis, financial deals (especially merger and acquisition deals) saw a major reduction in numbers. The global financial crisis had negatively affected international mergers and acquisition deals (Reddy et al., 2014). Banks themselves were affected adversely by the global financial crisis and in many countries required financial assistance from their national governments; especially in the USA.

In 2010, when Airtel accessed the debt market, it had a strong balance sheet and did not find it difficult to raise capital for the acquisition in Africa. Talking about the same and the cost of the debt financing, the interviewee mentioned:

‘In 2010 when we actually executed, things were trading down, there were not enough deals in the market, we were a good... sought after credit for lenders to provide us the money...about the same rates as pre-financial crisis. So, in a way, that in a way ring-fenced the effects of financial crisis to us’

Hence, it can be determined from the above that the financial crisis did not affect the company in its strategies towards internationalisation.
4.8 Discussion

Bharti Airtel is the leading telecom services company in India and the third globally in number of subscribers (TOI 2015). By developing its ‘minutes factory’ model in India, it created a niche in the market, thus having a strong capability advantage in its home market. The success of its model was due to the specificity of the Indian demography which was highly populous but with a low tele-density. Liberalisation in India opened up a vast opportunity in the telecom market which was recognised by the owner/promoter of the company, which is indicative of his entrepreneurial capability. The company met with huge success in its home market and complemented its main capability with additional resources to enter into various other services, thus maintaining its competitive advantage against other domestic players and multinational companies in the home market. Due to its specific ARPM (average revenue per minute) model which is different from the ARPU (average revenue per user) model prevalent in developed markets, the company chose to invest in similar emerging markets during its process of internationalisation. While it chose to enter the first host market via the Greenfield mode, due to the negative experience, it then decided to invest in other emerging host markets only via acquisitions. As the interviewee has stated, for telecom services it is better to enter markets which are not virgin territory by acquiring an existing player, hence also acquiring a ready-made market. Hence, the company was market-seeking. However, it’s FSA in the form of the ARPM model was not as successful in Africa, as it had expected it to be. While the company maintains a dominant position in most of the 17 countries in Africa, it has been struggling financially in the continent. The company has adopted certain capabilities in its overseas learnings and has also imported the same back to its home country (Airtel Money).

That the company chose to commence internationalisation close to home and then seek a continent which was an emerging market aligns with the extant literature on internationalisation of EMNEs based on the ‘psychic distance’ phenomenon. The company was seeking markets which were similar in demography and hence the perceived difference was low (Håkanson & Ambos, 2010). However, from the analysis above, it can be ascertained that the company did not fully comprehend the economic situation in Africa where the purchasing power parity is much lower than in India and the company continues to struggle even after 6 years of having entered Africa. In 2016, the company announced that it would restructure its businesses in Africa (PTI, 2016). Since then, the company has sold two of its operations to Orange (a French telecom company) along with some of its tower businesses. So currently, it has a presence in 15
African countries. It is considering further sales and mergers in Africa to reduce debt and make net profit in the continent (Philip, 2017).

Using a Change model (based on Logic Model, Yin 2014), we can see how the company changed from a domestic company to an EMNE and how it implemented its strategies based on internal resources and capabilities and the external environment (Figure 13). The change model involves understanding of events over a period of time. As an analytical tool, the events observed over a period of time can then be matched to theory.

The events depicted in Figure 13 are numbered and are explained in detail along with its theoretical understanding.

**Figure 13: Airtel Change-Level Model**

1. Liberalisation of the Economy which also led to the privatisation of certain sectors which until then were fully controlled by the government
2. The company looked for where the opportunities lay and found the same in the telecom sector
3. These opportunities were created due to liberalisation and privatisation which saw economic development, infrastructure building which further attracted inward investment helping build a conducive environment for growth
4. This was accentuated with telecom licences from the government. Other private players were also entering the telecom space which until then was operated solely by the government.

5. The telecom space had huge opportunities as India was a large country with massive coverage prospects and penetration. The company saw opportunities in scale.

6. This led to the conception of the ‘minutes factory’ model.

7. Low Capex Model. More of an Opex Model which allowed for low price for the services. Average revenue per minute (unlike the ARPU model prevalent in DM).

8. Successful model. Helped the company gain a number one position in the market (13 and 14).

9. Internationalisation (mode of entry/specific markets).

10. Not easy to replicate/regulatory differences/cultural differences/timing issue.


12. Other products in home country (14).


14. External conditions (market saturation/competition).

15. Financial Crisis

4.9 Chapter Conclusion

Using a framework of dynamic capabilities and the resource-based approach, this exploratory case study examines how an Indian company entered the telecom services sector in its home country due to internal factors (entrepreneurial potential of its progenitor) and external factors (liberalisation of the country). It was successful in building a specific capability model to suit the particular demographics of the Indian telecom consumer market which helped it to become successful and secure a leadership position among all telecom service providers in India, which it has successfully maintained. However, at the end of 2016, one of the Indian conglomerates (Reliance Industries led by Mukesh Ambani) entered the telecom sector and launched telephony services at prices lower than the prevalent prices in the Indian market at that time. So currently, Airtel is facing a price war in the domestic market. Due to this competition, Vodafone India has recently announced that it will merge with Idea Cellular (Panchal & Arakali, 2017), the latter being part of another Indian family conglomerate, namely the Birla’s.
It is evident that the company has fallen into a success trap as it is struggling in the African continent, which indicates that the company had primarily adopted an exploitive approach although it did explore new products that were being used by its competitors. Hence, effective internationalisation involves both exploitative and explorative capabilities. The study of Airtel’s internationalisation also demonstrates that internationalisation on the back of home-grown capabilities and resources may not be immediately replicable. Managers need to understand the complexities of a dynamic environment in the quest of firm internationalisation.

Towards its internationalisation, Airtel has preferred the acquisition route. It is learning to adapt and adopt ways in which to be successful in its international endeavour. However, it is faced with challenges both in the domestic front and in the international markets and is hoping to consolidate its position in Africa and Sri Lanka through mergers or sale of operations. Nevertheless, the company has made a concerted effort in building its brand positioning and, despite all the challenges that it faces, the company is currently number three in the world in number of subscribers.
5. Wipro Limited

5.1 Introduction
The chapter provides exploratory indication and explanation for the research questions that were raised in the literature review chapter. As has been mentioned earlier in this thesis, there is an increasing interest around internationalisation of emerging market multinational enterprises (EMNEs) as they continue to grow their outward investments from the early 2000s. Further, there is an ongoing debate on outward FDI (OFDI) from EMNEs and whether the same can be explained through extant IB theory (Hoskisson et al., 2000; Buckley, 2009). Further, Ramamurti (2012) has stated that EMNEs may have ownership advantages that are different from the ones seen in developed market multinational companies (DMNCs). Hence, it is important to continue our understanding of EMNEs and their internationalisation process and the strategies behind the same. Why do EMNEs internationalise and what is the preferred route for their outward investments? Is it through an organic route, which is setting up stand-alone operations in the host country or setting up joint ventures and partnerships; or through an inorganic route, which is via acquisitions in the foreign markets? Do EMNEs internationalise to acquire strategic assets to compete at both the home market and the global market? Do EMNEs already possess resources, which help them internationalise, or do they need to continually change and augment existing resources to both gain and maintain competitive advantage? What challenges do they face in host markets and how do these companies adapt to such challenges? Finally, does a change in the external environment like the financial crisis affect internationalisation strategies of EMNEs?

India is an emerging market that has seen a rise of multinational companies, especially in the services sector. Wipro Limited (Wipro) is the company being analysed in this chapter. While it is present in the consumer sector and IT services, as the research is concentrated on the services sector, only the IT business of the company has been investigated and, through primary and secondary sources, this chapter seeks to answer the aforementioned questions and reach certain conclusions.

5.2 Company Background
Wipro Limited was incorporated in 1945. It started as a small-hydrogenated cooking oil producing company established in British India. Today it is a global IT giant which appears in the Forbes 2000 list at number 755 by market capitalisation (Forbes, 2016) and is ranked 20th among IT companies in the world (HfS Research, 2015). It has
operations across 39 countries with consolidated revenues of USD 8 billion\(^{12}\) (as of 31\(^{st}\) March 2016, Wipro Balance Sheet, 2015-16).

The founder of the company was Mohamed Hasham Premji (1915 - 1966). He was the son of a successful bulk rice trader. He branched out and established a company called 'Western India Vegetable Products Limited' in December 1945 in the state of Maharashtra, in undivided India. MH Premji took the company public in just a couple of months post its incorporation in February 1946. India gained independence in 1947. British India was divided and two separate states were formed, Pakistan and India. While Pakistan declared itself a Muslim country, India became a socialist, secular and democratic state as indicated in its preamble when the Indian constitution was declared in November 1949. The first Governor-General of Pakistan, Mohammad Ali Jinnah, invited MH Premji to move to Pakistan and join his cabinet as the first finance minister\(^{13}\). MH Premji declined the offer and chose to stay in India. MH Premji was interested in politics as a policy strategist. He served on various foods industry boards and was continuously lobbying with the Indian national government to deregulate the food grains industry.

In 1945, MH Premji had a son, Azim Hashim Premji (current Chairman of Wipro). As a young boy, AH Premji was not interested in his father’s business and was critical of the Indian consumer market (TW International, 2012). He initially intended to work with developing economies, which was then possible in a job with World Bank or similar organisations (McCormick, 2006). After finishing schooling in Mumbai (the capital of Maharashtra and the financial capital of India), AH Premji went to study engineering at Stanford. However, just a few months before he could graduate\(^{14}\), he had to return to India in 1966 due to the sudden death of his father.

AH Premji was only 21 years old when he was recalled back to India. Amidst shareholder concern, he took over the reins of his father’s company. The company was then worth USD 2 million (Saran & David, 2000).


\(^{13}\) MH Premji was an established businessperson and was Muslim by birth. At the time of partition in 1947, influential and rich Muslims who resided in mainland India, were invited to move to Pakistan and were offered important positions in the government as an inducement.

\(^{14}\) AH Premji had completed the requirements for the degree of engineering, however he needed to complete certain subsidiary arts courses to get his degree. He received permission to do so through correspondence and finally received his degree from Stanford in 1996.
AH Premji took on the challenge of the role of CEO, thrust on him despite his earlier misgivings about the Indian consumer market. That he was a visionary was evident when he made drastic changes to the cooking oil business and thus created a mini revolution in the Indian consumer market.\(^{15}\)

In 1977, the name of the company was changed to Wipro Products Limited (from Western India Vegetable Products Limited) which was further changed to Wipro Limited in 1984 (The Economic Times, Wipro Timeline).

This was also the period when the political milieu of the country changed and a more socialist party came into power\(^{16}\). The party believed in the self-sufficiency of the country and, due to their policies, multinational companies like Coca-Cola and IBM shut down their operations and exited the country (Encarnation & Vachani, 1985). AH Premji saw an opportunity in the exit of IBM and the company commenced domestic IT services in 1981 followed by manufacturing and marketing of indigenous personal computers (PC) in 1985. This is conceivably indicative of dynamic capabilities in the form of entrepreneurial activity and managerial capability. Helfat et al. (2007), state that dynamic capabilities involve entrepreneurial activity along with organisational strategy to affect change in a dynamic environment. There was change in the Indian political environment which the company exploited to diversify into information technology from having been only a vegetable oil company. This highlights the capability developed through an overseas engineering education due to an inclination towards information technology which was totally disconnected to the vegetable oil business of the company.

Wipro Systems Limited (a subsidiary) was established in the early 1980s to develop software which, until that point, was being provided only by MNC’s in India. While the sector was still government controlled, private companies were allowed to enter the fledgling IT industry (Rajaram, 2012). There was a restriction on software imports and hence companies had to make their own software. This led to India producing a large number of software developers during that time and with proficiency in English (due to the legacy of the British rule education system) and a large pool of science graduate and engineers (second only to the US during that time), created a competitive advantage in

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\(^{15}\) Hydrogenated cooking oil was sold loosely. AH Premji started the process of selling the same in packets which had never been observed in the Indian market before that.

\(^{16}\) The ruling party, Indian National Congress which was at the helm of Indian politics since India’s independence in 1947, was replaced by the Janata Party.
human capital required for such services (Kapur & Ramamurti, 2001), thus, leading India to become a substantial software exporter.

The establishment of the IT subsidiary laid the foundation for the global information technology company that Wipro has become today.

It was almost 20 years after the establishment of the IT subsidiary that the company made its first overseas foray by launching its operations in Japan in 1998 followed by its German operations in 2002. In the same year, it made its first overseas acquisition in America. The company’s IT services operations and internationalisation timeline has been provided in Appendix 4.

To understand the internationalisation strategies of the company, I met three senior executives of the company. To confirm anonymity, the exact designations are not being mentioned. Together, they could provide an in-depth overall view of the company internationalisation from a strategic perspective. Combined interview time was more than 2 hours. I was allowed to record all three interviews. The words ‘indented in quotation marks’ are the direct quotes from the interviews.

5.3 Resources and Capabilities

Resource based view helps explain a firm’s competitive advantage, which are the unique resources that the firm may possess vis-à-vis its competitors (Dunning & Lundan, 2008). These resources can be tangible or intangible assets and would need to be rare and inimitable for sustained competitiveness (de Oliveira Mota et al. 2011). Unique capabilities that the firm may possess would be a subset of these resources (Barney, 1991). EMNEs have emerged in times much different from the earlier DMNCs, times which have seen a conducive international policy environment and a technologically advanced environment that have helped them adapt for international markets (Ramamurti, 2009, b). Hence, such conducive environments have helped EMNEs accumulate resources and capabilities (Ramamurti, 2012) that were not seen in the earlier DMNCs. Talking about the developed markets and advanced technology, interviewee 1 states:

‘So, like that, technology keeps changing. The developed markets have always been at the forefront of technology and we have been partners in that ecosystem to develop that in scale, that is from a tech perspective’
These evidences what the literature mentions about EMNEs having resources and capabilities different from earlier DMNCs. While developed countries lead in building technologies, the emerging markets were able to replicate that technology at a larger scale and hence could provide cost arbitrage.

Interviewee 1 continued:
‘...therefore, we have added value to clients by moving up in terms from just providing wage arbitrage to providing a lot more value in terms of more outcome base and output base’

So, the company was not only providing cost benefits to clients due to economies of scale but also adding value by providing a variety of services (output) which could help their clients be more efficient (outcome).

From the above, it can be ascertained that EMNEs have developed on capabilities (for example technologies) built by DMNCs or have acquired capabilities that they felt they were lacking. However, they do develop their own capabilities too. With the global world becoming flatter, emerging markets are not only borrowing innovations from developed markets but are also innovating themselves and contributing to the developed world and other emerging markets (Govindrajan & Ramamurti, 2011).

Interviewee 2 elaborates about capabilities that Wipro built:
‘So, infrastructure services for example, testing services is another area, enterprise application services - these are all services which are homegrown...’

India was rapidly growing at this time (mid 1990s to early 2000s) due to its new liberalisation policies. To attract DMNCs, there was a thrust on industrialisation. Building Indian infrastructure was an important government initiative. In India, Wipro was a large infrastructure player, managing the IT systems of other large Indian corporates and hence building on the infrastructure services was adding value for their existing clients. They were able to provide the same services to global infrastructure companies too. With the rise of global infrastructure services, Wipro, which had built the same on the basis of local Indian companies, were able to provide these services offshore thus able to decrease costs for their global customers. This helped the company grow. Hence, Wipro not only acquired capabilities but also developed home-grown capabilities.
This is in line with literature that states that firms which want to become successful and remain successful in international markets not only acquire advantages but also build and develop capabilities and advantages (Rugman & Verbeke, 2004). Companies need to build technologies and also acquire technologies to provide differentiated products and services for sustained competitive advantage (Teece, 2014). It is evident that Wipro maps to this and it is further confirmed via a report undertaken by UNCTAD (2004) that stated:

‘Access to technology and knowledge has been a strategic consideration for Indian firms seeking to strengthen their competitiveness and to move up their production value chain. In 2003, WIPRO acquired NerveWire Inc (United States) for USD 18.7 million to gain deep domain knowledge and other IT related benefits, including access to markets (p.7)’

In general terms industry experts also support this; as Sudin Apte, CEO and research director, Offshore Insights stated (Mishra, 2013):

‘Going by some recent acquisitions made by Indian IT firms, it is clearly evident that onshore capabilities are getting more prominence now, though client access continues to remain an important aspect’

Further, regarding the characteristics of the company’s resources, Teece (2000, 2014) states particular technology and know-how (in this case Wipro’s R&D) would meet the VRIN properties as defined by Barney (1991), that are valuable, rare, inimitable, and non-substitutable. For Wipro, its investments in R&D and capabilities in the same would constitute its resources.

Interviewee 2 explains about Wipro’s R&D strategy:

‘...the whole testing practice started as more as an R&D house doing R&D work for lot of technology companies overseas and their testing was a big area of work...Now that was built up further to kind of enhance testing into other areas not only on the R&D side, but also on the enterprise side’

So the company was strong in R&D, both on the technology front and the enterprise side and were providing testing services for new technologies to overseas clients. This ability, or unique R&D capability that Wipro had, can be said to have VRIN properties. As Storchevoi (2015) also stated: ‘for technology companies, the VRIN resources are the technology itself’ (p.1).
5.4 Mode of Internationalisation (Domestic to International)

5.4.1 Export Diversification
Exports precede direct investment (Johanson and Vahlne, 1977). This has also been experienced in the case of the first software companies established in India; however, the reason for the same was primarily due to the Indian government’s restrictive investment policies rather than individual firm choices from the time that India gained independence in 1947 until the country attained market liberalisation during 1991-92. During this period, there were severe restrictions of entry of foreign firms into India (Bhagwati et al., 2010). Liberalisation changed that. However, the restrictions were not lifted instantly but carried out in a phased manner. In 1992, the total value of Indian OFDI through the automatic route (no approval was required from the Indian apex bank, The Reserve Bank of India) was restricted to USD 2 million, which has been revised over the years and stands at 400% of a company’s net worth today (various RBI reports). Though, some restrictions still remain in sectors like energy and natural resources (Khan, 2012).

Due to the software import restrictions, Wipro too was making its own software. The company commercially commenced providing software services in 1990. An overseas design centre (Odyssey 21) was set up in 1994 to exclusively export technology services to overseas clients.

5.4.2 Liberalisation and Opportunities
As mentioned above, market liberalisation in India occurred in 1991-92. Liberalisation saw the re-entry of some of the big developed market multinational companies (DMNCs) in technology including IBM, which entered India through a collaboration with the Tatas in 1992 (Sharma, 2011). These DMNCs set up subsidiaries in India to hire the rich pool of human resources and talent to produce software services. They even acquired smaller Indian based software companies. However, they still lagged behind the big Indian software companies (Kumar, 2001) like TCS, Infosys and Wipro in the export of software services.

Wipro took advantage of this opportunity to collaborate with different DMNCs to provide different services in India; for example, a joint venture with Royal Dutch Company for internet services in India and a joint venture with General Electrics (GE) to provide diagnostic and imaging products, which was introduced for the first time in the country.
The company then worked towards attaining recognised certifications for its services and established tie-ups with overseas companies for technical know-how, mainly companies from the developed markets (like Switzerland, US, and Japan).

The need for such global certifications, like SEI-CMM Level 5 and ISO 14001, and technical tie-ups, arose because of the entry of DMNCs in the Indian market with known brand names and enormous R&D resources (Hamm, 2007). With its pool of human capital (English speaking engineers and scientists), AH Premji and his management team ascertained that they could create a niche through engineering expertise, software programming, hardware and chip designs and supplying these services to various industries including banking and manufacturing. For a rather unknown company offering such services during those times, possessing global certifications allowed them to bid for international contracts.

Through this process of technical tie-ups and acquiring global certifications, Wipro gradually started establishing itself as a reliable partner for DMNCs entering India which is evidenced from the various tie-ups the company formed with these MNCs that were entering India at that time. This also assisted the company to create its brand awareness in countries outside of India.

5.4.3 Organic Growth
Due to the initial phased relaxation of investment policies in India post market liberalisation, Wipro ventured overseas (horizontal integration which is replicating operations in another country; Yeaple, 2003) to start its first operations in Japan followed by Germany (both developed markets) in 1998. This does not follow the extant IB literature on the kind of host market sought by EMNEs. Literature states that companies from emerging markets in the initial stages of internationalisation invest in other emerging markets and seek host countries which are culturally closer in proximity (Buckley et al., 2008); they seek partnerships and joint ventures in the early stages of internationalisation rather than setting up a wholly owned subsidiary (Li & Meyer, 2009). This phenomenon has also been observed with other Indian companies in the IT industry; like Tata Consultancy Services (another Indian IT giant which is ranked among the top 10 IT companies globally, HfS Research, 2015) which internationalised by setting up operations in USA in 1973. This is indicative of opportunity seeking by emerging market companies investing in advance markets to complement their individual strengths (Luo & Tung, 2007).
As indicated on the Wipro Japan website (2016), it was important for businesses in Japan to reinvent themselves in order to keep up with the markets and hence seek new horizons through innovative solutions. Japan has an ageing population and lacks a skilled and talented workforce. Further, the country is in a disadvantaged position due to continuous natural disasters.

This gives an indication of the logical progression of Wipro’s initial internationalisation stage, which emanated due to changes in the liberalisation policies of the country and the threat from DMNCs entering the Indian domestic market. The opportunity in the PC market, which had emerged due to the exit of IBM in the late 1970s, was threatened with the entrance of Compaq and Hewlett-Packard as an outcome of the liberalisation policies in India. Wipro then began concentrating on engineering and software services. The company ascertained that as the country was open to the DMNCs, there was also opportunity for the company to look outward (Hamm, 2007), which is invest overseas through OFDI. Hence, internationalisation of the company was an outcome of the liberalisation policies of the country and the imminent competition from DMNCs within India.

**5.4.4 Inorganic Growth**

In 2000, the executive team of Wipro set a goal for the company which was termed as the 4x4 plan. The strategy behind the plan was to become a USD 4 billion company by 2004 (Hamm, 2007).

To put this plan into action, the company first listed on the New York Stock Exchange (NYSE) in the year 2000. It then set on an aggressive path of inorganic growth. An inorganic growth strategy in a foreign host market implies internationalisation through the acquisition route (Gubi et al., 2010; Hattari & Rajan, 2010; Khan, 2012). As interviewee 2 mentions, the thought in 2000 was that the company lacked specific capabilities that could pose a hindrance for it to achieve the 4x4 plan.

‘...Wipro had a lot of capabilities. What was missing is specific niche areas in a particular vertical...Wipro had normal IT services and it had BPO, but it did not have a consulting piece which can kind of lead to get to the next level of services so we did acquisition to kind of enhance that portfolio... a lot of clients who were requiring BPO services but we didn’t have the capabilities to provide so’
The ‘next level of services’ that the interviewee mentions above can be interpreted as the additional services that the company needed to add to its product suite to compete at a global level. The company mentions on its website that IT is not a support function solely and in an ever-changing dynamic business environment, organisations need to keep reinventing themselves and hence IT consulting helps provide organisations with a process for transformation to increase effectiveness and reduce costs. Talking about existing capabilities and the need to acquire the capabilities the company was lacking, interviewee 3 said:

‘... the thinking was that we have a great execution engine in technology, we don’t have the domain’

Hence, to gain capabilities that the company lacked, it chose to use the acquisition route in its path to achieve its ambitious goal. Interviewee 1 confirms this:

‘We forayed in to an M&A [merger and acquisition] aspect from a differentiated skill set that we thought that we didn’t have...therefore one of the areas was to move up the value chain was to get access to differentiated capability and we felt that was, you know, inorganic could also be means to get there...’

It is evident that Wipro was intending for accelerated internationalisation through the inorganic route that is through quick acquisitions. In international business literature, accelerated internationalisation has been associated with born global firms or firms which are small and medium enterprises (Bangara et al., 2012; Mathews & Zander, 2007; Pla-Barber & Escribá-Esteve, 2006; Chetty & Hunt, 2003). As per the definition provided, born global firms are young and entrepreneurial in nature with founder/managers who look outward from the outset (Cavusgil & Knight, 2015). However, Wipro was not a born global firm when it ventured overseas; it was not a small and medium enterprise when it first invested overseas in 2000. Further, the company was already listed on the NYSE.

Wipro made its first acquisition in USA (a developed market) in 2002. A second acquisition followed in 2003, again in USA. Literature states that acquisitions in advanced market can help EMNEs become successful (Stucchi, 2012) and that EMNEs acquire companies in developed markets to seek a strategic fit for existing capabilities so as to gain accelerated internationalisation (Deng, 2012; Gammeltoft et al., 2012). Further, acquisitions in developed countries are a tool used by EMNEs to pursue rapid internationalisation thus bypassing the traditional route of internationalisation (stages
model) to catch up with existing global players (Tsai & Eisingerich, 2010). All the three interviewees corroborate this:

‘We have always used acquisition as a means to fit strategic gaps...we found that assets which will fill strategic gaps were more likely to reside in the developed markets’ [Interviewee 1]

‘There are certain skill sets that you are building, certain aspects...that we are building within, you will say possibly inorganic would also help...’ [Interviewee 2]

‘A lot of acquisitions that we do for domains are catch-up acquisitions, because an IBM has it, an Accenture has it and we don’t, so we are at a disadvantage’ [Interviewee 3]

The last quote talks about being in a disadvantageous position vis-à-vis the larger players in the field due to lack of certain capabilities. Such a position of weakness may be reversed to a position of strength through capability acquisition. As Madhok and Keyhani (2012) have stated, EMNEs can use acquisitions for access to learning and opportunity to create advantage through capability building, which they may otherwise lack.

The executives (not part of the interviewees in the data set) of the company have echoed this capability-seeking requirement for advantage building during the initial acquisitions in 2002 and 2003.

‘This acquisition enhances our ability to deliver end-to-end IT solutions for players in the energy and utilities space, bolstered by a global delivery model’ – Sudip Banerjee, President, Enterprise Solutions, Wipro Technologies (Beary, 2002)

‘The team of 90 plus consultants from NerveWire bring in deep domain knowledge and strong customer relationships. We believe this acquisition will be a strong catalyst for growth by creating better customer value,’ - Girish Paranjpe, President, Financial Services, Wipro Technologies (PTI, 2003)

However, the company did not achieve its USD 4 billion goal by 2004. In 2005, its revenues stood at USD 1.9 billion and this failure was attributed to a global economic slowdown in 2001 and 2002 (Hamm, 2007). Hence, the company’s strategic plan of attaining the revenue goals that it had set through acquisitions was unsuccessful.

5.4.5 Acquisition Strategy
Wipro completed several acquisitions during mid-2000s. These acquired units were mainly small and medium in size and the company acquired them all via cash deals. As interviewee 3 mentioned, and quoted in the earlier section, the company's first acquisitions were not completely successful and the company learnt how to integrate
overseas acquisitions over time. The company realised how important it was to be sensitive to local cultures for the effective integration of an acquired company. These focussed acquisitions that were a strategic fit for the company are famously known as Wipro’s ‘string of pearls’ acquisition strategy (Mishra & Raghu, 2007). Interviewee 3 confirms the terminology used for Wipro’s acquisition strategy:

‘I think we did a series of acquisitions; I think we did about 16 or 17 during that particular phase of time (2005 – 2008) which is when the famous term ‘string of pearls’ came in’

These small to mid-size acquisitions have been a part of Wipro’s strategy towards its growth plans as stated by industry analysts (FE Bureau, 2015). AH Premji’s son, Rishad Premji, joined the board of directors in 2015 and also assumed the role of the company’s strategy head. He launched Wipro Ventures in July 2015 with an initial corpus of USD 100 million for exploring investment opportunities in start-up companies that focus on niche technologies.

However, in 2016, Wipro completed two acquisition deals which are considered to be its biggest acquisitions of all time on the basis of the cash outgo that Wipro made (close to USD 500 million for each acquisition). While these two acquisitions were outside Wipro’s ‘string of pearls’ approach, due to the size of the acquisitions, they still remained within the company’s strategy of capability acquisition. Such a shift in its acquisition strategy is expected to help stimulate its growth and strengthen its capability delivery and product offering (BS Reporter, 2016).

It can be determined from the above that the company feels it is now able to efficiently integrate any size or type of acquired unit which has led it to venture towards large size acquisitions. This sense of expected efficiency emanates from the successful experience of past acquisitions. There is evidence in literature too, which states that firms become comfortable and perform better having had prior acquisition experience in the same line of business in the industry (Hayward, 2002). Interviewee 3 substantiates this:

‘...culturally people can get easily rebelled, partially because we are so heavily Indian in our culture and two, partially because it’s just the sheer size, so you also need an ecosystem for these people too, in fact we did a lot of that in the organic business subsequently and the consulting especially. We said, we need to give them an ecosystem where they can collectively integrate solely and of course provide other facilitating factors’
Interviewee 3 talks mainly about people integration. The biggest asset for IT companies is the employees and Wipro, over time, created an environment so that acquisition of overseas units integrated easily into the company, which was culturally Indian oriented. This is endorsed by Barkema and Schijven (2008) who state that experience does not happen automatically but involves information sharing, coordination among various parts of an organization, training and integration and all of these take time to develop for acquisitions to be successful.

5.5 Brand and Logo

During the time that the company initiated its internationalisation process in 1998, it also changed its logo. The original logo was a black and white sunflower, the sunflower to denote its origins as a sunflower oil producing company. While it has maintained the sunflower, it is now a rainbow coloured sunflower with the tagline ‘Applying Thought’ (Figure 14).

![Wipro Logo](image)

In a conversation with Sen and Jhala (2005), the creator of the logo, Shombhit Sen says, that they identified four values that are crucial for Wipro’s end users (human values, integrity, innovative solutions and value for money) that signifies the core value of the tagline which implies that ‘Wipro is process oriented and that it is thinking of you.’

As Wipro states on its website (Wipro Newsroom, 2017):

‘The Rainbow flower consists of basic values of Youthful and Energetic, Multifaceted, Innovative, Large-Diversified and Vibrant and stands as our brand identity. Below the flower is inscribed the line ‘Applying Thought’, our brand promise, representing Powerful, Intellectual, Futuristic- Visionary, Maturity and Commitment to Innovation.’

A case study on Wipro brand building by Chattopadhyay (2011, Insead Case Studies), shows that in 2006 the company’s awareness level among non-clients was only 35%. This was far behind international competitors like IBM and Accenture (who are also from the same industry of Information Technology and Consultancy Services). So, Wipro launched an initiation around building its brand (Appendix 5). It sought to differentiate
itself through technological excellence, innovative solutions, operational excellence, extending the company culture of linking values to business performance and last but not least, extending its global footprint using its inherent strength and capabilities. This resulted in increasing the company brand recognition and it ranked behind IBM in a brand-audit study in 2007 among prospective clients.

5.6 Host Country Environment

In 2006, Wipro was operating in different host markets such as USA, UK, Canada, Middle East, Europe and Asia. As mentioned in the earlier section, the company had developed in-house capabilities and was also acquiring capabilities and resources. The company was acquiring those resources and capabilities which they felt the company lacked.

Through the acquisitions that the company had made, the company acquired both tangible and intangible capabilities. For example, in the acquisition of NerveWire, the company acquired 90 consultants (tangible resources) but these consultants brought with them expertise in financial consulting (intangible capabilities). Similarly, in its acquisition of NewLogic, an Austrian company, Wipro not only acquired engineers and customers (tangible) but also acquired patented engineering designs (intangible).

Linking this back to literature; dynamic capabilities theory 'focusses attention on the firm’s ability to renew its resources in line with changes in its environment' (Ambrosini & Bowman, 2009, p. 45) because resources and capabilities are crucial for internationalisation of firms from emerging markets (Liu, et al., 2011); such an approach is a reflection of the resource based view (further quoting Cavusgil et al. 2007; Teece et al., 1990). EMNEs are competing against various established players in various host markets. For such EMNEs to be successful, they require resource-based strategies. As Wernerfelt (1995) states that businesses will always encounter competition in whichever market they choose to enter and the business pattern of entry and exit will ensure that only the best survive and hence to succeed, businesses are required to adopt resource-based strategies.

Hence, depending upon the proximity of the host market, managers of EMNEs need to develop or adopt regional or international strategies to create competitive advantage. EMNEs do possess advantages based on home-grown capabilities; however, it is not always possible that home advantages may be successful in host markets. As we have established in the case of Airtel in Africa (Chapter 4).
On the success of home-grown capabilities in overseas markets, the interviewees stated:

‘We have to be different in different countries, because the local dynamics are very different. So to that extent, it is a very localized strategy in terms of how we approach each country…there will be expectation of overtime, there will be a protest’ [Interviewee 1]

‘You can continuously add capabilities is one, and in some of these countries where it was not English speaking, Germany for example is one challenge, Japan, China when you don’t have English speaking so prominent then it is difficult to kind of penetrate because you need to hire locals, right and in Japan and Germany especially there were large players who are well penetrated’ [Interviewee 2]

Tying this back to literature, it can be stated that experience of each host country differs. From a resource-based perspective, a firm may not be able to use to its full advantage the resources that they may have transferred to a host country or may actually be at a disadvantage due to the lack of complementary resources required for international operations (Cuervo-Cazurra et al., 2007). There could be various causes for such a situation as interviewee 2 has mentioned above about countries which are not English speaking, hence there is a challenge due to language barriers. Companies can also face cultural barriers. As interviewee 1 states:

‘See it is culture. What maybe an appropriate comment in an Indian set-up maybe highly inappropriate in some other country set-up, right, so you need to have that, you know, diversity training of sorts, right. So when you say DNA, that is there in its....you know...as an Indian you are capable of making many comments which in the Indian context maybe acceptable, may not be acceptable in certain context, right. We want to increase our presence in Europe...there is special focus, also because you have to do business a little differently in terms of, you know, language barriers are there, lot more localization needs to be there.’

There are cultural differences in approaches to work between India and other countries. This is something that I have personally experienced while working in the banking sector in India. As I was handling multinational companies, work happened in different time zones and one was expected to work at all hours. However, while dealing with other countries, it was accepted that certain countries would not work post cut off time or during major holidays.

Interviewee 3 articulated this further:

‘I won’t say while you have this home country advantage, in fact, no country, you think, you can put into another market and the success in one country cannot be replicated at all, so I think it’s a very powerful thing and we’ve kind of lived it in every acquisition we have seen, wherever we have...oh it worked there, why don’t we try this here, sure success, it won’t work...’
In situations of such language and cultural barriers, companies adapt to the host market in various ways and Wipro adapted by hiring locally and sensitising to local culture in Japan and European countries. In Japan, the company acquired local talent as mentioned by interviewee 2. This was mainly on the sales side to penetrate the Japanese market as the company was providing R&D services to many Technology firms in that country. The company also initiated network relationships as interviewee 2 specifies:

We had, at various points in time, senior board members from Japanese background and the ex-Finance Minister of Japan was on the Board of Wipro for some time...Sakakibara. So, we used all those relationships and contacts to kind of penetrate this [the Japanese market] better’

Interviewee 3 validates this further, stating that the company adopted divergent strategies based on local requirement of specific host countries. The company has been successful in countries where they were responsive to local requirements but in countries where they were less responsive, the company met with failure. Specifically talking about the acquisitions in various countries and the requirement to adapt to local requirements and make changes, interviewee 3 stated:

‘We changed... in Portugal... In France... So those nuances are something that you learn along unless you are sensitive to those... So you have to be very sensitive and you cannot put [your own rules], you have to make your rules so much more localized to that extent’

The interviewees are consistent in their view about being sensitive to local language and local culture. This is indicative of decision making through self-learning by managers and it differs from country to country (Aharoni et al. 2011). Wipro was also continually adapting to various host countries as is evidenced from the interviews. This is symptomatic of dynamic capabilities, which is the ability of company management to continually build both internal and external capabilities in tune with a dynamic external environment (Teece et al., 1997). This also ties in with literature about adaptation to local markets as a strategy for successful internationalisation (Peng & Meyer, 2011).

Companies need to build competitive advantage; however, the acquisition of capabilities and resources that the company may lack alone cannot assure competitive advantage. Ranft and Lord (2002) propositioned that the retention of employees of acquired firms through the giving of financial incentives and key positions to such employees ensures the success of the acquisition. Host countries have advantages and disadvantages, which the foreign acquiring company needs to comprehend so as to build competitive advantage; such advantages lie in a firm’s innovation capabilities, corporate management
and culture, global resources and integration with locational history (Teece, 2014). Interviewee 3, who was the head of strategy during the initial phase of Wipro’s acquisition phase, talking about the failure that the company experienced with its first acquisition and how they learnt from the same elaborates:

‘We tried to run NerveWire the way we would run a company in India, but it completely bombed. We stepped back, did a lot of things, we put a lot of processes in place and the second phase of acquisition which I said happened between 2005, 2006 to about 2008, ...the thinking was that let’s take on acquisitions which are significantly strong. Now, we know how to integrate these teams, because we’ve learnt from our mistakes, so there will be very small verticals or micro verticals, which can be easily integrated, assimilated’

The above is characteristic of Indian software companies who are well aware of both challenges of employee retention and integration of acquired employees (Thiagarajan, 2003). Ranft and Lord (2002) have further propositioned, from their study of acquisition of software, electronic and biotechnology firms, that favourable climate and rich communication between the acquired and the acquirer enables greater integration; further, autonomy for the acquired unit also ensures preservation of the technology and capability knowledge acquired.

5.7 Effect of Financial Crisis on Internationalisation Strategy

The global financial crisis of 2007-08 was considered the most calamitous with spiraling effects across continents. Sauvant et al. (2009) and Hill and Jongwanich (2009) raised the question of survival of EMNEs, especially those from developing Asia, post the financial crisis. Global crises affect all companies and entities around the world, some more than others. Valuations of companies drop and there is an opportunity for active acquisition during such times. The notion of ‘Fire-sale FDI’ was introduced by Krugman (1998) in which companies in countries affected by financial crisis were acquired by more developed market companies at low valuations. This emanated from observations from the Asian Financial Crisis of the late 1990s. However, Erel et al. (2012) state that EMNEs may actually reduce the acquisition of new subsidiaries during crisis times which is corroborated by Makaew (2010) who expostulates that the majority of cross-border acquisitions take place during times when the economies of the countries of the acquirer company and the acquired company are flourishing. Interviewee 1, who is the current treasurer for the company, elucidated on acquisition strategy of the company during the financial crisis in detail:

‘...it is easier to do acquisitions in bull-runs than bear-runs, ok for two reasons. The promoters are also not idiots, they also know the peak of our crisis, why will they sell? ...a company which is bleeding, would you go and
acquire just because valuation is low? So, you would typically find that M&A [merger and acquisition] in bad times is not necessarily high...Because you will find that you are, you struggle to make assumptions. So, you find that typically stable environments are more conducive’

What interviewee 1 states above is confirmed by the fact that the management team of Wipro did not engage in any international acquisitions during the period of the financial crisis (Wipro Timeline Appendix 4). The company entered into acquisition deals until 2007 and then recommenced acquisition in foreign markets from 2012. Articulating Indian acquisition strategy as a whole, Sauvant et al. (2010) mentions that acquisitions by Indian companies are mainly financed by banks and other financial institutions, hence, due to difficulties and paucity of international financing during crisis times, Indian companies cease to acquire. However, Wipro does not fall into the category of such companies that rely on credit for its acquisitions. Wipro maintained a strong cash surplus balance sheet and financed majority of its acquisitions in all-out cash deals. Interviewee 2 explains the reason behind these cash deals:

‘...when you are sitting on huge amounts of cash then why would you want to kind of dilute (shareholding value) and still sit on the cash... Wipro still had a net cash positive but it at least had some leverage on the balance sheet for the acquisition, so when I was a treasurer we did a large borrowing to do the acquisition which was one of the largest acquisitions that Wipro had done at that point of time, so we did leverage for that acquisition...’

While Wipro was not totally closed to the idea of bank financing as Interviewee 2 has articulated, it has preferred to use its pool of cash without diluting stock. During the financial crisis period of 2008-2011, the company was consolidating and entering into global partnerships and was involved mainly in organic growth (Malaysian and Australian operations). They acquired an Indian subsidiary of a multinational bank for which Interviewee 1 says:

‘...we continued to be cash-rich during the downturn, so we continued to be open. So, we got the acquisition of Citi, one of the India centres [of Citibank], we did that acquisition, so I don’t think we were closed at that time’

As the arm of Citi that the company acquired was in India, it is not featured in Appendix 4 but it is evident that the company strategy changed during the crisis period. However, it still engaged in overseas investment. The overseas investment of the company during the crisis period was invested for organic growth rather than inorganic growth.
5.8 Discussion

Wipro is a leading company in the IT services sector not only in India (home country) but is a globally known brand. From the interviews and secondary data, it is evident that the company possesses resources and a capability advantage in its home country. Domestically it was a known brand and it strategically built its brand awareness to be one of the top ten recognised IT brands globally. The diversification of the company from vegetable oil production to IT was due to both change in the external environment (Political and Market liberalisation) and the entrepreneurial capability of the owner/promoter who was aptly supported by a team of top management, which was handpicked because of their educational and technical background and prior experience with DMNCs. The company is hugely successful in its home market and built its reputation through partnering with DMNCs, both at home and abroad. It commenced international operations through organic growth and then transitioned to inorganic growth. The company’s main objective behind its mergers and acquisitions was capability acquisition rather than market seeking. The company used its cash-pool to make small-scale acquisitions and is famous for its ‘string of pearls’ approach. The capability acquisitions were in verticals that the company had less or no exposure. By adding these capabilities, the company sought to increase its product suite to compete with global competitors both in home and host countries and thus strengthening its competitive advantage. The acquisitions have mainly taken place in developed economies which evidences that the company has sought to gain from pioneering technologies. However, there is no evidence of companies trying to acquire well-known brands for establishing global networks. Acquisitions do bring in customers but Wipro’s acquisitions have clearly aimed for improved technological capabilities and thus providing existing customers and new customers with various value-added products under the same umbrella. CSAs like trained English speaking work force and FSAs like outsourcing capabilities and the specific product suites better suited to developed markets have seen the company concentrating its internationalisation in developed markets. However, it has operations in other emerging markets and non-English speaking European countries too. The company learnt to localise its approach in various geographies to integrate a global workforce into the company culture. A dynamic environment affects the strategic direction of an international company

The above findings do not align with the extant literature on internationalisation of EMNEs, which states that EMNEs seek to commence internationalisation closer to home (psychic distance) and seek economies similar to its home country for institutional
proximity. The literature on ‘psychic distance’ in IB, states that this is the ‘perceived difference between two countries’ (Håkanson & Ambos, 2010). This perception originates from the difficulty in fully comprehending the foreign environment that is different from the host environment due to cultural, economic and geographic factors with the latter being the primary explained factor of variance. Given this definition, if we compare the English speaking developed markets like USA and UK to an emerging market like India, the psychic difference would appear to be vast. However, India’s majority OFDI flow is in a south-north direction (as explained in the introductory chapter). The common factor between these developed markets being the language. However, the first countries that the company ventured into to set up operations was Japan and Germany and these countries are non-English speaking with very different cultural and economic environment and with a large geographic distance.

Wipro’s global footprints are mainly in developed markets. Its presence is spread across different continents, which confirms the affirmation made by Ramamurti (2013) that Indian private companies have high entrepreneurial capabilities; as they are not state owned, they are more adventurous in their internationalisation strategies and seek advanced technologies present in advanced economies. Further, they have design, product, branding and distribution capabilities that they can provide at low prices and hence have the added advantage of labour-cost arbitrage. The Indian IT model has been skill-intensive rather than labour-intensive. Capability acquisitions have been within similar verticals or adding verticals but within the same domain to complement the company’s FSAs (FSA exploitation). Learning of integration has come with experience. Using a Change model (based on Logic Model, Yin 2014), it can be observed how the company changed from a domestic company to an EMNE and how it implemented its strategies based on internal resources and capabilities and the external environment (Figure 15). The change model involves understanding of events over a period of time. As an analytical tool, the events observed over a period can then be matched to theory.

The events depicted in (Figure 15) are numbered and are then explained in detail along with its theoretical understanding.
1. Change in the government of the country. The party that came into power believed in the self-sufficiency of the country and due to their policies, foreign multinational companies left India including IBM and Coca Cola.

2. Due to the exit of IBM, a gap appeared in the IT services of the country and AH Premji identified an opportunity in such services (indicative of dynamic capabilities in the form of entrepreneurial activity and managerial capability).

3. This led to the company commencing domestic IT services in 1981 followed by manufacturing and marketing of indigenous personal computers in 1985.

4. Due to restrictive import licences on software, Indian companies were forced to make their own software, which led to the country producing English-speaking engineers and graduates who were hired by Indian domestic IT companies. (These can be termed as country-specific assets and India gained a competitive advantage in human resources required for IT software services).

5. India experienced market liberalisation in 1991-92. Foreign multinationals re-entered India to hire Indian country specific assets which were in the form of English-speaking software engineers.

6. To provide competition to the foreign multinationals, the company acquired certain global certifications which assisted the company to create a niche in IT services through engineering expertise, software programming, hardware and chip designs.
7. Collaborated with foreign MNCs for providing services in India and tie-ups for technical know-how, thus establishing itself as a reliable partner for developed market multinational companies which were investing in India

8. This also assisted the company to create its brand awareness and attain a position of strength within the country. This was attained also due to the intrinsic characteristics of the company (13)

9. The company made outward foreign direct investment through various modes (both organic and inorganic). Mainly investing into developed markets (which is contrary to the notion of Psychic distance)

10. Wipro’s acquisitions were mainly targeted towards attaining resources and capabilities which the company ascertained that they did not possess and which were necessary to gain a competitive advantage in the IT services sector both in the domestic market and in the international market. However, during the process the company was faced with several challenges in different host countries

11. Due to the challenges faced in different host countries, the company learned to manage its acquisitions by being sensitive to the local environment in the various markets and thus managing employee retention and integration of acquired employees

12. Cost-effective solutions to client including value adding services thus building on internal capabilities and not solely relying on acquiring external capabilities. Initiated a process to increase its brand awareness and is in the top ten global IT companies

13. Company Characteristics (entrepreneur driven/growth oriented)

14. Effects of Financial Crisis on outward FDI

5.9 Chapter Conclusion

This exploratory case study using a framework of dynamic capabilities and the resource-based approach examines how an Indian company diversified due to its entrepreneurial capability and formed organisational strategies to change its resource base in a dynamic environment for sustained growth. It continued to build both internal and external capabilities via organic and inorganic means in the international market. Its tendency towards acquisitions to increase its capability and product suite confirms to the proposition that EMNEs favour the mergers and acquisitions route to grow in international markets. However, the rate of its acquisitions does not confirm to the literature which associates accelerated acquisition to small and medium global born enterprises. Wipro’s operations and established historicity does not corroborate with this.
Further, ‘psychic distance’ does not explain why the company sought developed markets in the first instance of internationalisation. The company had unique technological resources along with human talent which it exploited towards its internationalisation and, where required, it transformed its existing resources in line with change in its working environment which links to the dynamic capabilities theory. It successfully adapted through learning and experience for the successful integration of its international capability acquisitions. This is indicative of managerial capability towards assimilation and absorption. The company diligently built on its brand awareness to compete with established players both in the home and host markets. Today the company is globally recognised and it hopes to double its revenues by 2020 to a USD 15 billion company.
6. Tata Consultancy Services

6.1 Introduction
Tata Consultancy Services (TCS) is a global information technology (IT) service company and is ranked among the top ten IT companies in the world by revenues (Phadnis, 2014) and is ranked number one in India in industry rankings (NASSCOM, 2015). TCS is the second IT services company that I have investigated among the services industry firms in my data set. This chapter explores the internationalisation strategies of this company and uses the field of strategic management as the basis for the analysis.

India as an emerging market has given a lot of thrust on business and professional services, especially in data processing, management consulting, banking and financial account services, computer hardware and software services, business processing outsourcing since the mid-1990s (Karmakar, 2005). The country has been called the back-office power of the world with American Express establishing such services in India in 1993, followed by British Airways in 1997 and then General Electrics, which by 2003 had its largest service subsidiary in India and other MNCs like Dell and SAP following soon thereafter (Dossani & Kenney, 2007). TCS, which is present in the IT consultancy services, was the first private Indian software company to be set up in the 1960s (Khanna & Palepu, 2005) with competition only from IBM (an MNC) and Electronic Corporation of India (ECI, which was an Indian government-owned company and mainly dealt in hardware). Unlike other Indian software companies which gained prominence post liberalisation of the country in the early 1990s (market-oriented reforms during 1991-92, Bhagwati et al., 2010), TCS, which was incorporated in 1968, opened its first international office in New York as early as 1979 (Ramadorai, 2011). Firms internationalise due to their antecedents, culture, processes and the environment in which they operate to achieve operational efficiency (increasing productivity while lowering costs) and improvements towards organisational learning (Hitt et al., 2006).

This chapter analyses the strategic motivation behind the internationalisation of TCS and the mode of its diversification. Most of TCS revenues come from overseas markets (as has been mentioned by the interviewees and discussed later in the chapter) of which the majority is from developed markets. Literature on EMNEs (Buckley et al., 2008; Cuervo-Cazurra & Genc, 2011) indicate that firms from emerging markets, in the initial stages of internationalisation, seek other markets which are culturally closer to their home market; whereas TCS opened its first international office in USA (a developed
Ramamurti (2012) states that EMNEs do not possess ownership advantages which are advantages that can be used to create rents; further the product life cycle theory assumes that FDI flows from more-developed to lesser-developed nations. Hence, it becomes important to analyse why TCS selected developed markets during the initial stages of its internationalisation. Did the company possess some homegrown capabilities that they felt that they could exploit in such markets? TCS is present today in all the continents. Each continent and countries within them have different business environments and cultures, so this chapter will also study what challenges the company faced in different host countries and how it confronted such challenges. External environment affects overseas investments. Among developing markets, developing Asia has the highest overseas investment and there was a question raised on the decline of such investments post the financial crisis (Sauvant et al., 2009; Hill & Jongwanich, 2009). So, finally this chapter will also study and explain if overseas investment of TCS was affected in any way during or post the financial crisis.

6.2 Company Background

TCS is a subsidiary of Tata Sons Limited, an Indian conglomerate. It commenced as a data processing centre for established Tata companies (like steel and motors) and was a division of Tata Sons, established in the year 1962. It was incorporated as a full subsidiary in 1968 and is headquartered in Mumbai (the financial capital of India). Today it is present in 45 countries with 229 offices and a headcount of 362,079 employees (TCS Investor FAQ, June 2016). It has consolidated revenues of USD 16.4 billion (TCS Balance Sheet, 2016). It ranks number one within India and is at number ten globally as per revenues earned (HfS Research, 2015). It ranks at number 66 on Forbes most innovative companies in the world (Forbes, 2016).

The company history below has been reproduced using data from the book, ‘The TCS story and beyond’ (written by an ex senior employee). Bryman (2013) mentions that commercially published autobiographies about companies can be used for organisational research; and if it has up-to-date information. However, the analysis is supplemented with other sources which have been mentioned at the end of this section.

The founders of the Tata Group, one of the first entrepreneurial companies in India, were known as the pioneers of basic Indian infrastructure. This is indicative from the fact that the current national air carrier of India (Air India) was a Tata initiative (Tata Airlines, established in 1932, renamed to Air India after it became public limited in 1946)
which was acquired by the Government of India (GoI) in 1953 as part of a government initiative of nationalising all air carriers in the country (Encyclopædia Britannica, 2016). The chairman of the Tata Group during 1960s along with a close family member and confidant took the decision of forming a single unit for the group (largely manufacturing companies) which would be responsible for all the data processing requirements. The Tata Group had its own administrative services known as Tata Administrative Services (TAS) which hired young management trainees and were groomed to take up managerial positions in the various Tata Group companies. The business processing unit that was formed comprised largely of people from TAS and was headed by an external hire with a statistical background. A ‘Unit record machine’ was hired from IBM. However, it was the decision of the various other companies within the Tata Group to outsource their business processing data to this newly formed unit and most of them were not providing any work other than the electric company which mainly comprised engineers. Hence, the unit started to also seek work from outside the Tata Group to meet its escalating costs (salaries and lease rentals). In 1968, Tata Sons created TCS as an operating unit and this was also the year when TCS started to get work from both in-house companies and external companies (especially banking business). In 1969, the company took a strategic decision to position itself as a management consulting company rather than only a business data processing company as automation was not fully comprehended in India and companies were wary of sharing data.

As a management consultant company, TCS started working with various government banks and organisations (like Unit Trust of India, the first portfolio investment company of India, and Central Bank of India). In 1970-71, TCS also initiated work with companies and governments outside India (for example with the Government of Iran for power infrastructure set-up; Ramadorai, 2011). However, any such work was carried out in India as overseas offices were not allowed to be set-up until 1979.

TCS imported a Burroughs\textsuperscript{17} mainframe computer in 1974, despite the import restrictions which enabled it to provide software development services to Burroughs customers in India. This further provided an opportunity for the company to provide similar services to Burroughs customers in overseas locations. This can be considered as the first Indian

\textsuperscript{17} Burroughs was a US-based Hardware Company and was successful during the 1960s-1970s for its computer systems; it merged with Univac Computers to form what is Unisys today (Computer History Museum, 2016).
offshore project which was initiated way back in 1974-76. This also exposed TCS to advanced technology which was otherwise unavailable in India.

During the 1970s, as already mentioned above, there were severe restrictions on imports in India. This was due to a shortage of foreign exchange in the country. New regulations restricted MNCs present in the country from operating freely, and companies like Coca-Cola and IBM quit the country in 1978 (Encarnation & Vachani, 1985).

The exit of IBM, saw the entry of the Burroughs Corporation in India. Burroughs formed a joint venture with the Tata’s (as was required under the new regulations) in 1978. The joint venture was selling Burroughs hardware equipment in the Indian market. TCS had already been using an imported Burroughs mainframe computer since 1974 and providing services for Burroughs customers in India and overseas.

However, with the formation of the joint venture, there was a clash of interest between the new joint venture and TCS. There were discussions about folding TCS into the new joint venture (Tata Burroughs). After much deliberation TCS remained a separate entity but had to transfer several its engineers to the joint venture. Also, the revenue generated from services to Burroughs and its overseas customers was transferred to the joint venture and TCS could not bid for any of those services. Hence, TCS became like a start-up company overnight.

The Indian domestic market was not mature enough for the kind of services that TCS was already providing due to its association with Burroughs. Hence, when the Indian regulations permitted Indian companies to set up an overseas unit, TCS opened an office in New York in 1979. This is where the internationalisation journey of TCS commenced.

It was almost 26 years later that TCS acquired its first overseas company. Until then the company grew its international presence in overseas markets through organic growth. The company’s timeline has been provided in Appendix 6.

To understand the internationalisation motives of the company and the strategies behind the same, I interviewed an ex senior executive of the company (Interviewee 2) and a current senior member of the company (Interviewee 1) in May 2016 and October 2014 respectively. The ex-executive was a career TCS employee and was involved with the business from the very start of company operations. Interviewee 1 is also a career TCS
employee having served within TCS for 25 years. Hence, I was able to gather strategic information and motivations behind the company’s internationalisation from these two interviews. Both the interviews were recorded. The words indented in quotation marks are direct quotes from the interview.

This was followed by an email questionnaire with an ex-employee (Interviewee 3) who had worked with TCS for almost 20 years in various overseas locations. The purpose of this exercise was to understand some of the operational level details of the workings of TCS in different countries.

For triangulation purposes towards validity and reliability, additional documents such as balance-sheet, investor and analyst presentations, corporate, bank and media reports available in the public domain have also been referred to. Due to investor protection and rules guided by the various exchanges at which the company is listed, the information gathered through various sources only investigates the past internationalisation strategies of the company.

6.3 Resources and Capabilities

TCS was the first private IT services company to be established in India. As mentioned in the earlier section, in the initial ten years of its establishment it was mainly providing services to one American MNC both in the domestic market and in the overseas market. When that ended due to internal conflict of interest, the company decided to look for new contracts and business overseas and opened its first office in New York in 1979. Talking about its first step towards internationalisation, the interviewees stated:

‘The domestic market [in India] was non-existent but we [TCS] always had the belief that ultimately the learnings and the technology adoption will translate into opportunities for the domestic market but our foray had to be an international connection that technology adoption was the most dominant in the United States’ (Interviewee 2)

‘We consciously have not grown the India business as much, [there are] specific reasons for it, one is... there is still a lot of controls around the unions and things like that. Large part of business happening in the, you know, government owned or government influenced businesses – unionism and stuff like that’ (Interviewee 1)

So, the interviewees mention two separate aspects, first that the initial internationalisation happened since India was not technologically advanced and the second that sustained internationalisation was due to institutional incapacities within the home country.
The phenomenon of looking at developed markets, especially that of the USA, at the onset by Indian IT Services Company has already been discussed in the Wipro chapter (Chapter 5). From an Indian perspective, TCS was not a latecomer to the global platform as large IT MNCs, like IBM, GE, Novell (Haigh, 2011) were already present in the overseas markets.

In IB literature, it is stated that latecomers (defined as those companies that enter a market not by choice but to overcome disadvantages that they face in their home countries) often leverage on low cost competitive advantage (Mathews, 2002) or import technology and innovate (Amighini et al., 2010) to catch up with the established existing players (Mathews, 2002). Talking about cost arbitrage as another reason for TCS not to grow aggressively in the domestic market, Interviewee 1 said:

‘The other thing is the biggest benefit any customer gets today [it] is still cost arbitrage and the Indian companies wouldn’t get that, right, so the way we want to look at it is if we work with a customer and do a complete full services business with them, infrastructure, IT and operations, then it makes a lot more sense to add value, otherwise there is always an uphill task of what exactly they are looking for. So, we do have a set of customers which are Indian customers, but a larger chunk of my business today comes from overseas customers.’

Due to the low cost of labour in India, TCS services cost less than what the overseas companies were paying for in their local market, especially in the US market. This is the cost arbitrage that the interviewee is referring to. Within the domestic market, Indian companies could not benefit from such an advantage and hence, TCS, from its experience of working with Burroughs customers overseas, used this as a competitive advantage to generate software services business overseas.

The initial period when TCS moved to USA, was also the period when personal computers started to become popular in the US and Europe with a shift from mainframe to client-server computers (Lee et al., 2014). Due to this, there was a demand for customised software which allowed firms to make this shift or migrate and there was a need for qualified consultants (Krishnan & Vallabhaneni, 2010). TCS had already performed such work for Burroughs in the US and hence, it was a strategic decision to look for similar work from other clients with low value-added services but high labour-intensive services (Lee et al., 2014).

Low cost arbitrage by TCS was created due to country specific advantage (CSA) comprising trained English-speaking engineers and scientists and firm specific advantage
(FSA) in the form of building private infrastructure for its employees and human resources (HR) skills for their selection and training (Ramamurti, 2013). Arbitrage has been a long-term strategy for TCS (Ghemawat, 2007).

However, such cost arbitrage strategies are not inimitable and cannot be sustained over a long period of time (Lewin & Peeters, 2006). For a global diversification strategy, companies can adopt the AAA triangle framework; aggregation of operations, adaptation to local markets and financial arbitrage (Peng & Meyer, 2011). It is not always necessary for companies to use all three strategies. TCS had used both arbitrage and aggregation as a competitive advantage tool to become a global player in the IT services; it attained aggregation by placing great importance on its global network delivery model (Ghemawat, 2007). To this effect, Interviewee 2 stated:

‘Our value proposition has always been quality every time on time. So, the delivery execution capability and the delivery competencies to the requirements of the client is the first step. Our capability is always going to be technology, how to align the technology with the business or the domain of the customers. Once you know the domain of the customer and what are the kind of value addition that your technology with respect to that can provide, that is the value proposition that we give’

From the above quote, it is clear that the company believed that their success lay in delivering services as per the turn-around-time (TAT) agreed with the client. However, the TAT was achieved due to the company’s capabilities of understanding their clients’ needs and the ability to align the needs with changing technology and value adding to that by projecting the future needs that the client may have due to change in the business technological environment.

TCS also developed their global network delivery to cater to their customer’s demand. Giving an example, Interviewee 1 explains:

‘General Electric was one of our largest customers... they actually helped us in the entire global network delivery model, because they were a global organisation, they wanted servicing from TCS at the locations where they were operating, so our entire global network delivery model which was in the works, got co-created along with them’

The TCS global network delivery model (GNDM™) is a unique business proposition that allows the clients to choose their sourcing strategy suited best to their business needs (TCS, 2016 a). The platform runs 24 hours, 7 days a week, 365 days a year supporting their clients at any business location across the globe.
Creation of this delivery model to cater to one client helped TCS get business from other customers too. For example, TCS won a contract from ABN in 2005; this deal (software maintenance and software development; BBC News, 2005) was the largest for an Indian IT firm; the contract was for a period of five years and TCS won the specific deal as it was able to deliver the requirement of the bank in the specific locations that it wanted the services, in different countries where the bank was present (PR Newswire, 2005). The company believed in growing with its clients. Explaining this further, Interviewee 1 stresses that not all capabilities were grown in house:

‘I don’t think we believe that we have all the expertise. If you look at our innovation network itself [it] is a very, very open network, so it is almost like a three-tier setup which is there, we work with starters, we work with various alliances, we work with technology companies, we work with our customers, we call it as a co-innovation network. So, next generation initiatives actually come from that co-innovation network and it is not all within the organisation’

Hence, TCS has collaborated with its clients to develop additional capabilities. The company’s co-innovation network (COINT™) provides a platform to conduct IT research across various domains and enables new firms, academics and other research labs to connect over its global platform to fraternise and share their exploration in information technology (TCS, 2016 b).

In today’s dynamic environment firms need to engage with each other and collaborate rather than work as a single entity (Reypens et al., 2016). Co-innovation network is not only collaboration with clients or suppliers but also with business partners and academics (Dawson et al., 2014; Romero & Molina, 2011). Such collaborative networks help provide productive processes and frameworks for business outcomes, hence, creating values for individual stakeholders and network shareholders and leading to competitive advantage for the firm (Tsou et al, 2015).

DMNCs which emerged in times which had experienced technological advancement, have deliberately sought to accumulate resources and capabilities to adapt themselves to international markets (Ramamurti, 2012). The company not only built capabilities like the global delivery system but also acquired capabilities through formations of JVs and acquisitions which also helped it to increase market share; as it is apparent from interviewee 1’s statement:

[Joint ventures and acquisitions were] predominantly [for] capability building. We actually acquired the back-office of Pearl insurance. So we do largely close-book operations for life and pensions and we do it for 2 or 3 large insurance companies,
serviced in the U.K. Then we did the acquisition of a company called Comicrom. It was predominantly to increase our footprint in Lat-Am [Latin America]. It was like more of a shared service capability that we had acquired and then through that we were able to penetrate into various accounts, build up the leadership team’

However, market share alone was not the only reason for such acquisitions. The company was clearly seeking capabilities which would add benefit and integrate with TCS. As the interviewees clarified:

‘Let’s say another opportunity comes, like there is another captive which is up for sale and it doesn’t really make sense to me [as] I already have the capability, I wouldn’t go and acquire that, that’s the clear route’ (Interviewee 1)

‘So again, if you look at the acquisitions overall it is very selective. It’s not that we acquired what was available, but if it does not synergize with our overall main bunch of people which are the main core IT services we will not go for it. That’s the fundamental logic we operated [with]’ (Interviewee 2)

The main acquisitions were for acquiring capabilities that TCS did not possess. These capabilities could be deployed in other host markets too and also a means to penetrate the newly-acquired clients with additional products, as Interviewee 2 confirmed:

‘Look at Australian acquisition who [the acquired company] had a retail core banking application. I think it was one of those products which were done out of Australia but deployed in the South-East Asia and we saw that and then we evaluated it and found that it can be used for our Indian customers in the banking space. So that was the rationale behind acquiring [the Australian client] [for] a flexible architecture, for global benefits. The UK acquisition was again an enhancement of our back-office skills in the vertical like insurance space that could bring in set of capabilities and competencies which we acquired and then integrated’

From the above acquisitions, it can be ascertained that the company has continually refocussed and reinvented itself through collaborations and acquisitions for enhancing its capabilities resources. While its first set of management team, in the early 1970s were mainly educated overseas due to a lack of core IT graduates (Ramadorai, 2011), the company also hired young engineers from within India and provided training through Tata Management and Training Centre (TMTC, Pune). TCS also collaborated with various Indian schools and colleges to provide skills training and have specific IT and computer related courses. For example, it supported the Indian Institutes of Technology (IIT) to teach computer science courses, working with other engineering colleges to develop IT

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18 The IITs are India’s premier technology institutes. While they are governed by the Government of India’s Technological Act, they are run autonomously.
skill-based curricula and also supporting by way of importing computers for these institutes and sponsoring students to go abroad for studies in the related field (Ramadorai, 2011). The company had developed the first research centre (Tata Research and Development Design Centre, TRDDC) in the early 1980s in Pune (Pune is known as the Oxford of the East, a city in close proximity to Mumbai, the financial and business capital of India). TRDDC known as the innovation lab of Tata, has a global platform which collaborates across various domains (like insurance, banking, retail, telecom, engineering etc.) for research in information technology across various networks (TCS, 2016 c). TCS has collaborated with foreign universities and academia in furthering research, too. Illustrating on such partnerships, Interviewee 1 and 2 stated:

‘And you know, even though we may have sourcing some of these things from the bay area or some of the academia, there’s a leg which is already working over here [in India]. So, there is a lot of capability building which is already happening [in the country], which is enabling and given what we had pioneered [with] the TRDDC set up way back in ’81, the mind-set of the organisation towards doing those investments has always been there’

‘I think proactivity is the name of the game whether it is people competency, training, the acquisition of technology or engagement with researchers of the academic institutions. Proactivity with fearless investment both in technology and human resource building’

The Tata Group focuses on business excellence which is borrowed from the ‘Baldrige Excellence Framework. The Baldrige Excellence Framework helps organisations reach their goal, improve results and be more competitive. The framework uses a 7-point criteria to understand the organisation as a whole to improve and achieve its objectives. These areas of importance are leadership, strategy and customers which are aligned with workforce, operations and results through measurement, analysis and knowledge management (https://www.nist.gov/baldrige/about-baldrige-excellence-framework).

The business excellence criterion has been used by the Tata Group since the 1990s (Schaefer, 2012). TCS has also adopted a similar framework which consists of the 4Es (Explore, Enable, Exploit and Evangelise) with each having a definitive accountability to provide research from the drawing board to the end client. This framework is used for innovation through network collaboration. TCS using its co-innovation network (COIN, which has been explained earlier in this chapter) connects with academics, venture capital firms and other business partners and clients through an internal social platform for furthering IT research (Mithas & Sinha, 2014).
Storchevoi (2015) has stated that ‘for technology companies, the VRIN resources are the technology itself or the patents it maintains’ (p.1). Barney (1991) defines VRIN as resources that are valuable, rare, inimitable, and non-substitutable. The resources of TCS are its technology and technical know-how and especially its Research and Development (R&D) capabilities which are evident from its investments in its innovation labs and research centre, its innovation strategy and collaboration with various stakeholders. This ability or unique R&D capability that TCS has can be said to have VRIN properties.

6.4 Mode of Internationalisation (Organic versus Inorganic Growth)

Organic (or internal) growth is expansion through employment whereas inorganic (or external) growth implies expansion through mergers and acquisitions (Coad et al., 2014). TCS has followed a more organic path towards its internationalisation process. This has been explained further in this section.

As mentioned in the background section of this chapter, TCS was the pioneer among Indian IT companies and forayed overseas during the 1970s with the opening of an office in New York in 1973. This was a time when India had a closed economy, that is the economy was closed for overseas investments unless the overseas company formed a joint venture with an Indian company. This was also the reason behind the exit of IBM and Coca-Cola from India in 1978 and saw the entry of Burroughs in India in joint venture with the Tata Group. This joint venture created issues for the fledgling TCS (as explained in the ‘company background’ section) and it started to actively look for business in the US with a subsidiary being opened in New York in 1979. TCS internationalisation was different from most MNEs of that time either from the developed market or emerging market (which were as such very few during that time). IB literature on internationalisation states that companies compete in international markets on the basis of internalised advantage which is built over time. TCS was a small company and did not possess a high degree of such internalised advantages. Compared to the earlier MNEs, the new age MNEs are breaking such stereotypes of internationalising only after attaining internalised advantage (Contractor & Lorange, 2002). However, literature on such new MNEs is much more recent and dates to the early 2000s. Hence, TCS which internationalised in the 1970s without having a large set up in the home country was very different from its contemporaries, who had already internationalised or were internationalising during that time.
Recent literature, of the past 20 years, also talks about born global firms that do not wait to reach a stage of maturity to internationalise and have their sights on global markets from the onset (Knight & Cavusgil, 2004; Weerawardena et al., 2007; Singal & Jain, 2012). The reason stated behind such early internationalisation of born global firms lies in the make of their founders and managers who develop this global vision due to their prior experience of working with DMNCs. However, TCS had no such credentials among its early managers. While it was a Tata Group company, its status was like a start-up (as explained in the background section of this chapter) and while the early managers were graduates from US universities, TCS was either their first job or they were from within the Tata Group or were ex-Indian government employees (Ramadorai, 2011).

In Business History and International Business literature, there is discussion about a type of multinational enterprises known as the international new ventures (INV) which are theoretically similar to born-global firms. INV organisations are formed through internalisation with pre-existing global networks and alliances and the ability to raise capital through alternative governance structures and emerge due to the unique capabilities of its founders/entrepreneurs in a technologically developed environment (Oviatt & McDougall, 1994; Rialp et al., 2005). However, TCS does not fall into the category of INVs both as it was not strictly a founder/entrepreneur-driven company and was set up with a capital investment from the parent company (Tata Sons which also held 100 per cent shares in TCS at that time). The interviewees called the company a start-up on the basis of the size of the company at the time when contractual work from Burroughs ceased and TCS was required to find new IT service jobs that it could undertake. It did not have any global alliances or network and was dependent on a separate venture of the Tata’s in New York for workplace support (Ramadorai, 2011).

Business History literature also discusses free-standing companies (FSC) that emerged during the period 1600s to 1800s and existed until after the Second World War. The theory of FSCs was propounded by studying British domiciled companies which did not have any domestic presence in the home market and were set up solely to conduct and manage lines of business that operated overseas, mainly in British colonies (Wilkins, 1988). This phenomenon was also noticed in non-British FSCs but for countries which were also colonisers, like France and Holland. FSCs were set up as joint stock companies but were independent of their legal holdings. FSCs were markedly different from the modern-day multinationals as the former were set up for the sole purpose of operating in one overseas market whereas MNCs established themselves first in the home countries.
prior to venturing to several overseas host markets (Wilkin & Schröter, 1998). These companies were mainly operating in manufacturing, banking and trade but not in advanced technology sector. Some of the multinational companies today were first set up as British FSCs, for example LG Group of Korea and the HSBC bank.

TCS cannot be considered an FSC either as it was set up in India with the purpose of servicing Tata manufacturing companies. It was a technology company which ventured into consultancy. Its earliest overseas contracts occurred due to the Tata parent alliances (Government of Iran and Burroughs). The company’s move to New York in 1979 was an outcome of the political restrictions on foreign investments to and from India. For the services that the company was providing, the home market did not have the required demand and the company was in a way forced to internationalise. Hence, it can be stated that the internationalisation process of TCS was unique and such a phenomenon has not been witnessed in international business literature on the formation of multinational companies of which TCS is one today.

Talking about foraying overseas without having a solid base in the home country, the ex-CEO states in his book (Ramadorai, 2011):

‘While most companies begin by serving their local or national markets and then expand their operations overseas, TCS did just the opposite. It took on a challenge that very few corporates in very few countries have taken on: to look outside the home base and establish a presence in a foreign market’ (p. 132)

The subsidiary that was opened in New York had only one employee whose sole task was to look for contracts in the US similar to the work TCS had done for Burroughs. One of the interviewees, the ex-CEO, was that employee who was sent to New York. The company was supported by Tata Sons (the promoter shareholding company of Tata Group as a whole) representative office in New York. Elaborating on both, Interviewee 2 stated:

‘We said that [US] should be the market we should aim for and some of us were graduates from the universities there. So, I think we had an infrastructure in terms of Tata Sons having a presence in New York, and Tata Incorporated who had some of the administrative support they could provide for us. So then establishing it as a one-person organization becomes the obvious…the model we adopted’

TCS had already been servicing the clients of Burroughs in USA. Hence, the company was aware of the market to a certain extent along with prior experience as students of universities in that country enabled the management of TCS to take the decision of
opening a subsidiary office in USA. This was further made possible due to the presence of the main Tata Group promoter company who provided infrastructure support to TCS.

Opening an office in the US, a developed market which was geographically also removed from India does not confirm to IB literature on host market selection by emerging market companies which states that EMNEs seek markets which are both culturally and physically close; further, EMNEs prefer joint ventures or partnerships with established companies rather than opening a wholly owned subsidiary (WOS) during the initial stages of internationalisation (Buckley et al., 2008). While TCS did establish joint ventures, it was much later in countries like Japan due to cultural differences. In 2012, it established Nippon TCS Solution Centre Ltd which was a 60%-40% joint venture with Mitsubishi, to provide client services in Japan (NDTV, 2012).

However, as TCS became comfortable with the host environment, it acquired all the shares of the joint venture to merge it with TCS Japan. This was followed by a USD 600 million deal between TCS and Mitsubishi in 2014, with TCS having a controlling stake with 51% shareholding (Zachariah, 2014).

Talking about joint ventures Interviewee 1 mentions:

'So again, it could be a dependency on the other organisation which is actually let’s say Mitsubishi. Japanese culture could be different, so there would be certain specific reasons for doing it [the joint venture] than trying to do a pure acquisition. So, there is a reason for doing certain things and keeping it in a particular stage until some stage we are comfortable of doing the, you know, integration’

Hence, depending upon the host nation, TCS has chosen its entry strategy. While it has preferred to have single entities as its main entry strategy, the company has not hesitated in forming joint ventures (like it did in Japan) given the strategic importance of the country and the need to be present in that geography.

Since TCS opened its first office in New York in the 1970s; it has grown overseas mainly through organic growth which is dissimilar to Wipro (Chapter 5). TCS has not made any acquisitions to date in the first country it entered (USA) and all the growth in that country has been through an organic mode. Talking about this phenomenon, Interviewee 2 said:

‘Organic is growing at such a speed and organic will be with your own culture, your own people and if program management capabilities exist and to deliver consistently and [with] growth at the right margin, we did not
feel a need to go inorganic and then deplete the management time on fixing a problem, compromising the margins’

The company acquired its first overseas company in the year 2005. This was the year after the company’s initial public offering (IPO) which happened in July 2004. The company was listed on both the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) in India. In 2005, it acquired companies in UK and Australia (developed markets) and Chile (an emerging market).

Before 2005, the company had only made acquisitions in the Indian domestic market. Answering the question whether overseas acquisitions had happened only after TCS became well versed with integration of acquired entities in the domestic market, Interviewee 1 said:

‘No, it was not. It was more of the timing was more of our going public more than anything. So, I think that was the inflection point as against looking at it from a different perspective, so once we went public, we had a lot of investments, people started believing that we can be the leader’

As Interviewee 2 clarified:

‘I think on the acquisitions, we have been very selective all the time, that’s the way we believed all the time so that we don’t compromise on the returns to the shareholders, growth and profits.’

In a forum held in Bangalore (now Bengaluru, the IT capital of India) in 1998, the company, brainstormed how to grow TCS further. They realised that the company was still small compared to some of the bigger companies, like IBM or Accenture (Ramadorai, 2011). The Indian economy had attained a high level of liberalisation by then and there were other smaller domestic companies that were emerging in the IT sector alongside some bigger ones like Infosys and Wipro (which are number two and three respectively in India by revenues). The company came up with a vision of being in the Top 10 globally by 2010. The parameters were not only by revenues as Interviewee 1 explained:

‘We had a set of parameters which were there, so it was not just on revenue numbers, so we had margins, we had number of people, we had different areas which were there, so there were few areas which we wanted to be in the top 10 on all of those areas...’

Interviewee 2 has commented on the positioning of the company based on revenues and profit in his book:

‘While benchmarking ourselves against other companies, we discovered something rather interesting. Revenue and profit were the most commonly used parameter but we decided to do it differently. We looked at other companies in the sector from multiple parameters, in terms of revenue and
profits, market capitalisation, number of employees, revenue per customer and profit per customer. We did not worry about market cap at that time because we were not listed. But ultimately, we decided that rather than target a specific metric, we should just aim for a global position which mattered’ (p. 23, Ramadorai, 2011)

As already mentioned above, the company listed in 2005. The parameters on which the company planned to define its vision of ‘Top 10 by 2010’ were set as revenue, profitability, number of employees and market capitalisation. However, the media (like Business Standard, 2002 and Anderson, 2008) interpreted the ‘Top 10 by 2010’ as the need for TCS to earn revenues of USD 10 billion by 2010. While the company achieved its top 10 player goal in the global IT software and services industry19 (Ramadorai, 2011), it did not get to the USD 10 billion revenue number until much later and didn’t break into the top 10 IT service companies until 2013 (HfS Research, 2015).

Service firm characteristics have not generally been considered in the existing theories of firm growth; where the theories have concentrated on manufacturing firms as they can achieve high growth through economies of scale (Jewell et al., 2014). Economies of scale are reducing average cost20 by producing more. This aspect is somewhat restricted for service firms as their output is manual services rather than manufactured goods. However, as we see from the TCS experience, through organic growth (from a small team in 1978 to a staggering 362,079 employees currently), the company was able to build low cost solutions with presence at both on-sites and off-sites. HfS (2014) in a report stated that TCS is considered to be the most flexible service provider when it came to pricing and terms, and in the process winning contracts around the globe. Further, they are strong on implementations and have managed to delink the direct correlation between revenues earned and their headcount with concentrated focus on its product suite with fixed-priced projects, thus monetising its product group.

The acquisitions (Appendix 7) the company has made, both in the home market and overseas market, have been focussed on acquiring capabilities. Gaining market shares has been secondary. Once a target, and with it market shares, has been acquired, TCS has always aimed at providing additional services from its existing product suite. This is

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20 Average Cost = Total cost/Number of goods or units produced
akin to re-combinative assets (Narula, 2015) where a bundle of assets is used to undertake an activity and then recombine the assets by substituting them with exiting assets to create a new bundle of assets to undertake similar activity. In the case of TCS, they were using acquired capabilities and resources to provide a set of services which they didn’t previously provide. This was supplemented with capabilities and services that TCS already possessed and hence, increasing the penetration into the set of new clients which had been acquired from the acquisition.

Interviewee 1 clarified the company’s strategy of organic growth versus nonorganic growth:

‘See to a large extent we have always focused on organic growth, because we believed that unless [required] we will not necessarily go in for inorganic growth unless there is a specific need. So, for example, if we need to bridge a big gap in our competency then we will consider looking at options which are available in the market...if that [gap] fills in and then it [the target company] comes at the right price without having to go through a significant challenge of integrating that and impacting our margins, we go for it, so inorganic growth’

Hence, any acquisitions have been to fill gaps in the company’s existing capabilities and resources to service any particular geography. As stated in literature, for firms to maintain a competitive edge in the international market, they need to acquire capabilities and also build internal capabilities and advantages (Rugman & Verbeke, 2004). Companies can build or acquire technologies to provide differentiated services and products which will help them create a dominant position in their industry.

Further, the acquisition targets have been carefully chosen so that integration of the two entities is carried out with the least disruption. Once an acquisition has been carried out, the intent of TCS has been to increase the services provided to the clients that have been acquired through the acquisition and hence through organic growth. Clarifying this, the interviewee further stated:

‘That’s been the focus, that if the customer has the propensity to spend why not they spend entirely with us rather than going to multiple vendors; and that has been the strategy which has driven the large part of the organic growth’

Acquisitions are considered a major activity for companies towards global business expansion and form part of major strategy decision for corporates to achieve growth projections and creating sustainable value (Trompenaars & Asser, 2010; Calipha et al.,
However, more and more companies, both from the developed world and emerging countries use both mergers and acquisitions strategy along with organic growth strategy to enhance growth (Warter & Warter, 2014). In the case of TCS, mergers and acquisitions has not been a significant strategy but more of an ancillary strategy to promote a significant organic growth.

6.5 Host Country Environment

TCS looked outward almost from inception and opened its first overseas office in 1973. Today, the company operates in 45 countries. As seen in the previous section, TCS has internationalised mainly through an organic growth strategy and its overseas acquisitions have been negligible in terms of real numbers (Appendix 7). It has had a sizeable addition of employees through these acquisitions, hence acquiring tangible resources. Through these acquisitions, the company has also acquired intangible capabilities in the form of specific technological capabilities, for example the shared service insurance capability in Latin America or the non-voice BPO services in US/India.

Talking specifically about the Latin American acquisition and the number of employees that they acquired, Interviewee 1 said:

‘We did the acquisition of a company called Comicrom. So that was an acquisition we did around the same time 2006 [2005] time period. So, close to 20,000 people in the Latam region, which is quite significant’

Retention of employees of acquired entities through various means is important for the success of any such acquisition and further, integration of the two units require a healthy two-way communication and a conducive environment for the same (Ranft & Lord, 2002).

Interviewee 2 mentions how understanding the ethics value system of the host country and imbibing the Tata value system to the acquired employees is key for integration of the acquired company within TCS. This is further supplemented with open and frank communication around expectations of the acquired entity and its employees. More importantly, as Interviewee 2 elaborates, during the pre-acquisition period, other than the asset itself, the host country is also researched and both feedback from leadership teams and the market regarding the host ethical value system and the TCS value system is studied closely with regards to fitment and ease of integration. This ensures that the acquired employees continue to be with TCS even after the mandatory 1-3 years post the acquisition. Both Interviewee 1 and 2 emphasised on effective communication
regarding the expectations from the acquired employees and stated that only those employees left the organisation or were asked to leave the organisation where it was clear that they did not want to be part of the newly-merged entity due to difficulties integrating with the culture or with the way the merged entity operated. Both interviewees added that the integration was a well-thought-out process as each acquisition was planned with a different purpose (for growth or adding capabilities by providing competency). If the acquired employees did not contribute towards the merged entity’s objective, then their departure was imminent.

So, clearly communication is open and transparent in the case of TCS and the required expectations are clearly spelled out.

The role of the individual has generally been neglected in mergers and acquisitions research which may explain how and why cultural differences between the home country and the host country can cause an issue towards integration (Weber, 2015). Weber states that culture fit studies appreciate that people-related issues are among the major problems that arise from a merger and acquisition (M&A). However, there are no theoretical explanations for the same.

As already mentioned above, both interviewees stated how the integration of an M&A is managed and employees who feel they cannot accept the ‘culture’ of the organisation leave or are made to leave. Interviewee 2 further expands about the approach that the company takes in various geographies and the expectations that TCS has in the new geographies. Each new set up is treated like a start-up with the expectations that each start-up may or may not be successful. People responsible for the new geography are encouraged to experiment, this includes employees at junior levels. Sometimes the reality of the host market does not meet the expectation of the TCS head office. In such situations, the strategy of operating in the market can be changed or the initiative may be completely shut down. The company approaches each geography with acceptance of the fact that success should not be expected each and every time.

Weber (2015) also states that HR practices and the training of employees do not feature heavily in merger and acquisition studies, but development and training are important aspects in any successful integration and it is imperative to understand the knowledge and experience of human capital when creating new practices and improving upon existing practices. TCS has been heavily investing in training and development. There is
large secondary data available on the training and development practices of TCS. There are also online forums between past, present and future employees, where there is discussion regarding training and development. Interviewee 3 also mentions that employees traveling to other countries are sensitised to local culture, etiquettes and basic laws of the land.

Interviewee 2 mentions that it is company policy to ensure that there is presence of HR in all the countries in which they are present and also, more importantly, senior HR personnel are sent from the home country whenever there is an acquisition. He adds that a lot of thought is given to integration of the Tata value system into that of the acquired entity. Both the HR functions and the finance capabilities personnel are bought together to integrate the cross-functional teams to release the potential of the international workforce. The company has established processes over the years which are now used seamlessly in any part of the world and is appreciated by the existing employees, acquired employees and new hiring in international markets.

Excerpts from the current CEO of TCS regarding a recent acquisition in France also mention how integration is being managed and the importance of the role of HR function for any of their overseas acquisitions:

'We're one team. You should visit and see. We're one team now. There was none [no challenges]. We went there multiple times. We went there, our HR people lived there. Five business unit heads went there because the clients that we got through Alti belong to five different units. They went and parked themselves’ (Kalbag & Das, 2013; p.1)

Gomes et al. (2013) stress that the success of mergers and acquisitions depends upon the synergy available from the merger and the realisation of such synergy.

Interviewee 3, who has worked with TCS for 25 years in various countries across the globe, confirms that there is emphasis on orientation of local employees (in other countries) with Indian organisational culture and employees, especially from the HR functions, to go through training sessions and they may be posted to India to imbibe the Tata organisational culture. Further, as a registered company in another country, the company has to follow the laws of the land. Giving an example of India in relation to Brazil, the interviewee said that in India it was not compulsory for an employee to be part of a union but it was mandatory in Brazil.
Interviewee 2 also stresses the compliance of the host country along with culture which are very important considerations for acquisitions. He says that TCS sets up internal audit teams for internal scrutiny with regard to regulatory compliance and audit committee compliance with internal procedures and disclosures. These have also been an important consideration when acquiring or setting up subsidiaries in new locations.

As mentioned in the background section, TCS was almost like a start-up when it ventured overseas to start looking for business and contracts. It has internationalised organically with almost negligible inorganic growth.

Narula (2015) mentions that nascent companies do not expand overseas as the locational assets available in host countries are superior but look outward due to ownership advantages developed in the home market; but dependence on such assets lose significance as the companies mature in the international markets. In the case of technological firms, the ownership advantages are in the form of cheap labour and a specialised knowledge infrastructure. Narula further emphasises that Indian IT firms do not invest highly in R&D and remain at the lower end of their sector in host countries. Locational assets such as cheap labour dissipate over time and Indian IT firms have not developed organisational expertise in hiring, training and developing overseas employees. They prefer to send an Indian workforce to onshore locations and select destinations which are institutionally closer to their home market.

However, this doesn’t seem to be in line with TCS practices. As Interviewee 3 stated in his email, until the early 2000s most of the TCS employees in countries other than India were Indians. However, over the last 15 years, TCS recruits locally in the countries that it is present in.

Similarly, TCS used cost arbitrage as a key capability which was a locational asset to their advantage. However, as mentioned in the Resources and Capabilities section, the company has, over time, managed to delineate revenues earned with the number of employees and are concentrating on fixed-priced projects. Further, TCS invests heavily in R&D (as also evidenced in the Resources and Capabilities section). It has a large presence in developed markets which are far removed from India, which is the home market in terms of institutions and culture. Further the company regularly hires overseas (especially in USA and UK) and invests heavily into training and development of overseas staff (TOI, 2011; Firstpost, 2012; NDTV, 2014).
Talking about organic growth and the requirement for the same, Interviewee 1 said that a Greenfield project involved having a pool of talented people with the appropriate knowledge of the services to be provided in the new location. The knowledge about the local market is another important factor and how well that market perceives and receives the company is key towards its success.

Culture is mentioned by all three interviewees. First, in understanding the culture of the acquired company for easy integration with the acquire company’s culture in the case of inorganic growth and second, in understanding the culture of the host country where TCS wants to grow organically. As Buckley et al. (2013) have explained, understanding the local culture of a host market helps increase trust between the two sides and also reduces transaction cost. Any market transaction has a cost but not all markets are efficient, and firms may internalise that transaction in case it helps reduce cost. ‘Firms will internalise transactions until the marginal cost of doing so exceeds the marginal revenue’ (Buckley, 2009, p. 310).

Comparing hiring and integration of people in case of a WOS and an acquisition, specifically in the UK, Interviewee 2 stated that TCS entered the UK as early as 1970 and was then incorporated as a private company in England and Wales in 1998. Due to linkages dating back to British rule, understanding of the UK market and its culture was relatively uncomplicated. There was no major difference in setting up its own private company versus acquisitions that TCS had carried out in UK. Culturally, TCS has faced no issues in the UK; whether in hiring, recruiting or integration.

During its initial stages, TCS had looked at developed markets and has a significant presence in emerging market countries today. The company has involved itself in projects in low-income markets and with customers requiring welfare and aids (UNCTAD, 2014). The project involves developing a water-purifying system using rice husks.

A company can come up with various strategies to suit particular host countries both in the case of organic or inorganic growth. However, it cannot be prepared for all the types of challenge that TCS has experienced in the US. The company was having a dispute with US district Orange County on delayed deliverables and a lawsuit filed by the county was recently settled (Mendonca, 2016). In another lawsuit, the company was faced with a huge fine levied by a US grand jury on the grounds of ‘trade secret’ theft (Kondalamahanty, 2016). A client of TCS accused the company of downloading
confidential information during the process of installing the software for which it had been hired. This client has further made allegations that TCS then extracted trade secrets from the downloaded files to help a rival of the client. TCS is still fighting this lawsuit on grounds of unsupported evidence.

The institutional environment in India (home country) is different from the US (host country) and the inexperience of dealing with an unknown institutional environment can cause learning penalties (Perkins, 2014). However, in the case of TCS, such lawsuits have only recently occurred though they have been present in the US for more than three decades. Hence, there is a continuous learning that is required of companies in divergent host markets.

6.6 Brand and Logo

A company can be distinguished by its brand, which can be a logo, trademark or package design. This helps in the identification of the company’s goods and services (Ghodeswar, 2008). Companies with strong brand names enjoy advantages in the form of premium prices and customer loyalty, and can expect a good response for new products and services launched (Ghodeswar, 2008).

In the case of the Tata Group, the various firms within the group use the same ‘Tata’ logo as a prefix to the actual activity that is being carried out by the various specific companies, for example Tata Consultancy Services, Tata Motors, Tata Steel, Tata Chemicals, to name just a few.

Figure 16: Tata Group Logo

The main company shareholder in all the various Tata companies (both listed and unlisted) is the Tata Sons, and they charge a royalty from all the group firms for the use of the Tata brand name (Contractor et al., 2015). In an agreement named the ‘Tata Brand Equity and Business Promotion’, which was carried out in 1996, group companies using the name ‘Tata’ had to pay 0.25% of annual revenue or 5% of profit before tax; this was further capped to INR 750 million (USD 11 million) in 2015 (Zachariah, 2015). Companies which incur a loss are not expected to pay this royalty.
Each company in the group is expected to work assiduously to build the brand name. Explaining what the group has done at headquarter level to project the company as a global name, especially in the various locations that the Tatas are present in, Interviewee 1 said that top management itself was involved in various brand-building exercises. This had started during the 1990s when the chairman (Mr. Ratan Tata) commissioned the ‘Tata’ logo and the focus was clearly towards a brand-building image. The main reason behind the exercise was targeted towards the company’s growth in international markets, so there was recognition of any Tata company when it set up either a Greenfield project or a subsidiary in another country. The main objective of the brand strategy was to create comfort among new employees or any partnerships that Tata companies forged in other countries.

This has not been a one-time exercise and the company continues to focus on global brand building on a continuous basis. In 2013, the group was preparing a blueprint with a focus on Europe, USA and Africa, and the action plan was to include television advertisements, hoardings and partnerships with major sports clubs involved in golf and football (Gupta, 2013).

TCS has also involved itself in various activities to continually build the ‘Tata’ brand as Interviewee 1 further explained:

‘TCS as an organisation, we’ve been very focused on looking at how we can actually help build our brand. So, we’ve used certain of our initiatives, like, for example, we have a focus on fitness, as a theme, as part of our people initiatives. So, we launched a fit for life initiative within the organisation, then we’ve taken it at a larger scale and we said, we will focus on sponsoring marathons’

The company has sponsored marathons in New York and Amsterdam as main sponsors and co-sponsors in Chicago, Berlin, Singapore and Boston (TCS site).

The brand-building exercise for TCS started in 2006-07, when the company hired a global consultant to help TCS position its brand at a global level through use of taglines and graphics (PTI, 2006).

6.7 Internationalisation Strategy and the Financial Crisis

Will EMNEs survive the financial crisis was a question that was raised in the aftermath during 2008-09 (Sauvant et al., 2009; Hill & Jongwanich, 2009). It has been stated that more companies are up for sale post a crisis; this was observed after the 1990s Asia
crisis. However, EMNEs actually reduce any acquisitions or expansion during such post-crisis periods (Makaew, 2010; Erel et al., 2012).

Contrary to this, TCS made an acquisition in 2008, which was during the period of the financial crisis. It acquired the Indian BPO arm of a large US multinational bank (Citibank). The deal was worth USD 505 million (ENS, 2008).

Talking about this acquisition, both the interviewees said that it was a strategic capability acquisition deal. TCS was not present in the non-voice area. It was a choice between building an asset from scratch versus acquiring a well-developed unit. Added benefit was that the unit which TCS acquired was serving Citibank in many countries. So for TCS, it was also an entry point into countries where they were not yet present. Further, business processing service for a major multinational bank also provided opportunity for TCS to pitch their services to other banks. For TCS, this was an opportunity to enter the business processing service areas.

Hence, it was an opportunity that emanated out of the financial crisis on which TCS capitalised. Citibank’s valuations were at an all-time low post the financial crisis and it had to be rescued by the US Government. It was selling some of its assets which were not directly related to banking services and became a slimmer organisation (Ellis, 2008). The BPO arm at India came up for sale and TCS, which until that point did not have a BPO unit, decided to buy it as it saw a long-term opportunity for the BPO services. TCS calls the division ‘Business Process Services’ (BPS). Today, almost 15% of total TCS revenues are generated by its BPS arm (TCS Balance Sheet, 2016).

Relating to the organic growth post the financial crisis, Interviewee 1 said that there was actually a lot of traction and business that TCS bagged due the crisis affecting the banking business to a larger extent and the companies requiring IT services in the case of mergers and acquisitions in the banking sector:

‘See the financial crisis if you really look at hit banking [sector] to a large extent in the biggest way, right? But one thing very interesting happened in that time period, while there was a slowdown in growth in the banks or other financial services organisation, they were doing quite a few acquisitions, so we actually started getting back into the growth trajectory very much close to that event, okay, so within one or two quarters itself we started winning a lot of contracts which were to do with acquisitions and mergers of organisations which required a lot of IT change’
The banks were hit by major regulatory issues in the aftermath of the crisis and another opportunity that TCS spotted was innovation services for the banking sector, a capability that has been mentioned in the Resources and Capabilities section above. Elucidating on the same, Interviewee 1 further stated that multinational banks were very high handed but that the financial crisis had changed that. Many of the banks while having captives were not in a position to invest in new technology required for innovation in customer services as they were tied up with regulatory issues as a result of the financial crisis.

Interviewee 2 confirms that cost reduction was most imperative for their global customers coming out of the financial crisis and these clients were willing to transact with any company that helped bring operational level costs down. This proved to be a huge opportunity for TCS and they were able to grow both their top line (revenues) and bottom line (profit after tax) during the period following the financial crisis.

Hence, the company was not negatively affected by the financial crisis and it bagged many major deals post the crisis. It continued to be engaged in various overseas investments and strengthened its portfolio of services as a result of the crisis.

6.8 Discussion

From its inception, TCS has developed from being just a software company to a global IT company providing management consulting and driving organisational change and processes (Contractor et al., 2015). Today its revenues exceed USD 10 billion and are considered one of the top 10 IT service companies in the world. As a small fledgling Tata entity in the early 1970s, TCS internationalised in its very early stages by setting up an office in New York in 1973. This is akin to born global firms, however the born-global concept is fairly recent and the characteristics of such firms differ from the type of company TCS was during its early stages. TCS does not fit the standard description of a free-standing company either, nor that of an international new venture as has been discussed in section 6.4 of this chapter. Hence, the internationalisation pathway of TCS is unique and extends the interpretation of multinational companies.

The company sought developed markets in its initial overseas foray as it felt that there was no presence of any domestic demand for the services it was offering and countries like USA and UK held opportunities. However, today it is present in both developed and developing economies.
Seeking developed markets which were further from home does not align with IB literature which states that EMNEs seek initial internationalisation closer to home and/or in economies similar to home markets due to institutional proximity. This is known as psychic distance which is the perceived distance between two countries based on cultural, economic and geographical factors (Håkanson & Ambos, 2010; Azar & Drogendijk, 2014). Entering markets which are perceived to be psychically distant can create high levels of uncertainty (Evans & Mavondo, 2002) as the firms may not have full information of such host markets and the challenges that they may face (Azar & Drogendijk, 2014).

For TCS, other than the common spoken language ‘English’, India was very far removed from USA and UK in all other manners. Over the years TCS has also made entry into non-English speaking countries, opening a software centre in Hungary in 2001 and an operations back-up site in China and then focussing on the domestic market there, employing a large number of locals (Goldstein, 2008).

TCS is also different from other EMNEs which first establish themselves in their home market before venturing overseas. EMNEs are known to exploit CSAs rather than FSAs during internationalisation (Kedia et al., 2012). This was also seen in the case of TCS, which used CSAs like English-speaking engineers and scientists to their advantage through a cost-arbitrage strategy. The company’s comparative advantage lies in the low-cost professionals available in India along with its networking and alliance partners to get business and contracts in the overseas markets (Contractor, 2007).

However, over the years, the company also built strong FSAs by investing heavily in HR practices of training and developing their people all over the globe. It has relied on internal practices to create strategies to integrate a very global workforce.

The company has internationalised through an organic growth pathway rather than using the path of mergers and acquisitions. The very few acquisitions that the company did make were to gain capabilities rather than market shares. The capabilities and resources that the company acquired were an addition to its existing product suite, thus enlarging the services that it could offer as a company. It hoped to increase market share by providing a larger product suite to its existing clients and cross-selling to new clients. Growth via the organic route was strategic to sustain its Global Network Delivery Model (Goldstein, 2008).
Indian private companies are more entrepreneurial and adventurous in nature (compared to Chinese firms) as the Indian government does not control them and industrialised nations do not see them as an impending danger to their own economies (Ramamurti, 2013). TCS affirms to this notion by being present in all the continents and in both developed and developing economies. The company has been innovative in creating specific capabilities and a global delivery system. While in its initial stages, the company gained from cost arbitrage it had on the basis of its capability convinced clients to move to a more stable fixed-pricing model, thus assuring stable revenues and repeat clients.

While a Change model (based on Logic Model, Yin 2014) was prepared for TCS, the company had internationalised close to its inception. Through the change model, it can be observed how the company became a global brand name in IT services based on internal resources and capabilities and the dynamic external environment (Figure 17). The change model involves understanding of events over a period of time. As an analytical tool, the events observed over a period of time can then be matched to theory.

**Figure 17: TCS Change-Level Model**

1. In 1971-72, a new political party formed the Indian government. This party had a socialist belief and they believed in the self-sufficiency of the country. Foreign companies were allowed to remain in India only if they sold a certain percentage of their shares to the public or formed a joint venture or a partnership with a local
Indian company. Unilever was one multinational company that remained in India and transformed into an Indian publicly traded company

2. The exit of IBM, created a gap in the IT services of the country. TCS imported a Burroughs (a US-based hardware company) mainframe and commenced providing services to Burroughs customers within India and also extended their services to Burroughs clients in overseas locations. This was the first Indian offshore project to be established during the period 1974-76. However, in 1978, Burroughs entered India (capital investment) and set-up a joint venture (JV) with the Tatas and most of the employees of TCS were transferred to this JV. TCS had to stop servicing the Burroughs clients within India as that service was moved to the JV and was relegated to being like a start-up

3. This is when the company ventured overseas and opened an office in New York in the year 1979 as it felt that the Indian domestic market did not have the demand for the type of services that TCS specialised in. For TCS the process of internationalisation began close to its inception due to the external environment prevailing in India at that time

4. TCS already had experience of providing services to overseas clients due to its background with Burroughs. The company had access to country specific advantages in the form of English-speaking engineers and graduates, and invested in its employees through various training programmes. TCS was a pioneer in collaborating with various Indian schools and colleges to provide specific IT intensive skills and developing computer science curriculum. It can be stated that the company was instrumental in the origination of India’s country specific advantage in the form of English speaking engineers and graduates’ adept in IT skills

5. This enabled the company to create a low-cost arbitrage strategy for selling its services which were attractive to overseas clients with high labour intensive needs

6. The company then created a unique Global Network Delivery Model (GNDM) that enables the company to meet their clients’ specific sourcing strategies. The platform runs continuously supporting all TCS clients globally

7. The company then collaborated with its clients and other institutions in creating a co-innovation network which brings various networks onto one platform for innovative ideas in the field of IT

8. This further enabled the company to create its global brand awareness and was counted as one of the top IT companies in the world
9. The company had internationalised at an early stage without creating a strong base in its home market. It mainly invested overseas through direct capital investments into wholly owned subsidiaries (WOS) or a JV/Partnership (depending upon the law of the land. The company believed in organic growth rather than inorganic growth and made its first acquisition only in 2005.

10. The company was open to inorganic growth only if such an acquisition helped the company acquire additional resources and capabilities which it did not possess and, further, if such additional resources and capabilities helped the company achieve a dominant position in the industry.

11. Irrespective of the mode of entry into a specific market, the company did face various challenges due to different ethics value systems. The company believed in effective communication in regard to acquired intangible assets.

12. The company has achieved its 10 x 10 objective of being a USD 10 billion company and ranked in the top ten IT companies in the world.

13. Effects of Financial Crisis on Outward FDI

6.9 Chapter Conclusion

This chapter explores the internationalisation of Tata Consultancy Services using a theoretical framework based on the dynamic capabilities and the resource based approach. The company, while being a Tata Group company, was a fledgling company with no real base in the home market and chose internationalisation almost at the start of its journey at a time when the home country had a closed market economy with major restrictions placed on foreign exchange flows. The company’s main competitive advantage was cost arbitrage which helped it to get business in developed markets and then build both internal and external capabilities which it exploited through its unique Global Delivery system; thus building a company that is globally recognised today. Along with such unique capabilities, the company invested heavily in its resources to adapt to a dynamic environment and also adopted new learnings and experience which link to the dynamic capabilities theory. Such integration and adaptation is also indicative of managerial capability towards assimilation and absorption. The company also contributed diligently to grow the group brand for an increased awareness which also increases its own competitiveness. The company in the initial stages of its journey set targets for itself to become a global top ten company in its field and, as per revenues earned, the company is in the top ten in the world among technology companies. The company’s focus is on continued innovation through research and development to build new capabilities for sustained growth and profitability.
7. Indian Hotels Company Limited (The Taj Group of Hotels)

7.1 Introduction
Indian Hotels Company Limited (IHCL) is present in hospitality services. IHCL along with its subsidiaries is known as the ‘Taj Group.’ The company owns hotels and resorts in India and overseas. The company was established more than one hundred years ago, in undivided India\textsuperscript{21}. This chapter examines its internationalisation strategies from the perspective of dynamic capabilities and the resource based theory from within the strategic management field.

During British colonial rule, hotels were built in India specifically for the British officials and other travellers from Europe. India was the first country in Asia to have a commercial hotel (Pal, 2015).

The hospitality industry in India has roots since the late 1800s; however, the country is best known for its IT services and outsourcing capabilities and has been called the back-office power of the world (Dossani & Kenney, 2007); which is moving jobs that do not require face-to-face interphase between the clients of higher-wage and lower-wage countries, and is an important feature of globalisation today. India, along with Philippines, has been at the forefront of this outsourcing since the 1990s (Peck, 2017).

IHCL, which is part of the Tata conglomerate, was established in 1899 (company website). Within India, the Taj Group of hotels is placed at the luxurious end of the hospitality chain in India with a presence in more than 60 locations but it is the other Tata Group companies like Tata Steel, Tata Motors and Tata Consultancy Services which have attracted more attention from media and academic researchers.

IHCL also has an international presence with 17 properties overseas; however, it is miniscule compared to over 100 properties that IHCL has in India, the home country. This is also in contrast to IT companies like TCS (which is also a Tata Group company) and Wipro and the telecom company Airtel that have been analysed in previous chapters (Chapters 6, 5 and 7 respectively); wherein it has been seen that these companies have a relatively large presence in foreign markets. Further, for both the IT companies, most

\textsuperscript{21} Undivided India is referred to a period before 15\textsuperscript{th} August 1947 when the country was still ruled by the British Government and the country was divided into three parts which today are India, Pakistan and Bangladesh.
their revenues is earned from overseas markets and billed in foreign currencies. Hence, compared to these companies, IHCL’s limited internationalisation and the strategy behind the same forms the focus of this chapter.

IHCL’s first foray overseas was to Zambia in Africa way back in 1979 followed by Yemen in 1980 and then London, UK in 1982. This was a time when India had severe restrictions on movement of foreign exchange capital (Hutchison et al., 2012) so what prompted IHCL to build hotels in other emerging markets overseas during that time with high capital investments.

Hotel companies have high fixed costs and, unlike other service companies like IT services or manufacturing companies, cannot take advantage of economies of scale or do not expand to gain superior technology as the hospitality services is very personalised with considerable human interaction. Hence, it becomes imperative to understand what the company was hoping to acquire by way of internationalisation. Also, given that the company was well established in India and had the antecedents of the Tata Group, did the company hope to transfer its home-grown capabilities to the overseas market? So this chapter will also analyse and understand what these capabilities were and if the company required additional capabilities to operate successfully in foreign host markets.

Further, a firm can face different issues in the various host markets which can arise due to a loss of advantage from specific resources or capabilities transferred overseas (Cuervo-Cazurra et al., 2007). So, another question that this chapter seeks to answer is how the company manages various host-country environments, the opportunities and challenges that may differ from its home-country environment to gain competitive advantage.

The hospitality industry is highly affected by crises (Wang & Ritchie, 2010), be it economic, political or financial. I have personally experienced this while working in the corporate sector: travel and hotels are the first expenses that are curbed during any kind of a crisis or expense-reducing exercise. Hence, this chapter will finally examine the effects of the financial crisis and its aftermath on the company and its internationalisation strategies.
7.2 Company Background

IHCL is a public limited company with Tata Sons Limited, an Indian conglomerate, as its primary promoter shareholder. The company was established in the year 1899 by the founder of the Tata Group himself, Jamsetji Nusserwanji Tata (1839-1904) and became an incorporated entity in the year 1902 (1st April 1902). The hotel business of IHCL is known as the Taj Hotels Resorts and Palaces.

The company opened its first hotel in Mumbai (the financial capital of India) known as the Taj Mahal Palace\textsuperscript{22} with 225 rooms. This hotel was built opposite the Gateway of India\textsuperscript{23}, was considered an architectural wonder and was the first hotel that was built for Indians by an Indian entrepreneur (Pal, 2015). Today this iconic hotel is known as the Taj Mahal Palace and Tower Hotel after a new wing with additional rooms was opened in 1972, taking its total capacity to 560 rooms (IHCL Company website).

In 1970, the company ventured into preservation of palaces and royal residences belonging to erstwhile stately kings and princes\textsuperscript{24} and took over the management of two such properties in Jaipur and Udaipur, two cities in the western state of Rajasthan (which is a desert state that borders Pakistan). Such an arrangement of managing heritage hotels helps maintain historical and cultural venues to increase heritage tourism, thus providing livelihood and development of local artisans (Chhabra, 2015).

IHCL launched its first overseas operation in Zambia, which still exists today, and its first overseas hotel in Yemen, which has since been divested. The company's approach to internationalisation has been based on a three-pronged approach; building its own properties or acquiring properties overseas; however, the most favoured has been the management approach. This has been discussed in detail in the 'Internationalisation' section further in the chapter.

It was also the first hotel chain in India to have a presence in all the major five metropolitan cities of the country (Roy, 2013).

\textsuperscript{22} The Taj Mahal Hotel was attacked by terrorists during the infamous attack on locations frequented by foreigners in Mumbai on 26\textsuperscript{th} September 2008. The hotel was closed after this attack and reopened in 2010 after extensive restoration work that took almost 18 months.

\textsuperscript{23} The Gateway of India was built in the 20\textsuperscript{th} century (1913) and adjoins the Mumbai Harbour and the Arabian Sea. It was built as a principle point of entry for the British elite (Asian Historical Architecture).

\textsuperscript{24} The princely states and kingdoms were dissolved during the Indian independence from the British rule in 1947 to form one united country.
Today, the company has more than 100 properties in 63 locations within India and 16 properties (owned and managed) in 10 other countries (Appendix 8) with a total of 16,459 rooms. The consolidated revenues of IHCL for financial year 2016 were USD$25,703.31 million (IHCL Company Balance Sheet, 2016).

To interpret the motivation behind the limited internationalisation that IHCL has carried out, I interviewed three senior executives in November 2014. All three interviewees were career Tata Group employees. They only provided information related to past strategies and no forward looking statements were provided due to investor protection rules as guided by the stock exchange (Bombay Stock Exchange and the National Stock Exchange of India) on which the company is listed.

I was not allowed to record the interviewees but was able to take extensive notes. Post transcribing the interviews, the same were shared with the interviewees to confirm that all information provided during the interview had been captured.

For the sake of validity and reliability and to ensure triangulation, additional documents have also been referred to. These include but are not restricted to company balance sheets, investor and analyst presentations, corporate presentations made to investors and analysts, and media and newspaper reports present in the public domain.

The words indented in quotation marks are the quotes from the interview notes.

### 7.3. Resources and Capabilities

The resource based view gives rise to the dynamic capabilities approach and the knowledge based view and can help explain a company’s competitive advantage in relation to its competitors (Nieves & Haller, 2014; Dunning & Lundan, 2008). The knowledge-based view indicates that a firm may possess unique resources through which it can differentiate itself and thus create a competitive advantage (Dierickx & Cool, 1989; Rumelt, 1984). Such resources need to be adapted due to change in the external or internal environment which is possible through dynamic capabilities so that firms can continue to maintain their competitive advantage (Helfat & Winter, 2011; Ambrosini & Bowman, 2009).

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25 USD INR rate as per Reuters on 22nd October 2016 (Appendix 9)
In the hotel industry, the level of employee’s knowledge and their skills and abilities can be related to development of dynamic capabilities along with a multi-level knowledge of the working of the industry itself to develop different types of dynamic capabilities, thus maintaining a healthy competitive advantage (Nieves & Haller, 2014).

To analyse the resources and capabilities that the company possessed, we traced the history of the Company again in this section. IHCL was the first indigenous hotel company that was established in India during the British rule. The first hotel that the company built and which became operational in 1903 in Mumbai was built especially for the Indian traveller (Pal 2015). Until then, most of the hotels present in India were used to cater for British royalty, the British army, and British and European business travellers and tourists.

It was almost seventy years later, in 1972, that the company built an extension to their first hotel. This was followed by the inauguration of two properties in 1974; one in Goa (a beach resort state on the western part of India overlooking the Arabian Sea) and the other in Chennai (erstwhile Madras) in the south of India overlooking the Bay of Bengal (Company Timeline Appendix 10).

This was followed by the company’s first overseas foray in 1979. Tata Group had set up Tata Zambia in 1977 as its headquarters for Africa due to the apartheid rule in South Africa; then moved to South Africa in 1994 with the largest Greenfield investment in the country (Gelb, 2014). The company was exporting trucks and buses manufactured by Tata Motors (erstwhile TELCO) into Zambia (Tata, 2016). Two years later, in 1979, IHCL took over the management of an existing hotel in Lusaka (the capital of Zambia) called the Pamodzi Hotel. This was done to facilitate the various Tata employees traveling to Africa to work. IHCL then later acquired a 70% stake in the hotel in 1997 and renamed it the ‘Taj Pamodzi’. Once apartheid was lifted in South Africa, the company’s headquarters moved to Johannesburg with the establishing of Tata Africa Holdings in 1994 (Tata in Africa, 2016; Taj SA, 2016).

In 1980, IHCL opened its first hotel outside India in Northern Yemen (which has since been divested). This was followed by the acquisition of St. James Court in London, UK.

Talking about the capabilities that the company possessed and which it was able to leverage while expanding overseas, Interviewee 1 stated:
'The knowledge to manage hotels. That is the main criteria. We know how to do it and then know how to do it well. Plus, the quality of service that you provide – those are the main capabilities you need’

Interviewee 2 had a different perspective which was about the differentiation in service provided in Asia (of which India is a part) compared to that of developed countries like USA and UK and the extension of this service to the Indian traveler overseas constituting a capability that the company possessed:

‘The Asian hospitality experience differs from hospitality in USA or Europe because we have a different cultural ethos. Access to the outbound Indian traveller is an important strength that the Taj has as it expands overseas’

Interviewee 3 clarified such a capability which was inherent in the general Indian hospitality environment:

‘We used our experience in India to introduce a unique service in New York. We have always had highly personalized services delivered to our guests in our Grand Palaces in India. Inspired by that, we started the Royal attaché service at the Pierre, NY, of course, for our guests in the Grand Suites. It was the hallmark of personalized service, and was very well received and appreciated by our guests’

Adrien Glover (2016), the deputy digital editor at Travel + Leisure (a leading world travel magazine) reporting about these services and on having experienced these services first hand, stated that most hotel chains only talk about providing services which are fit for royalty, however the Taj at NY actually provides a butler service, known as the Royal Attachés, who have real life experience of having tended to royalty and heads of states.

This is an example of companies developing capabilities in their home country and successfully transferring the same to another host market to provide a differentiated product towards competitive advantage (Rugman & Verbeke, 2004; Teece, 2014).

There are limited studies of the hotel and tourism industry in relation to the knowledge-based view and the dynamic capabilities approach (Nieves & Haller, 2014). The study that these authors have conducted on the Spanish hotel industry ties in with what the interviewees of IHCL state about knowledge resources and understanding the traveller segment that they are catering to as being their specific capabilities that help the company expand in overseas markets. This is also supported by an earlier study conducted by Chen and Dimou (2005) which indicates that ‘idiosyncratic knowledge’ (p. 1739) is an important factor for hotels in their quest for internationalisation. Successful hoteliers are aware of their customers’ needs, which may change over time, and are
willing to accommodate such changes (Yu et al., 2014). These can translate into dynamic capabilities as the company evolves due to change in the external environment (Ambrosini et al., 2009). This aspect will be further analysed in the section on ‘host country environment’ in this chapter (Section 7.6).

7.4 Mode of Internationalisation

Mode of entry and the location of entry are both key for overseas performance and the success towards internationalisation (Buckley et al., 2014). Entry-mode strategy is a challenge for the hotel industry (Yu et al., 2014).

Hotels can expand overseas through a Greenfield path, which is building a hotel on land acquired or leased in an overseas location. IHCL set up a subsidiary in Sri Lanka in 1979 and entered into a contract with the government of Sri Lanka to build a 400 room hotel which became operational in 1983.

Another way a hotel chain can expand overseas is by taking up a management contract of an existing hotel in an overseas location. In Sri Lanka itself, IHCL undertook a management contract of an airport hotel and rebranded it as the ‘Taj Gateway Hotel.’ This hotel had been built and was owned by a different business group. Similarly, the company also entered into management contracts of ‘The Pierre’ in New York, USA and the ‘St. James Court’ in London, UK in the years 2005 and 1982 respectively. IHCL continues to manage these properties until today (Taj Group website, 2016).

A third and final way that a hotel chain can expand overseas is through the acquisition of an existing hotel in a foreign location. IHCL had acquired the Ritz-Carlton hotel in Boston, USA in the year 2007. However, in the May 2016 corporate presentation, post the financial year (2015-16) results, the company stated that their Board of Directors had approved the divestment of this property while having the intention to retain the management contract. This was soon followed by the actual sale of the property for USD 125 million in July 2016 (Punnen, 2016).

Earlier, the company had also divested a property that they had acquired in Australia known as the ‘Blue Hotel’ in Sydney. The property was acquired in 2006 and was sold in 2014. IHCL did not continue with a management contract and sold of the asset in its totality.
The company also divested a few more properties in the US. Given these divergent ways of expansion in the overseas market, the interviewees were asked in what situations the company follows specific strategies and the reasons therefore. Explaining this, Interviewee 2 stated:

‘Hotels can be either operated by owners (owner operator) or by pure operators. Obviously, the ideal situation is always to be ‘asset light’ that is to be a pure operator. You have management contracts and you build the business by leveraging the brand equity. In regions like the Middle East and South-East Asia, we did not want to invest capital, as the brand was known and so we could leverage the brand through management contracts. In the developed markets, the Western world, there are big global chains already existing; there is a lot of competition so the first step is to acquire as the objective is to get the brand known in the market’

From the above it can be inferred that the choice of entry mode depends upon the location. Interviewee 1 emphasising on this fact also added that management contracts were more favoured:

‘Management contracts are favoured as they are better because there is ‘no’ equity stake. However, if there is no brand recognition, then an acquisition may be required’

This ties in with literature where Contractor and Kundu (1998) analysing major hotel brands concluded that hospitality service companies did not place major emphasis on control through high equity stakes. It was possible for hotel chains to be run under management contracts and benefit from global suppliers, logistics and brand recognition. Hotels and restaurants prefer non-equity mode for overseas ventures and operations (Erramilli et al., 2002).

Interviewee 3 added why the company was keen on management contracts rather than owning properties overseas:

‘Every company’s strategy evolves over time. Being ‘asset right’ is strategically important today. We need to choose which locations we need to own a hotel in and in which locations we need to manage hotels. To this end, we keep seeking opportunities’

This was also echoed by Interviewee 2 who also mentioned that the current strategy of the company was more inclined towards being ‘asset right’ rather than merely ‘asset light, which is only divesting the properties that the company feels that it does not fit with its brand image:’

‘The ideal situation is to move towards a more ‘asset-light’ structure. That does not mean that the company will not look at acquisition opportunities, selectively; we are, in fact, moving to an “asset-right” model’
Unlike other in service firms, in the hotel industry control can be achieved without majority equity share as assets like real estate can be separated from knowledge-based resources or managerial capabilities (Contractor & Kundu, 1998; Villar et al., 2012).

Specifically, in response to the need for acquisition given that the strategy of the company was to be ‘asset light’, Interviewee 3 added further:

‘There are several considerations that go in before one looks at an acquisition. The locations of the portfolio, the types of assets, how the portfolio ‘fits’ with the existing Taj Group portfolio, the current financial performance of the new portfolio, the potential of its performance under the Taj Group etc. They all need to fall in place for us to consider an acquisition’

This was confirmed by Interviewee 1 who, mentioning about Europe (where the group presence is negligible), said:

‘We are always looking. Scouting was done in continental Europe. There has to be a match too. It should fit into what our brand stands for. We want to be known as a ‘luxury’ brand overseas, accordingly whatever we manage or acquire, has to fit into the strategy of the company’

As Alon et al. (2012) in their study of the hotel industry have pointed out, hotel size does not depend on the internationalisation mode of the company but the kind of presence that the hotel company wants to have in the market selected for international expansion and hence, different entry strategies are used by different hotel companies when expanding overseas. Management contracts are preferred by luxury chains (Dev et al., 2002). A hotel chain’s internal capabilities, host market’s absorptive capacity and the presence of trustworthy partners in the host markets also affect the choice of ownership and control decisions when entering a new host market (Brown et al., 2003).

Hence, IHCL has not considered acquisition as a major growth strategy for internationalisation as they feel that any acquisition needs to fit in with their brand image, which is to be known for ‘luxury hotels’ and which is what the company stands for. It is discernible that for the company ‘brand’ image is very important. This has been discussed in the next section.

7.5 Brand

Brand equity is a key driver for a hospitality company’s success (Kim & Kim, 2005). The performance of luxury hotel chains is positively correlated to the customer-brand equity which is defined by brand loyalty, brand image and perceived quality of services. A hospitality firm that is the ‘owner of the brand’ can charge a premium price and have a
larger market share due to a greater brand awareness created which further helps creating brand loyalty among customers thus translating into higher revenues for the firm (Sangster et al., 2001; O'Neil & Mattila, 2004). ‘Branding is one of the most dominant trends in the global hotel industry’ (Kayaman & Arasli, 2007; p. 92).

Elucidating upon the necessity for a strong brand image, the interviewees stated:

‘Brand is very important. A typical traveller from NY knows the Four Seasons and will tell his travel agent or secretary to book him in Four Seasons wherever he travels. So, what do you do? You go to the major source markets which are in the developed world. Hence, to get that traveller to come and stay with us when they travel to India, we need to go there and set up the brand, offering world class services in major source markets like USA’ (Interviewee 1)

‘In the developed markets, the Western world, there are big global chains already existing; there is a lot of competition so the first step is to acquire as the objective is to get the brand known in the market. Once that is achieved, and there is brand recognition with travellers in those markets, those travellers are more likely to stay with Taj when they travel to India as they are now familiar with the brand. The US and UK are big markets for the hospitality industry especially in the luxury sector and that is what the target is – the source markets’ (Interviewee 2)

Literature on the need for a strong brand image for hospitality firms ties in with what the interviewees have stated. Measurement of brand value is required to understand the global position of a hospitality firm with an underlying strategy of introducing new and improved services to gain competitive advantage in both the home and host markets (Keller, 2003; Jiang et al., 2002; Kotler et al., 2006).

Another insightful concept that emerges from the interviewee’s excerpts above on the importance of brand building is about the location choice of hospitality firms in foreign markets. There is mention about the need of building a brand name in developed markets like the USA and UK as these are considered to be major source markets for travellers to India, both in the luxury sector and the business sector.

There were severe restrictions on entry of foreign firms into India which changed when the Indian government introduced market-oriented reforms during 1991-92 (Bhagwati et al., 2010). Liberalisation paved the path for both private and foreign investments in industries which until then were controlled by the Indian government. This enabled foreign firms to enter the market which included multinational hotel chains and also
increased foreign business travellers coming to India, especially from the developed markets.

As the Taj brand was not popular overseas, the international expansion post liberalisation in the country was carried out mainly for brand recognition. As Interviewee 2 further clarifies on the need to increase the brand visibility in foreign markets:

‘There was a need to improve the brand visibility overseas so that we could get the international traveller to recognize the brand and then associate with it and stay in our properties when they come to India, given the increased competition from global chains in India. The expansion was also driven by a desire to establish the Taj as a global luxury chain’

Luxury embodies quality of service, status and exclusivity (Atwal & Williams, 2009). Luxury brands have a unique brand identity and can retain customer loyalty and thus a certain level of sales and profitability.

A consistent brand image is an important driver for hospitality services and global brand strategies (Santos et al., 2016). IHCL unlike other Tata Group companies uses the exclusive ‘Taj’ logo for its hotels and resorts to create its unique brand identity.

Figure 18: Taj Group of Hotel Logo

From the above it can be inferred that for IHCL, brand building is an important strategy as it expands overseas, however, the strategy is aimed more to cater to the Indian traveller traveling overseas and to increase the percentage of foreign travellers to its Indian hotels.

Given that the company already had a strong presence in the home market, its main focus towards building an international brand image to target international travellers bound for India, thus providing competition to the global hotel chains that entered India post the market liberalisation phase of 1991-92, is consistent with extant theory of establishing in foreign markets to be competitive in the home market (Fitzgerald, 2015). However, as Mathews (2002) and Goldstein (2007) have pointed out, emerging market companies are not required to have ownership advantages as they can obtain the same through acquisitions or strategic partnerships to gain a competitive advantage in host
and home country. This cannot be said to hold true for IHCL. The company did not acquire a brand image. It had a brand name which the company deliberately chose to build in the international market based on the service standard that it had acquired in its home country to attract international travellers to its properties mainly in the home market.

### 7.6 Host Country Environment

IHCL operates in 10 international locations today with 16 properties (Appendix 8). Compared to some of the international hotel chains like the Marriott, which is headquartered in USA and has more than 5000 properties (managed and owned) in more than 100 countries, outside its home country (Marriott Corporate website, 2016) or the Hilton, another USA headquartered hotel chain which has more than 4500 properties (owned and managed) in more than 100 countries outside the USA (Hilton Corporate Website, 2016), the Taj Group of Hotels international presence is miniscule.

However, irrespective of the size of its international presence, IHCL needs to manage different host environments both in the developed markets (like USA and UK) and the emerging markets (like the Middle East, Asia and Africa).

In hospitality services, it has been suggested that hotel chains could follow a ‘glocalisation’ strategy; that is to have standardised global facilities merged with the localisation of the host market through architecture and interior designs (Yu et al., 2014; Holjevac, 2003). Such a combination will enhance hospitality firm’s competitive advantage. Evidence of such ‘glocalisation’ practice was found in a study conducted by Whitla et al. (2007) of British hotel chains with significant overseas presence. This was also echoed in what one of the interviewees stated on the way Taj runs its hotels in various locations:

‘We have a well-defined brand architecture, with each brand having its brand standards across product and service. We strive to ensure that these standards are met for each of our brands, be it in Mumbai, Maldives, London or New York. That being said, there is always a sense of place that we bring into each hotel. A Taj hotel in New York will not be the same as one in Dubai, or London – there is a sense of place’ (Interviewee 3)

Yu et al. (2014) confirm this, that having hotels in different locations, which are different from the home market and away from the head office, will have different strategies which will depend on the host market cultural, economic and social environments. Hospitality companies have to be very careful regarding cultural and social norms. For
example, consuming cow meat in India is considered illegal due to religious sentiments. Similarly pig meat cannot be consumed in Islamic tradition. None of the fast food chains in India, like McDonalds, Kentucky Fried Chicken or Pizza Hut serve any beef products in their outlets. Hence, hotel chains and restaurants have to be very observant and sensitive to local sentiment. Thus, most hotels are run as independent entities with day-to-day functioning at the individual hotel unit level (Whitla, et al., 2007).

The main resources in hotels are the employees providing services to the clientele. Taj hotels are present in a variety of countries with very different socio-cultural backgrounds. An imperative question then arises about integrating the human resources in to the culture of the parent company or for the top management to run a hotel successfully embracing the cultural requirements of the host nation. Discussing these aspects, the interviewees said:

‘Each hotel has its own clientele; they have their own quirks and requirements. When you take over a hotel, you have the leverage of the guest history, their preferences. You want to run the hotel successfully, then you have to retain the talent so that the hotel runs smoothly. They know the guest history and guest preferences. Top of the line can be retained or you can bring someone depending upon the situation but the end result should be that the property is up and running. The approach can be different in different countries’ (Interviewee 1)

‘The integration of new associates into the Taj or Tata culture is a process. Our people are the best advocates of our culture within the company and across hotels. So, when we acquire a hotel, or the management contract of a hotel, we strike a right balance between experienced Taj hands from other hotels and newer associates of the hotel. The experienced Taj hands facilitate the process of the Taj and Tata Culture permeating through the hotel. I do not think it’s different for a Management Contract or for an acquisition’ (Interviewee 2)

It is clear from what the interviewees state that there is a balance between retaining local talent and having managers from the home country. Literature on hospitality management shows that there is a positive relationship between human resources of hotel firms and the performance and customer satisfaction (Tracey, 2014).

Another aspect is on training of employees specifically for adjusting to a new environment (Bauer et al., 2007; Wang et al., 2011). Here it would be new management which IHCL has acquired or entered with into a new management contract in a new host country. Talking about training of personnel in IHCL, Interviewee 3 explained:

‘Another facilitator is the Tata Business Excellence Model (TBEM), which we implement in all our businesses’
The TBEM model of the Tata Group is a system that assesses performance of all Tata Group companies and drives business improvements (Tata website on TBEM, 2016). It is enabled to enhance value for all the stakeholders, be it the shareholders, customers, suppliers or promoters. It is considered to be a very robust process and is implemented across all Tata Group companies across the globe. As Interviewee 3 further elucidates:

‘I think TBEM is a great tool to ensure that not only the Taj culture but that the Tata culture spreads across geographies’

Training and development are important factors for successful integration of home country practices with host country requirements (Weber, 2015). This helps in creating new practices and improves on existing practices.

Specifically asking the question about learnings from a particular geography and implementing such learning back to the home country or other host countries, Interviewees 2 and 3 said:

‘The productivity of the manpower in the developed markets is always something to learn from. Multi-skilling is one aspect which is rare in this part of the world [as in India]’ (Interviewee 2)

‘Global cuisine is another thing that we have established in our hotels which has been a learning from other geographies’ (Interviewee 3)

Host country experiences differ and companies adapt to different markets in various ways. The learning is two-way with existing capabilities transferred to host markets and capabilities acquired transferred back to home market. This is indicative of learning by managers which differs from country to country (Aharoni et al., 2011).

Companies are not always successful in all markets. From a resource-based perspective, a firm may not always be an advantageous position on the basis of capabilities and resources transferred to another host market (Cuervo-Cazurra et al., 2007). IHCL experienced this in Australia where it divested the property that had been acquired in Sydney and also a few properties in the USA. Explaining about the divestment and change in strategy, the interviewees stated:

‘We have divested the Lexington in NY and the Blue in Sydney and in the late 90s we divested 2-3 hotels in Washington too. They were not fitting into the overall strategy of the chain any more. They were not adding value.’

‘For the business to be successful, it is important for there to be some scale and a certain critical mass. With just one hotel in Australia, we did not have any significant brand presence in the marketplace. Therefore, it was felt
that it would be better to exit that market and focus on a smaller geographical area.’

There remains a difference between the host countries and the home country. Companies need to be prepared to handle different host markets because it is not always easy to replicate home market capabilities and advantages in other international markets (Contractor, 2013). Clarifying on the difference of international markets from the home country market, Interviewee 2 stated:

‘Each market has its own intricacies. We talked about being culturally close however; it is not possible to transfer the same model to another location. You cannot do a complete replication of model. In Bhutan, we didn’t make many modifications; there was no requirement of drastic changes. In Africa, each country is different, each market is different, and so you need to have differences from country to country. So depending on the country/the market, you augment your services. Basic service levels are same but you add according to the need of the location where you are present’

Hence, companies should be aware on the requirements of handling separate geographies, customer preferences, customs and local values for sustained competitive advantage or to attain the strategy employed. In the case of IHCL, it is clear that their limited presence in overseas markets has been to create a brand name easily recognisable. This has been done with the main aim to increase foreign travellers to its Indian hotels and also to cater to the Indian traveller overseas. Further, training and development plays an important role for the company to manage its properties (either owned or managed) in the overseas markets.

### 7.7 Internationalisation Strategy and the Financial Crisis

Global crises affect the hospitality sector negatively as tourist travel decreases and future investments are put on hold (Okumus & Karamustafa, 2005). Hotels across segments (luxury, business, budget) experienced drops in occupancy and drop in average room rates post the financial crisis of 2008 which led to an overall decline of revenues for hotel chains (Kimes & Anderson, 2011). However, Barsky (2009) in his study stated that while overall revenues for the hotel chains may have dropped, luxury hotels were able to maintain higher rates than business hotels. The reason behind the same is that during crises, global corporates cut down on business travel as a first measure towards cost management. In another study (on US hotel chains) it was revealed that while the effects of the financial crisis were not as immediate as the effects of a terrorist attack such as that of 11th September 2001 on the hospitality sector. The effects of the former were longer lasting than the latter (Enz et al., 2011).
However, in a recent study (Santos et al., 2016), the authors concluded that global tourism had not been affected to the extent expected post the financial crisis of 2008. While there have been financial periods with negative growth rates, overall tourism has seen growth. There have been increased foreign direct investments made by international hotel chains post the crisis period.

IHCL, which did experience negative profits post the financial crisis and continues to do so (Appendix 11), had made an unsolicited bid for the Orient-Express hotels (OEH) in 2012. IHCL owned 7% shares in OEH and made a voluntary offer for the remaining 93% for an amount of USD 1.2 billion (Terlep, 2012).

Discussing the matter of the unsolicited bid, given the negative results of IHCL, Interviewee 1 commented on the financing:

‘I am not sure about the financing but for any bid, there would have been a pool of funds allocated. It is about the timing and priority. You have constraints but also there is an opportunity – so it is pool of funds versus the constraints and an available opportunity. Then there is opportunity versus trade-off – if the deal fits into the long-term strategy of the firm – then you take the plunge’

Hence, it was a trade-off between the long-term strategy of the company and how it geared to meet the same despite the financial crunch. Explaining about the long-term strategy that IHCL had and how the bid for OEH fit into that plan, Interviewees 2 and 3 elucidated:

‘As I mentioned earlier, not having been involved with the transaction, my guess is that the Orient Express would have provided Taj a presence in some key geographies with some high-quality assets’ (Interviewee 2)

‘The portfolio included some iconic assets in locations that Taj was not in’ (Interviewee 3)

Irrespective of the negative effects of the crisis, the company wanted to increase its global presence. This is augmented by media reports on IHCL’s unsolicited bid for OEH stating that the company wanted to increase its global presence, however the bid was finally rejected and IHCL withdrew the offer in 2013 (France-Presse, 2013). This was the second such bid (the first one being in 2007) which also OEH had rejected. Since, then IHCL has sold of majority of its stake in OEH (now known as Belmond Ltd.). A total of 6.34% of shares it held were sold for USD 61.46 million (Team VCC, 2016).
From the above it can be inferred, irrespective of the negative effects of the financial crisis, the company was willing to invest towards achieving its strategic goal of increasing its international presence and hence towards increased internationalisation.

7.8 Discussion

IHCL is a leading hotel chain in India. While it does also have business and budget hotels in its portfolio, its brand name is associated within the luxury class of hotels. The company was the first Indian hotel chain and was established by the scion of the Tata Group. The hotel company was established to cater to the Indians within India. It is well recognised in India from its iconic first property built in the financial capital of Mumbai to now over 100 properties within the country. It has been nominated several times for the best Asian Hotel group (World Travel Awards, 2016). World leading travel magazine, Travel + Leisure, has given top honours to the Taj Group within Southeast Asia for its services, quality and commitment towards its customers in 2014 (Voyager World, 2015).

The company’s first international hotel came up in Africa when it followed another Tata Group company to cater to its business travellers. The main aim of the company has been to follow the Indian traveller overseas. Outbound Travel from India has soared since the mid-1990s post the market liberalisation of India and the relaxation of the foreign exchange market (Appendix 12). India is only second to China vis-à-vis the number of overseas travellers and the United Nations World Tourism Organisation (UNWTO) has stated that, by 2020, India’s outbound market will be almost 50 million travellers (BITB, 2016). The other aim of IHCL towards internationalisation was to create the ‘Taj’ brand awareness overseas. This was done to increase the number of international business and luxury travellers to their various hotels in India to compete with the international hotel chains that have entered the country post the market liberalisation of the early 1990s. Inbound travel to India has also been increasing (Appendix 13). The largest source markets are USA and UK (India Tourism Statistics, 2016). IHCL has strategically built its presence in these two markets to attract tourists from these countries to its properties in India by strategically building its brand which has not been acquired but is inherent to the company built out of its own ownership advantages in the hospitality service industry.

IHCL is also present in other countries which are holiday destinations like Malaysia, Maldives and Sri Lanka. Tata Group headquarters for Africa was moved to South Africa from Zambia after apartheid was lifted; after which IHCL entered into a joint venture.
with a local developer to acquire two heritage buildings in Cape Town to open a luxurious tourist hotel (Taj, SA, 2016). The company is looking to expand into countries like China, Japan and the Middle East, which are all high tourist and business destinations (Shrivastava, 2016).

The company has sought management control over acquisitions and Greenfield developments in overseas markets with the intention of reducing assets on its books, as hotels incur large fixed costs. However, the company has always sought to acquire if the acquisition fits into its strategic plans which is increasing its global presence; this is evident from the action the company made towards the unsolicited bid to acquire OEH.

Analysts have pointed out that the company has a very high debt to equity ratio and that the company balance sheet would have been highly leveraged if it had been successful in its bid to acquire OEH (Baggonkar, 2014). IHCL has since then divested most of its stake that it held in OEH to reduce its debts (Shrivastava, 2016).

The company possesses inherent knowledge of the hotel business and prides itself in the luxury segment and has used its unique knowledge-based capabilities and resources towards its internationalisation strategies. The company has also assimilated capabilities that it did not possess from its experience in overseas markets and has then combined the same with its existing capabilities to enhance its customers’ experiences of hospitality services.

The company has established that host markets are different and have accordingly approached each market differently with different degrees of success. It has had to divest in markets like Australia and from a few properties in USA as it has not been able to replicate favourable business outcome that it has experienced in other markets. The company has sought to develop and train its employees in the overseas market towards a consistent culture of services in all its locations. The company has sought to be culturally aware of the various overseas markets in which it is present to gain some competitive market share against larger companies like the Marriott and the Hilton; its presence is almost negligible internationally. The company has not sought to grow internationally through the franchise route, unlike many of the US hospitality and food chains which have largely depended on franchising for their internationalisation by sharing financing with local partners while preserving their business model and brand names (Fitzgerald, 2015).
7.9 Chapter Conclusion

This exploratory case study using a framework of dynamic capabilities and the resource-based approach examines the internationalisation strategies of the oldest hotel chain in India. The entrepreneurial capability of the parent group company enabled the building of the first hotel for this company in a country which was under colonial rule and where the existing hotels catered solely to the colonial rulers and their partners. The company gradually built its knowledge-based resources which are imperative in the hospitality services to create a name in luxury hotel services within India and then through acquisitions, management contracts and the Greenfield route entered overseas markets. Its main strategic intent of internationalisation has been to build a global brand image. The company has presence in both developed and emerging markets. The company’s main resources being human resources, it has invested heavily in training and development and augmenting the acquired local talent towards a uniform brand image synonymous with luxury services. This is indicative of managerial capability towards assimilation and absorption. The company has expanded its services through its learnings and transformed or added to existing resources in line with the requirement of the host country which links to the dynamic capabilities theory. The group has been featured as one of the top ten luxury hotel chains in the world by Forbes (Olmsted, 2015). The company’s future plans have a growth strategy both in domestic and international markets with a focus on management contracts and to ensure an efficient debt and equity mix along with technology and digital upgradation for improved performance and increased competitive advantage.
8. East India Hotels Limited (The Oberoi Group of Hotels)

8.1 Introduction

East India Hotels Limited (EIHL) falls into the category of hospitality services. The company’s hotels are known as the Oberoi group of hotels. The company owns hotel, resorts and cruise ships in India and overseas. The company is more than 80 years old and was established in undivided India. This chapter traces the company’s internationalisation strategies from the perspective of dynamic capabilities and the resource-based theory from within the strategic management field.

The first commercial hotel in Asia was built in India (Pal, 2015) during British colonial rule. These hotels were built specifically to cater to the officials of the British army and other travellers from Europe.

Among business activities, India is more famous for IT services and business processing outsourcing services (Dossani & Kenney, 2007). Known as the back office of the world, India has seen jobs moving from richer developed countries to its shores, these jobs typically do not require face-to-face interphase with the clients. Philippines, an English speaking Asian country, along with India have been the forefront of receiving outsourcing work from the 1990s (Peck, 2017). Whereas, the hospitality services of India, with roots since the late 1800s, does not have the global recognition that IT services do.

The Oberoi group was founded in 1934 and was incorporated as EIHL in 1949 (Company Website, 2016). The Oberoi group has a presence in both luxury tourist and high end business traveller hotels and is placed at the high luxurious end of the hospitality chain within India. The company also has ancillary businesses like a tours and travel services, printing press, project management, flight catering business and corporate air charters.

EIHL has 22 hotels and a motor vessel in India and 5 hotels and 2 cruise liners in overseas markets. Compared to the other company among my data set which is also in the hospitality services, Oberoi’s presence is quite small. Hence, compared to even larger international hotel chains (like the Marriott and the Hilton); the Oberoi’s group presence

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26 India was a British Colony and gained independence on 15th August 1947. At the time of independence, the country was divided which today are three separate countries, namely, India, Pakistan and Bangladesh.
is negligible. Hence, this chapter will focus on EIHL’s strategy towards its limited internationalisation.

EIHL internationalised by opening its first property in neighbouring Nepal (the Soaltee Oberoi) and in Singapore (Imperial Hotel) in 1969. It then started exporting technical and hotel management services to Zanzibar, Tanzania in Africa in 1974. The company’s earlier presence overseas was through export of management expertise to countries like Australia, Egypt and Singapore where the group took over management contracts of luxurious hotels. There was restriction on movement of foreign exchange capital during this period and by exporting technical services and management services, the company was instrumental in earning foreign exchange for the country.

The hospitality services are disadvantaged compared to manufacturing and IT services companies as they have high fixed costs and do not get the benefit from economies of scale. Hotel services are very personalised, especially in the luxury and business categories, hence, hotel companies do not internationalise to gain superior technology or economic rents. So, another aspect that this chapter will analyse is the motive behind the internationalisation strategy of the company. EIHL was well established within India, so did the company hope to transfer its home-grown capabilities to the overseas market? What were the capabilities and resources that the company possessed? Once in overseas markets, did the company require additional capabilities and resources to operate successfully in foreign host markets?

Firms possess capabilities and resources which are transferred overseas as they internationalise. However, host markets are different from home markets and the advantages of home markets may not be replicable in other host counties and advantages from these resources and capabilities may be lost due to various reasons not anticipated (Cuervo-Cazurra et al., 2007). Hence, this chapter will also explore the various locational challenges of international markets that the company may have faced and how it overcame such challenges and if it managed to gain any competitive advantage in such markets.

Another factor that concerns hospitality services is that it is negatively affected by any kind of crisis (Wang & Ritchie, 2010), be it economic, political or financial. Travel and tours were severely affected during the September 2001 terrorist attacks in USA, the bird flu virus and, more recently, the global financial crisis (Alegre & Sard, 2015). The
cause of the financial crisis on the internationalisation strategy of the company will be the final aspect that this chapter will explore.

8.2 Company Background

EIHL is a public limited company and the owner promoters are its primary shareholders. The Oberoi group was founded in 1934 by R.B. Mohan Singh Oberoi (1898-2002). EIHL was incorporated in 1949 and was listed on an Indian Stock Exchange in 1956. The hotels business of the group is known as the Oberoi Hotels and Resorts.

M.S. Oberoi worked as a manager in a hotel in Shimla (a city in the hills of the northern region of India) and acquired the property from the owner, who was also his mentor, in 1934. The company’s website (2016) states, that the money to acquire the Shimla property was raised from selling family jewellery and mortgaging all the assets owned by M.S. Oberoi and his wife. This was followed by taking over the management of a hotel in Kolkata in 1938 (in the eastern part of the country and the capital of the British colonial rulers) which was built by an American, Arathoon Stephen, and finally acquiring it in 1943 (Pal, 2015).

This was followed by acquiring Associated Hotels of India (AHI) in 1943, which had properties in Shimla, Delhi (capital of India) and 4 other cities in the north-western part of the country (which are now part of Pakistan). With this acquisition, M.S. Oberoi was the first Indian to have a hotel chain in undivided India.

Until this point, M.S. Oberoi had only acquired hotels but in 1965 the Oberoi Intercontinental was opened in Delhi, a hotel built by the company but franchised to InterContinental Group of Hotels headquartered in Great Britain. This hotel was considered the first modern luxury hotel in the country (Pal, 2015). The modernity of the hotel lay in the departmentalisation of its operations and services.

The company did make some acquisitions overseas but they have since been divested and currently all the properties overseas have been built by the company on an individual basis or in partnership/joint-venture basis. This has been further analysed in the ‘Internationalisation’ section of this chapter (Section 8.4).
Today, the company has a total of 29 properties, 2 cruisers and 1 backwater motor in 6 countries with plans for more (Appendix 14). The consolidated revenues of EIHL for financial year 2016 were USD\textsuperscript{27} 274.82 million (Company Balance Sheet, 2016).

To interpret the motivation behind the controlled internationalisation of EIHL, I met a senior member of the company in February 2015. I also met another senior employee who has been associated with the group for over 40 years, however, this interviewee was not comfortable providing a consent form or allowing the interview to be recorded. I was able to take notes and was provided with verbal consent to use the notes of the conversation for this chapter. I was also able to contact over email three ex-management trainees (from the batch of 1992-93) who went to work at Oberoi properties in international locations (Sri Lanka, Egypt and Indonesia). The information sought was at operational level about the working of the company at these locations.

Other senior employees associated with strategic direction of the company were not available due to logistical reasons. Hence, the analysis in this chapter may suffer from single-informant bias (Ernst & Teichert, 1998). However, given the seniority of the interviewee who has been associated with the company for more than a decade, then interviewee was able to provide an in-depth, overall view of the company’s internationalisation process from a strategic perspective. In addition, company documents such as balance-sheet, investor and analyst presentations, corporate, bank and media reports which are available in the public domain have been used for triangulation purposes, for validity and reliability.

The whole interview was recorded. The words indented in quotation marks are direct quotes from the interview.

8.3 Resources and Capabilities

The resource-based view gives rise to the dynamic capabilities approach, which is a firm’s capabilities required for long-term subsistence (Winter, 2003); and the knowledge-based view explains a company’s competitive advantage in relation to its competitors (Nieves & Haller, 2014; Dunning & Lundan, 2008). The knowledge-based view indicates that a firm may possess unique resources through which it can differentiate itself and thus create competitive advantage (Dierickx & Cool, 1989; Rumelt, 1984). External

\textsuperscript{27} USD INR rate as per Reuters on 2\textsuperscript{nd} November 2016 (Appendix 15)
environments are dynamic in nature and for firms to survive in such environments, they are required to manipulate and modify their existing resources base; this is known as dynamic capabilities (Eisenhardt & Martin, 2000; Rindova & Kotha, 2001). Resources thus adapted can help firms maintain their competitive advantage (Helfat & Winter, 2011; Ambrosini & Bowman, 2009).

Knowledge is vital for the successful performance of any organisation within any industry (Shaw & Williams, 2009). In the hotel industry too, the level of employee’s knowledge, skills and abilities along with a multi-level knowledge of the working of the industry itself helps create a competitive advantage; this knowledge is what develops different types of dynamic capabilities (Nieves & Haller, 2014). Specifically, in hotel companies, investing in knowledgeable front line managers creates distinctive competitive advantage (Canina et al., 2006).

To analyse the resources and capabilities that the company possessed, the history of the company is retraced in this section. EIHL was the first Indian hotel chain that was established in the country. It was formed mainly through acquisitions of hotels that had been built by the British and the Americans during the colonial rule, especially for the British royalty, British army, British and European business travellers and tourists. One of the initial hotels that the company had acquired, in the city of Calcutta, (now Kolkata and also known as the City of Joy), was very popular during WWII for its high class services (Pal, 2015).

The company entered into agreements with international hotel chains to build India’s first modern luxurious hotels, in Delhi (with InterContinental Group of Hotels) and in Mumbai (with the Sheraton group of Hotels). These associations helped to bring international travellers to India and were considered to be M.S Oberoi’s international outlook for the Indian tourism sector. The company later collaborated with the Hilton Hotels for international marketing for the sole purpose of attracting foreign travellers. The company’s ‘Trident’ brands of hotels were rebranded to ‘Trident Hiltons’.

The company was the first to start a school for providing hotel management training. Known as the Oberoi Centre of Learning and Development (originally The Oberoi School of Hotel Management), it is recognised by the International Hotel Association in Paris.
The company, again due to the vision of M.S. Oberoi, entered into travel related services like a travel agency (Mercury Travels) and a flight catering business (The Oberoi Flight Services). The latter was to cater to international flight chains.

EIHL entered into the restoration of heritage palaces and monuments and this was also when the company internationalised through the restoration of two heritage properties in Egypt and Australia and by exporting management expertise to run these hotels. According to the company website, EIHL faced stiff resistance by the local government in Melbourne when it was awarded the contract in Australia for the restoration work of the heritage property there. Both management contracts have since ceased.

From the above it can be inferred that the company has been very strong in service and in business relationships. Confirming this fact, the interviewee stated:

‘Oberio’s [the interviewee refers to the company as Oberoi] strength is in service. Oberoi is not a very food-focused hotel, but very, very service oriented. Wherever we are there now, some of the hotels... where we have association, has happened because of relationship or... obviously, ultimately, it has to be relationship’

It is said that the company’s investment in Egypt was due to the relationship that M.S. Oberoi had with the earlier Presidents of Egypt (Gamal, Abdel Naseer and Anwar Sadat) (Appendix 16) (The most famous hotels in the world, 2009).

The thought process which M.S. Oberoi displayed towards creating a hotel chain, interacting with global hotel chains for building luxury hotels in India, exporting hospitality management, using relationships to forge new deals overseas, creating ancillary businesses so as to create a global brand and to attract foreign travellers to India, is credibly indicative of dynamic capabilities in the form of entrepreneurial activity and managerial capability. Dynamic capabilities comprise of entrepreneurial action alongside organisational strategy (Helfat et al., 2007). As Teece (2014) points out, entrepreneurial management activity involves creating markets for new ideas and also strengthens capabilities of support functions for transactional ease. Teece further adds that entrepreneurial management activity also entails the creation of new knowledge and new opportunities to increase commercialised transactions. Entrepreneurs are a firm’s resources and new ideas along with their existing combined knowledge form distinctive services that are rendered (Penrose, 1959). Teece (2014) eludes to Penrose’s idea concerning the description of dynamic capabilities.
A firm’s resources consist of all its tangible and intangible assets (Barney, 1991). Resources and capabilities are expected to have VRIN properties (having value, being rare, cannot be imitated and are non-substitutable) for firms to build and sustain a competitive advantage (Wernerfelt, 1984; Peteraf, 1993). For manufacturing firms, tangible factors affect the performance of the firm rather than intangible factors (Buckley et al., 2014). However, within hotel companies, tangible goods are easily replicated and the competitive advantage hence lies in differentiation through the quality of service which is the intangibles (Bharwani, 2013). Hotels are about services and they can, through their employees as the main source of resources for innovations and organisational knowledge, create a distinct service culture (Lusch et al., 2007).

The Oberoi group follows a broad-based differentiation strategy (Ahlstrom & Bruton, 2009). The company targets the affluent traveller, both domestically and internationally and provides a high degree of personalised services with high luxury and comfort standards (Dev & Glanzverg, 1990). The company believes that their employees are the source of their strategic advantage and through them the company can create competitive advantage (Bharwani, 2013). ‘In view of their guest profile, the luxury resorts require a committed, talented and multi-skilled workforce with good background and education for translating the organisational vision, of surpassing customer expectations through anticipation of their needs, attention to detail, excellence, warmth and concern, into reality’ (p 318).

Hence, the company has its own training school, which is in itself an important resource that the company possesses and was visualised by M.S. Oberoi himself. Having had the personal experience of being a management trainee with the Oberoi School of Hotel Management in the early 1990s, I can confirm that the company’s vision for the school was to provide unified training to its management at all levels and across all hotel services (like front staff, room service and kitchen chefs). Management trainees came from the countries where the company had a presence. This confirms with literature that training and development are important factors required for successful integration of home country practices with host country requirements (Weber, 2015). This helps in creating new practices and improves on existing practices.

The company’s main capability is focused on services as the interviewee enunciated:

‘Oberoi’s capability meaning, the focus is always the service’
Other than the training school which is targeted at undergraduates working towards postgraduate degrees, the company also has a 3-year long ‘Systematic Training and Education programme’ (STEP) which is for high school graduates and provides successful students with a bachelor’s degree in Tourism studies. The students at both levels are absorbed by the company. The industry has termed it a milestone in hospitality training and education (HospitalityNet, 2013).

Specific idiosyncratic knowledge is key for hotels in obtaining a competitive advantage (Chen & Dimou, 2005). Successful hotels have managers who keep track of customer needs and provide services as per change which is dynamic in nature (Yu et al., 2014). The interviewee elucidating to the promoter owners keen sense of vision for the company said:

‘I mean, he [P.R.S Oberoi, the son of the founder] used to travel, stay in overseas hotels, that’s how his learning developed. And he really understands what’s the industry [hotel services]. I think that is the reason, there also his foresight... because had I been there, as it is, you know, this is your age and you should work and come, sit, work in the office. But he didn’t do that. He understood that this learning is important’

PRS Oberoi spends a lot of time in his own hotels and visits other hotels during vacation in order to learn new ideas that he can implement in his own hotels, such as the large bathrooms of the Regent in Hong Kong or the walk-in closets of the Carlyle hotel in New York (ET Bureau, 2012). Though, he does not embrace everything, such as very hi-tech technology which may not be user friendly. This was due to an experience he faced in one of his stays in another hotel where it took him half an hour to locate the bedroom light switch (ET Bureau, 2012).

Entrepreneurial learning for the creation of specific knowledge towards providing superior services is consistent with the dynamic capabilities approach in the hotel services (Nieves & Haller, 2014). Companies evolve and learn due to the dynamic nature of the environment and these translate into dynamic capabilities (Ambrosini et. al., 2009).

However, the introduction of new products alone cannot ensure differentiation; the product should have properties that can create valuable experience for the guest (Verma et. al., 2008). Hence, hotel companies need to continually innovate through intuitive understanding of customer needs so as to enhance customer experience (Bharwani, 2013). Towards this, the Oberoi provides various innovative experiences in its different
locations according to local surroundings and this can be personalised to different guest needs and choices.

The company faces competition from other hotel chains, both domestic and international, and while the Oberoi has more properties than the international chains, the latter have leverage in a multiple brand image (Ghosh & Puliyenthuruthel, 2015). However, the company’s very strong brand differentiator in the luxurious category which helps it to maintain a top two position in most of the cities in which it is present (Thadani, 2016).

### 8.4 Mode of Internationalisation

The resource-based approach can explain the entry mode choice of firms and the strategy behind various modes of entry that a company’s resources can sustain, thus the resource-based approach of internationalisation is at the centre of strategic management which defines success of the firm due to complementarity between the firm’s resources and opportunities in the external host market (Ekeledo & Sivakumar, 2004).

The resource-based approach also states that host country-specific knowledge is essential to attaining competitive advantage (Quer et al. 2007). Hence, the entry mode in a new country depends upon the cultural proximity, that is cultural distance, and the higher the distance, the more entry mode will lean towards joint ventures and partnerships (Pak & Park, 2004; Madhok, 1997). Cultural distance is the difference in work and business behaviours between two countries (Hofstede, 1980).

If a company has the tacit knowledge of hospitality services, then there is a preference to enter a new market through management contracts rather than through capital investments, which is the foreign direct investment route (Brown et. al., 2003).

The need to be asset-light and operate hotels on a fees basis has become significant among hotel companies (Sohn et al. 2013). Entering into a new market overseas is a challenge for hotel companies (Yu et. al., 2014). As Buckley et al. (2014) capxulate that success of internationalisation depends upon both entry mode and location choice.

Hotels companies prefer the management contract. A management contract is where the owner of the hotel property pays a fee to an operator to run hotel operations and
services (Sohn et. al., 2013). EIHL entered Egypt and Australia through management contracts of the Mena House in 1971 and The Windsor in 1980 respectively. The company went on to acquire the property in Australia in 1990 but then later sold it off in 2005. It also exited from the Mena House management contract.

The other way in which hotels can enter a foreign market is through a Greenfield project, which is building a hotel on land acquired or leased in an overseas location.

Talking about the preferred entry mode of the company, the interviewee said:

'Oberoi never is in favour of acquisition. Because... Oberois’ don’t like any construction which is done by others. So, we always like to ensure that the construction, finish, everything is towards, it is to our satisfaction; and secondly there is construction and designing of a hotel is also very important from the point of view of servicing. So, we always either construct a hotel ourselves, or we associate ourselves from the construction stage in terms of designing, supervising, everything'

As stated earlier, the company was the first Indian hotel company to export hotel management services. It had a large presence overseas through management contracts. However, these have mostly ceased. The interviewee did mention that the company was present in many countries in Africa and Asia but the company slowly exited most of them. The company is making either direct investments to increase its global presence or is involved in the designing of the properties being built for which it has already won management contracts for the future running of operations and services. For example, in Morocco the company is making investments (The Oberoi Marrakech, 2016).

However, the company is not totally overlooking the acquisition mode as the current Managing Director (MD) and Chief Executive Officer (CEO) Vikram Oberoi stated in an interview, adding that properties which may fit the image of the company are not easily available and hence they prefer to look at assets which are in the early stages of construction so that they can get involved from the start to have an asset in line with the brand image of EIHL (Sathyanarayanan, 2016). Interior design and hotel architecture differentiates the hotel brands; hence hotel owners involve brand owners during the initial design of the properties (Hanioglu & Arditi, 2013). The company (brand owner) may or may not inject capital investments into such properties but the management contract is usually sealed off in the beginning in such cases.
While the company predominantly owns most of its hotels either by way of individual ownership or through joint ventures, for rapid expansion, the company is mainly looking at management contracts and prefers to be asset light (Sathyanarayan, 2016).

This affirms a study by Brown et al. (2003) on hotel entry modes in foreign markets which suggest that entry mode depends on the capacity of the host market to absorb the entrant’s competitive advantage. EIHL is mainly looking at joint ventures with limited investment or management contracts in the new markets that it is seeking. This implies what the study by Brown et al. states, that the presence of trustworthy joint-venture partners in the host market enables new entrants to have a lower ownership preference. Hospitality companies have lower equity preferences for new ventures (Contractor & Kundu, 1998). Hotel chains can benefit from global suppliers, logistics and brand recognition and can easily be run via management contracts (Erramilli et al., 2002).

8.5 Brand

In the earlier section (Section 8.4), in a quote by the current MD and CEO of EIHL it was stated that during internationalisation, acquisitions of overseas properties can be sought only if the target property fits the established brand image of the company. Brand equity is of key importance in hospitality services (Kim & Kim, 2005). Customer brand equity is defined by brand loyalty, brand image and perceived quality of services and such customer brand equity is positively co-related to the performance of luxury hotels. A known premier brand can attract a larger market share through brand awareness and thus customer loyalty; hotels with premier brand image can charge premium prices too translating into higher revenues (Sangster et al., 2001; O’Neil & Mattila, 2004).

The Oberoi group, which are known for their opulent interiors and a world-class cuisine, are one of the most expensive hotels and can charge high prices due to the premium product on offer (Ahlostrom & Bruton, 2009).

Hotels have unique services synonymous with the hotel brand which determines customer loyalty and thus hotel performance (Xiong & King, 2014). This is due to the intangible and heterogeneous nature of hotel services, the quality of which can be inferred only after experiencing the same (Xie & Heung, 2012). Hotel customers pay for experiences and memories (Hemmington, 2007).
For EIHL, branding is particularly important in the targeting of foreign customers as the EIHL brand stands for the highest service standards and there is a perceived difference between local and foreign tourists with respect to payment. As the interviewee elucidates:

‘What you are paying is for the presentation, service, everything. Now, if you are targeting an Indian, he will never be ready to pay any… you know, an exorbitant price for this component of that cost which probably a foreigner will pay. So, that could be one of the reasons why he targeted… always targeted and created everything for them. Now, with that in mind, you… our outside hotels are all tourist locations’

The joint MD, Arjun Oberoi also emphasised this fact and the preferred location of the ‘Oberoi brand’ which are the source markets (Sathyanaraynan, 2016). While the company is not present in markets like USA, UK or Europe, the need to be in such source markets is recognised by the company.

The tie-up with Hilton that the company had forged in 2003 was executed especially for marketing the brand to overseas customers. As the interviewee stated:

‘Oberoi group, for that matter thought that unless we have a tie-up with somebody who is known there [overseas in source markets]; they [foreign tourists] will not come and stay with us. Hilton [tie-up] happened from that thought process’

The tie-up with Hilton lasted for five years until 2008. The reason for dispersing with the tie-up was explained by the interviewee:

‘We realized that the 5% commission that we are [paying to Hilton]…and by that time we also realized that our brand is also quite strong now and acceptable. Particularly Oberoi [brand] was all along there. Trident was a newer brand. So, once we were confident that our brand can sell on its own and we were not happy with the kind of service that they [Hilton] were providing, we discontinued’

The company replaced Hilton with the ‘Trident’ brand. Talking about the future of such branding alliances, the Executive Chairman stated that the company would not forge alliances with any foreign hotel brands in either the domestic market or any foreign market (Mishra, 2008).

The Trident brand logo was inspired by the Dutch painter Piet Mondrian and the company spent almost USD 1 million on the re-branding (FE Corporate Bureau, 2008).
Its main brand the Oberoi Hotels and Palaces was placed second of the most luxurious hotel brands in the world in 2015 (Luxury Branding, 2015). The readers of Travel + Leisure have voted it the best hotel brand in the world in 2015 and 2016 and the world’s leading luxury hotel brand in 2016 by the World Travel Awards (Oberoi Awards, 2016).

The company’s luxurious resorts are all under the Oberoi brand. This helps the company to leverage the brand equity in both domestic and international markets (Bharwani, 2013). The company uses special PR groups to strengthen its brand image, thus increasing the brand-recall among the class of travellers that it targets. It also participates in various industry trade and road shows in its key source markets (Bharwani, 2013).

For EIHL, brand building is an important strategy in attracting foreign tourist to its properties in the domestic market. Hence, it internationalises in major tourist destinations. As hospitality can be experienced, special brand values help differentiate one hotel brand from another and unique services accentuate guest experience (O’Neill and Mattila, 2010, Xiong & King, 2014).

The Oberoi brand had a strong presence in the luxury segment in the home market. Like IHCL (Chapter 7), EIHL also developed the Oberoi brand in international markets to attract international travellers to its hotels in India. By developing properties in holiday destinations which are frequented by Indian and international travellers, it has only sought to strengthen its brand which was already associated with the luxury chain of services that it was providing in its home market. So, it already possessed ownership advantages and did not engage in deliberate acquisitions overseas to create one. This is contrary to the view that emerging market companies are not required to have
ownership advantages as they can obtain the same through acquisitions or strategic partnerships so as to gain a competitive advantage in host and home country (Mathews, 2002; Goldstein, 2007).

**8.6 Host Country Environment**

For hotel firms, it is convenient to understand the domestic market; however, in the case of India, it is not that simple as language, culture, heritage, cuisine and attire differ vastly in each of India’s 29 states. Hotel chains in India, while maintaining standardised brand features, do provide a local touch to their different properties in different states. For international locations too, it has been suggested that hotels should have a ‘glocal’ strategy, which is to have standardised global facility along with the host country local flavour which helps enhance the competitive advantage (Yu et al., 2014; Holjevac, 2003). The local experience can be achieved through architecture and interior designs of the property, local cuisine, cultural entertainment etc. A study conducted by Whitlea et al. (2007) found evidence of a ‘glocal’ strategy in British hotels with significant presence in foreign markets.

EIHL operates in five international locations and two more locations will have an ‘Oberoi’ branded property by 2017. All international locations in which the company is present, or where it has immediate future plans, are emerging market countries; however, the locations are all famous tourist spots. Explaining the reason behind the same, the interviewee said:

‘As far as outside India is concerned, you will find that, the target has always been tourist spots. So, the reason why we are targeting foreigners in India as target customer [for overseas locations too]’

The company had branch offices in New York, London, Dubai, Australia and Singapore. Since then, the company has closed all these branch offices, but recently reopened the Dubai office.

The company earlier had properties in nine other countries, other than India: Nepal, Sri Lanka, Singapore, Egypt, Saudi Arabia, Tanzania, Indonesia, Australia and Iraq. Since, it has stopped operations in Nepal, Sri Lanka, Singapore, Tanzania and Australia. However, it has added a presence in Dubai, Mauritius and Saudi Arabia with plans underway for UAE and Morocco.
The company has divested its properties in Iraq and Pakistan but this was due to political factors. Iraq divestment happened as Saddam Hussein did not want a major hotel where political leaders stayed to be owned by foreigners. The Pakistan divestment happened due to the 1965\textsuperscript{28} war.

The divestment in Sri Lanka happened due to a disagreement with their local partners. It was a management contract. As per the Management Trainee (who is a local Sinhalese and was posted back to Sri Lanka after the training period):

‘The owning companies didn’t place priority on maintaining the property and as a result some of the facilities were run down. The owning company wanted Oberoi’s to pull out and therefore didn't do any refurbishment and closed down many outlets’

The Tanzania project was due to the insistence of the Indian government in 1970 for the island’s National Day and the company had no influence on the structure of the building; MS Oberoi exited Africa as soon as political compulsions decreased (The most famous hotels in the world, 2009).

Hence, the company was not successful in all the international markets it entered due to a variety of reasons which can be attributed to social, political and economic environment of the host country.

The interviewee talking about the structure of the organisation mentioned the hotel development team and how the head of that team often travels overseas to identify locations before the current Executive Chairman talks to potential investors and partners regarding the development of overseas properties and brand building.

‘His [head of development] job is to basically target people and explain to them [about Oberoi and what the brand stands for] and then develop what is the location. And once he finds out something [identify the location or property] then Mr. Oberoi [PRS Oberoi, the current Executive chairman] pitches in’

While, the company’s overseas presence is very limited, it does need to manage different host environments. While the presence is only in emerging markets, just by virtue of being less developed, they are not common in culture, food habits, language, and socio-political environment. Hence, EIHL need to manage different host country environments.

\textsuperscript{28} India and Pakistan have been at war in 1965 and 1971. The latter led to Bangladesh being separated from Pakistan (which was East Pakistan before then).
EIHL company vision states that they have a diverse workforce with vast varied experience from different cultures and that they are adept at handling problematic situations and use these experiences to further train and develop the employees at all their properties (Company Website Vision, 2016). The vision/mission further explains that learning and development of all its staff is a continuous process and the company is very open to hearing what their employees have to say and inculcate practices to make the company the best place to work in throughout its properties whether in India or overseas.

Explaining the training and development at various levels and services in different countries, the interviewee stated:

‘We do two things; one is that, the longer duration trainings, which ultimately targets developing somebody to management staff kind of thing. For that, people are sent by these three hotels [Oberoi, Maidens and Trident], they, you know, select that these are the people who have potential and then they can be developed [in the Oberoi school]. But apart from the longer duration things which is generally six months to one year, we also organise short courses...for which they [trainees] come from there [overseas properties] along with the hotels in India, and those includes for housekeeping, for kitchen chefs, those kinds of staff. Even at management, top most general manager levels also, they also at times come [for training], because general managers [of the various properties overseas], they are all locals [from the host country].’

From the above it is inferred that the company believes in training local talent for uniform services and a global brand image. This confirms to literature on hospitality management that states customer satisfaction and performance of a hotel is positively related to the hotel employees, which are its biggest resources (Tracey, 2014). Training and development helps create perfect integration between home country practices and host country requirements which enables creation of new practices and improvement of exiting practices (Weber, 2015).

Home country advantages are not easy to replicate in international markets (Contractor, 2013). Hence, EIHL has used training and development which is consistent for different levels and services to provide a homogenous brand image across its properties in India and elsewhere in the world.

8.7 Internationalisation Strategy and the Financial Crisis

Any kind of crisis, domestic or international, can negatively affect the hospitality sector due to a decrease in tourism, which leads to hotel chains holding off future investments
The aftermath of the financial crisis of 2008 on the hospitality sector was a significant drop in occupancy levels (across different segments like luxury, business, budget) which further lead to a drop in average room rates as hotels competed with each other to attract travellers; this resulted in an overall decline of revenue for the hotel sector (Kimes & Anderson, 2011). It is a known fact that global corporates cut down on business travel as a first measure towards cost reduction during crisis periods. The global financial crisis hit the financial sector and most of the multinational banks in a very adverse way and travel was suspended followed by bonus cuts, or no bonuses in some cases, within the banks. The effect of the financial crisis was long drawn rather than immediate as was revealed in a study of US hotel chains affected by the terrorist attacks of September 2001 (Enz et al., 2011).

Most big hotel chains have various segments within their portfolio of properties. The Oberoi group falls within the luxury segments, whereas IHCL (the other hotel company analysed in Chapter 7) has three distinctive segments targeting the luxury traveller, the business traveller and the budget traveller. A study by Barsky (2009) postulates that the luxury hotel segment within the hospitality sector was able to maintain its average room rates compared to other segments post the global financial crisis. While the immediate effect of the financial crisis on both EIHL and IHCL was negative, over time EIHL has improved and the company is profitable compared to IHCL which remains in the red (Appendix 17).

Overall, the global tourism industry was not affected to the extent which was expected post the financial crisis as per a recent study conducted by Santos et al. (2016). The study further states that while there have been interim periods of negative growth, overall global tourism has increased and foreign direct investments from global hotel chains have also seen a significant rise.

The Oberoi group has always been conservative in nature when it has come to expansion, both in India and in the overseas market. The company faced a terrorist attack in its prime Mumbai property at the time of the financial crisis. At the same time, they had another luxury hotel opening in the business centre of Mumbai. Talking about the conservatism in expansion strategy and the crisis period, the interviewee said:

'This industry [hospitality] has a huge fixed cost. After a level, your profitability goes up substantially. Similarly, when your revenue goes down, then you are affected. The person who runs the hotel, he is probably the
best hotelier in the country. Maybe, he [PRS Oberoi] has seen ups and downs and that is why he wants to be conservative. This conservatism actually helped us during that period [2008-09]. Terrorist attack\(^{29}\) happened. Business suddenly dropped. Then we had 100 crores plus investment in renovating the hotel. That [the new property in BKC\(^{30}\)] was more or less complete, but the balancing investment had to be done. Side by side, the insurance money was stuck [towards the property effected by the terrorist attack]. We were conservative in terms of investing money. Even during that period also, we didn’t have to face any cash crunch.’

According to the company website, EIHL established a wholly owned flight services subsidiary in Mauritius in 2008. In 2010, the company acquired all the shares of its international hotel joint-venture company called EIH Holdings through another of its international subsidiaries. Due to this move, EIH Holdings which had business interests in some of the Oberoi properties in overseas locations but did not have a worldwide license agreement to the brand name; by becoming a WOS it was able to gain that license (PTI, 2010).

From the above, it can be inferred that the company has a conservative strategic outlook so that it was protected from severe disturbances due to any kind of crisis. The financial crisis did have certain negative effects due to the decrease in tourism but the company continued to make informed investments both in India and in the overseas market. Today the company is in profit which cannot be said of all Indian hotel companies.

**8.8 Discussion**

EIHL is one of the leading hotel chains in India. Both its brand of hotels, the ‘Oberoi’ and the ‘Trident’ are considered among the luxury class of hotels. EIHL was the first hotel chain of India, though as an Indian hotel company it was second to IHCL (Chapter 7). However, it expanded quickly through acquisitions of hotels (most of them no longer with the company) before it started building its own hotels. Oberoi is known for its opulent products and services. The company has a penchant for building its own property or having ventures with owners so that they can associated with the building of the property as per its world class standards. Its Oberoi brand of hotels has won the ‘World’s Best Brand’ for 2015 and 2016 by the world’s leading travel magazine, Travel + Leisure; The World Travel Awards has awarded to the ‘Oberoi Hotels and Resorts’ as the

\(^{29}\) Mumbai faced a terrorist attack on 26th November 2008. Both IHCL and EIHL properties in the south of Mumbai were affected badly and had to be shut down.

\(^{30}\) BKC: Bandra Kurla Complex in Mumbai is the new business centre of Mumbai with all the multinational banks and the Indian private banks and many Indian and MNC companies present.
most luxurious brand in the word for 2016; and in 2014 it had been awarded as the ‘Top Luxury Hotel and Brand’ by ReviewPro’s Hotel Awards, (2016). The company has strategically built its brand. While it was tied up with Hilton for marketing aimed towards international travellers, it felt that the intrinsic value of its brand image as a luxurious hotel was affected, so it terminated the marketing tie-up. EIHL has relied on its service levels to create its global brand image which is to be a luxurious class hotel.

The company’s first international hotel was established in neighbouring Nepal, followed by Singapore in the late 1960s. The company was the first to initiate a training school for hotel services and then exported management expertise to overseas markets. Its internationalisation strategy was to create a brand awareness to cater to foreign tourists coming to India. Inbound travel to India has almost quadrupled since 2000 (Appendix 13). The company was way ahead of its rival Indian companies (like IHCL) to target foreign travellers. IHCL’s brand awareness exercise in source countries like USA and UK was a reflexive action to counter the international hotel chains that arrived in India post the country’s economic liberalisation. EIHL has strategically expanded in locations which are considered tourist destinations to showcase its deluxe hospitality services rather than be present directly in the source markets of the developed countries. ‘Oberois; as a brand was already established among foreign tourists. However, akin to IHCL (Chapter 7), EIHL has also not sought to diversify internationally through the franchising route as has been seen for many of the, mainly US, international hotel chains.

The company is not present in many of its early international locations as it exited due to political reasons, difference in outlook with the local partner, or the company felt that the country was not a destination for the brand image that it portrayed (like in Africa and Latin America).

All its current presence is in emerging markets and the new properties currently under development are also in emerging markets. However, the company feels that it is important to be represented in centres like New York, London and Paris, but due to their conservative nature towards outward investment, the company feels that it will only move to those locations if there is a perfect fit with their brand image. However, countries like Hong Kong, Singapore and China are centres where the company feels that they are closer to their ideology of hospitality services (Sathyanarayanan, 2016). Hence, the company prefers to seek host countries whose perceived psychic distance is
low; that is the understanding of culture and other geographic factors of these countries is high.

The company also added flight catering and a travel company to its portfolio as additional capabilities to complement its main business of hotels. This has helped the company maintain a healthy competitive advantage against its rivals (domestic rivals) and compared to other hotel chains shows a profit on its balance sheets.

The company’s biggest resource is its employees. Through its training school, it provides training to staff at management level, housekeeping level and for kitchen training at post-graduate level and it also has a bachelor’s level programme aimed at high school graduates who, upon successful completion, are absorbed by the company. The company believes that all its employees (at least at managerial level) should have assimilation. This confirms what Teece and Pisano (1994) state about a company’s culture being mirrored in the value and beliefs of its employees. The company’s school is known for the high quality of its trained graduates and generally find employment with other hotel companies too for the same reason.

8.9 Chapter Conclusion
This exploratory case study uses a framework of dynamic capabilities and the resource-based approach to analyse EIHL’s approach to internationalisation. The founder owners had entrepreneurial capability to build India’s first hotel chain, first through the acquisition mode, then through building its own properties with the help of international partners, and then management contracts. While most of the early properties that were acquired were divested, the company has continued to build its portfolio both in the domestic and international market. However, in the latter, the expansion has been limited with a specific strategic intent of building its brand image to attract foreign tourists in India to its properties in the country. The company is a niche player targeting the luxury traveller and the high-end business traveller through its brands, Oberoi and Trident respectively. The company has had a conservative outlook towards investment leading to a profit on its balance-sheet in the aftermath of the financial crisis and the terrorist attacks of 2008. In international locations, the company is present only in emerging but high-end tourist destinations, though it aspires to be in a few developed country cities with a high tourist percentage and other such emerging market cities and countries. The company prides itself on its high quality of employees and the emphasis it puts on training and development. This is indicative of managerial capability towards
assimilation and absorption. The company has expanded its services through addition of capabilities for added competitive advantage which links to the dynamic capabilities theory. The company’s future plans have an expansion strategy for both domestic and international markets with a need to be asset light but not losing sight of the right type of acquisition which would complement its brand image. In sum, the company’s main focus is to be the best in the luxurious category.
9. Cross Case Analysis

9.1 Introduction
This thesis has investigated if firms from emerging markets own resources that help them internationalise and how these firms gain dynamic capabilities through internationalisation. Hence, this chapter highlights the main findings already discussed in the individual analytical chapters (Chapters 4 to 8). This chapter further presents a cross-case analysis of the five companies that have been studied, to bring out the homogenous and heterogenous characteristics of their internationalisation progression.

The discussion in this chapter is organised into separate sections (9.2 to 9.6) based on the strategic understanding of the internationalisation processes of the different companies. For consistency, the different section headings maintain the chronological order in which the companies in the dataset have been analysed. The individual company background is not being mentioned again in this chapter to avoid duplication; however, the particular services that the company provides will be highlighted. This will facilitate the cross-case analysis and the comparison and likeness between each company which has been discussed in section 9.7 followed by the chapter conclusion in section 9.8.

9.2 Resources and Capabilities
Some IB scholars have theorised that emerging market companies lack capabilities and resources and hence they internationalise. As has been seen the company specific analysis chapters, all the five companies under study possessed resources and capabilities prior to the process of internationalisation. This is further explained below.

9.2.1 Airtel Resources and Capabilities
Airtel created the ‘average revenue per minute’ (ARPM) model which was based on charging the customer as per the minutes used rather than the pricing model that prevailed in developed markets which was to charge customers a fixed price irrespective of the usage. Airtel implemented this model by creating an operational expenditure (OPEX) variable pricing process rather than a capital expenditure (CAPEX) fixed pricing process by outsourcing its network planning, mobile towers, call centre support and IT infrastructure, thus creating a ‘minutes factory’ model as it is widely known as. One of the main factors for the success of the model also lay in the demographic construct of its home market (India) which had a low tele-density and a very high population density. As the home market saturated, Airtel internationalised to markets seeking similar...
demographic profile as India. Airtel then developed Airtel money (using mobile for money transfer) in response to competition in Africa and then implemented this acquired capability back in the home market.

9.2.2 Wipro Resources and Capabilities
Wipro possessed capabilities in the form of low cost arbitrage which was developed due to country specific advantage in the form of English speaking engineers and scientists. Due to the low-cost arbitrage, the company could build technologies at a larger scale. However, due to market liberalisation in India, the entry of MNCs resulted in the company acquiring global certifications which assisted the company to internationalise both through the organic and in-organic route. The company’s acquisitions were targeted for acquiring additional capabilities and resources that it lacked but were required for it to provide a competitive edge in international markets. The added capabilities so acquired facilitated the company to provide value-added services to its clients in addition to cost advantages.

9.2.3 TCS Resources and Capabilities
TCS was mainly providing data and technology services to companies within its parent group and various Indian governmental organisations. It also sought clients using its parent network (the contract for Iran government). Importing a Burroughs mainframe computer provided it with an opportunity to service Burroughs clients in India and in the US. The company, thus, gained experience working with overseas clients and this is also considered as the first Indian offshore project that was initiated in the early 1970s. The company was also instrumental in partnering with educational institutes within India to develop computer science courses and IT skilled based curriculum. This initiation created a base for India to develop English speaking computer scientists and engineers’ adept at technology services thus establishing the onset of India’s technological cost effective services. The company internationalised very early on mainly due to the nature of the services it provided built on the basis of its inherent resources and capabilities and for which domestic demand within India was lacking during that time (late 1970s – early 1980s). Through various partnerships and joint ventures formed in foreign markets and then later through acquisitions, the company also acquired additional resources and capabilities which it did not possess and which the company required for long term competitiveness in foreign markets.
9.2.4 IHCL Resources and Capabilities
IHCL was the first Indian hospitality services company to build an indigenous hotel in India catering mainly to the Indians at a time when the country was still a British colony. The company’s initial internationalisation was in countries where there was a presence of other companies from within its parent group. However, when it entered other foreign markets, it was equipped with the knowledge of managing hotels and the unique differentiation of services atypical of the Asian hospitality experience which was converse to the hospitality services available in USA or Europe. Such capabilities were acquired due to the cultural ethos prevalent in India emanating from the various royal provinces (before India became a democracy post-independence from the British rule). IHCL provided training to staff in overseas markets to create resources that were consistent with its unique services and also introduced particular services in host markets (like the butler services in New York) that had not been experienced in those markets.

9.2.5 EIHL Resources and Capabilities
EIHL was the first Indian hotel chain and was established in India through acquisition of hotel properties owned either by the British colonial rulers or other private foreign owners. The company established its credentials in the hospitality services through partnerships with international hotel chains and was the first in India to also establish a hotel management school. The company was known to have an international outlook from the very onset for the Indian tourism sector. The company’s focus was in providing exceptional services through compulsory training and development of its staff, the main resources in hospitality services. In its international endeavours, EIHL adapted local experiences in its services to create product differentiation and establish itself as a provider of luxurious hospitality services.

9.3 Internationalisation
As presented in the Literature Review Chapter (Chapter 2), Indian companies generally prefer the mergers and acquisitions (M&A) route towards internationalisation and bulk of their outward investment is directed towards developed markets. From the five companies studied for this research work, it can be deduced that M&A is a preferred route however, the companies may follow a different investment mode depending on the host country requirement. Similarly, location choice is divergent. The difference in motivation behind the mode of internationalisation, organic or in-organic and location choice is dependent upon the type of services provided, the particular capabilities of the
company and also the leadership attributes of the company. These differences and attributes have been discussed in detail in this section.

9.3.1 Airtel’s Internationalisation
Airtel’s ‘minutes model’ was created on the basis of the Indian demography with high population density and a low telecom density. Hence, the location choice for the company was appropriated towards similar demographics accessible in other emerging markets. Consequently, Airtel first ventured into Sri Lanka (a neighbouring emerging country). For Airtel, entering a neighbouring country, where one of the languages spoken was common with one of the Indian languages, was akin to extending the company’s telecom boundary. Airtel used the green-field approach for Sri-Lanka; however, the country had a small demography with a relatively substantial tele-density. This along with the telecom regulations in the country of a floor pricing was ineffectual for Airtel. This experience led to the company reassessing its internationalisation mode, hence, when it entered Africa and another neighbouring country (Bangladesh), it sought the M&A route with the conjecture that in new international markets with a well-established telecom presence, a greenfield mode of internationalisation would be ineffectual.

9.3.2 Wipro’s Internationalisation
Wipro’s initial internationalisation was through a green-field mode during the late 1990s. However, in early 2000s when the company set an aggressive growth target for itself, it sought the M&A route to achieve its targeted growth plan. The company perceived that it lacked specific capabilities which were required for it to compete in international markets for example BPO services or consulting services. Wipro’s acquisitions during 2000-2010 were small and medium size and the company did not leverage its balance sheet for the same. Recently (over the last couple of years), armed with acquisition experience, the company has ventured to acquire large size companies but has continued to use its cash surplus towards these acquisitions. The early phase of internationalisation was directed towards developed markets. Currently, more than 70% of the company’s revenues are derived from developed markets.

9.3.3 TCS’s Internationalisation
TCS can be considered as the champion of the Indian IT services off-shoring model. It internationalised at a time when India was not open to foreign businesses, believed in self-sufficiency through import substitution policies and had strict foreign exchange regulations. For the services that TCS had capability in providing led the company to
open an office in New York in an effort to search for clients in USA and then later in other developed markets before venturing to emerging markets too. As per the company, 80% of its revenues are generated from developed countries. Given the genesis of the company (the parent Tata being the pioneers of Indian industrialisation), TCS believed in internationalising via the organic mode. It sought partnerships or Joint ventures (JVs) only in countries where it was a requirement by law or the country culture was far removed from what TCS had already experienced through establishment of wholly owned subsidiaries (WOS). Subsequently, as the company became comfortable with the host environment, it has aimed to fully acquire such JVs or partnerships. Notwithstanding the company’s inclination to organic growth for its internationalisation, TCS has also sought the M&A mode directed towards attaining capabilities that the company perceived it lacked for sustained competitive advantage in the international market.

9.3.4 IHCL’s Internationalisation

For IHCL, to be present in developed markets has been necessitated to attract clients to its home properties given that Indian tourism witnesses large number of developed market tourists. Other than organic or inorganic mode of internationalisation, hotel companies also undertake management contracts as hotel companies can achieve control through knowledge-based resources rather than equity control. IHCL has sought all three modes of internationalisation in different geographic location. Recently, the need to be ‘asset-light’ due to balance-sheet leverage exigencies has compelled the company to divest some of its international assets and pursue the management contract mode in foreign markets. Also, for IHCL, the main purpose of internationalisation has concerted towards brand building to attract clients to its properties in the home market. Hence, internationalisation through acquisition has not been a primary growth strategy for the company. Nonetheless, acquisition remains a strategic intent given it confirms to the company’s ‘luxury brand’ image.

9.3.5 EIHL’s Internationalisation

EIHL is dominant in the luxury hotel category. The company’s initial internationalisation was through the management contract route. As the first hospitality service chain in India, the company had established itself for exporting hotel management services. However, the top management inclination towards a certain image depiction for the company led it to exit such management contracts and assimilate towards organic growth in international markets. Over the last few years, the company has entered
management contracts or JVs where it has been involved in the design and interiors of a new property with limited investments, hence focussing on an ‘asset-light’ mode of investment. Analogous to IHCL, even EIHL is open to acquisitions only if such acquisition is befitting to its ‘opulent service’ depiction. Further, the company has chosen to internationalise in emerging markets with a high tourist density from developed markets to create its brand in order to attract such tourists to its home country properties.

9.4 Brand and Logo
Portraying a strong brand image has been an inherent strategic aim for each of the company in the data set of this study. Each company has endeavoured to internationalise their respective brand towards achievement of specific organisational goals. These specific goals and purported branding and logo have been summated in this section.

9.4.1 Airtel’s Brand and Logo
Airtel has used advertisements targeted towards all age groups and sections of the society. Its current logo was created in 2010 just before the company first invested overseas. Airtel has purposefully used a single branding in all the countries that it operates in which has culminated in the company re-branding its acquired assets. The aim has been to create a universal single brand image and the company has been successful towards this aim.

9.4.2 Wipro’s Brand and Logo
Wipro’s current logo was designed in 1998 before the company’s first outward investment. The company has used specific brand image to differentiate itself within the IT services. Post the market liberalisation in India, the company partnered with DMNCs entering India to create a global awareness of its brand which assisted the company during its process of internationalisation. The company’s logo portrays its inherent values which is consistent with the perceived service requirement of its client base.

9.4.3 TCS’s Brand and Logo
TCS uses the parent company logo similar to most companies within the group. TCS along with the other group companies have been required to diligently build the group brand image across the globe as the group has grown in international markets as per group directives. TCS has partnered with various sports clubs and charitable organisations along with sponsoring various events across the globe for brand
recognition. For the specific achievement of its organisational goal of being a global top ten IT company, TCS has used global consultants towards building its brand image.

9.4.4 IHCL’s Brand and Logo
IHCL unlike TCS has not used the parent company logo as branding is a dominant trend in hotel services. Hotel brands enthuse quality of the product and services provided. IHCL has used internationalisation as a tool for building its brand image in overseas markets. The primary motive for the same has been to create competitive advantage in the home market against the well-known international hotel chains that entered India post the market liberalisation which has seen an increase in both tourists and business travellers.

9.4.5 EIHL’s Brand and Logo
Brand equity is of prime importance for hotel companies. Brand differentiator can be created through unique experiences that customers experience. Similar to IHCL, brand building for EIHL in international markets has been intended towards making its properties attractive to international travellers inbound for India thus providing competition to the international hotel chains in the home market.

9.5 Host Country Environment
Possession of resources and capabilities and a strong presence in the domestic market does not ensure success in different international markets. The inherent resources and capabilities should be easily transferable to other host markets or the company should have the ability to transform or supplement their existing resources and capabilities base in response to the requirement of the host market so as to create or strengthen competitive advantage in dynamic external environments. This section discusses the individual company’s response to the external host countries.

9.5.1 Airtel and Host Country Environment
Airtel has only sought other emerging markets towards its internationalisation given its particular telecom model which was created for demographics with high population density and low telecom density. The company expected instant success in the African countries that it had entered similar to the success that it had experienced in its home market. The company did not face any issues in implementing its pricing model in Africa unlike in Sri Lanka, where the regulators implemented a pricing floor; however, Airtel had not anticipated the marked difference between consumer preference in Africa vis-
à-vis consumer preference in India, its home market. The other miscalculation was in understanding the vastness of Africa and the level of urbanisation. Airtel had not envisaged individual issues of each country that it was present in Africa with separate borders, duties and taxes. Airtel has already withdrawn from two countries in Africa thus limiting its exposure to 15 countries. Additionally, it is also considering withdrawing from Sri Lanka.

9.5.2 Wipro and Host Country Environment

Wipro was well established in India as an IT services company. The company is present in both developed and emerging markets and has continually sought to develop its home-grown capabilities along with acquiring capabilities that it lacked to provide value-added services to its clients. The company was faced with a myriad of challenges specific to each host market, for example language issues in Germany and in Japan; cultural issues in Latin America and France with respect to work hours. Wipro has confronted each challenge by changing its hiring process, training and development of hired locals in foreign countries, sensitising to local language and cultures. Wipro, in the early stages of its internationalisation process, had realised that home country advantages cannot be easily replicated in another country. The company believed in continuous learning of its managers towards adaptability and integration of acquired employees for preservation of technology and capability knowledge. Wipro remains present in all the countries that it has invested in and continues to explore newer markets and geographies.

9.5.3 TCS and Host Country Environment

TCS internationalisation characteristics are distinctive from the other companies in the data set of this study. It was a small company with negligible presence in the home market when it first internationalised. Today it is present in 45 countries. As the company has expanded its presence in overseas markets, it has combined the ethics value system of each host market with the company value system to enable seamless integration of local hires and acquired employees in such host markets. Effective communication is another key attribute for the success of TCS in the various countries that it is present in. TCS has extensively used its human resource services to manage employee expectations and integration. The company’s approach to each new geography precedes with the knowledge that success is not achievable each time and accordingly the company anticipates modification to its internationalisation strategies. The company has also complemented its main ‘cost-arbitrage’ capability with delineation of revenues and employees to provide fixed-cost products thus ensuring client stickiness. The company
has continually adapted itself to various host markets through the constant learning process.

9.5.4 IHCL and Host Country Environment
IHCL has limited international presence with sixteen properties in ten different countries, both developed and emerging countries. For hotel companies, it is advantageous to follow a glocalisation model which combines the local culture with the standardised global facilities that a hospitality chain may offer. IHCL follows this principle with a different experience that its customers can encounter in its various properties in different countries along with a standardised brand image that the company represents. Employees are the most important assets for hotel companies. Hence, IHCL invests in employee training and development. For properties acquired, the company policy is to retain the local employees for uninterrupted guest experience. IHCL also exports home country managers to ensure that its home-grown capabilities that project its brand are preserved. The company has not hesitated in surrendering properties in specific countries that have been detached from the company’s internationalisation strategies. IHCL has embraced the multi-productivity skills of developed market employees for incorporation in its home market properties. Another aspect of being present in foreign markets has been the adoption of global cuisines in its properties. The company has been sensitive to the requirement of each market that it is present in to increase the appeal of its brand for foreign tourists in the home market.

9.5.5 EIHL and Host Country Environment
EIHL has adopted a cautious stance while expanding overseas. This is inherent with the company managerial characteristics and strategy that the company has embraced even in India, its home market. The company’s initial internationalisation drive was not successful, mainly due to divergent ideas with the local partners or due to political factors. EIHL is currently present only in emerging markets; however, each market has disparate culture, language, food habits and socio-political environment. Hence, the company devotes time and energy in the continuous learning and development of its staff. The company considers portraying a uniform brand image in each country of its presence. Hence, in foreign markets, it either partners with other local hotel owners with similar vision or it develops its own properties. That is another reason for its limited presence in international markets as hotels have high fixed costs. For the company, training and development has been its major arsenal for integration of its home practices.
with host country practices for improved service experience for its clients and create a brand image to attract the increasing number of foreign tourists to its Indian properties.

9.6 Internationalisation Strategy and the Financial Crisis

Internationalisation strategies and motivations can get affected in the face of various crises which could be internal to a company or external to a company. External crises can occur within the boundaries of a nation or could be global in nature like the global financial crisis of 2007-08 which affects companies across nations. Outward investments from developing and transition economies have increased over the past two decades. This increasing trend has also been witnessed in the case of India over the past decade (Figure 1). During this period, world economy was affected by the global financial crisis. Hence, the financial crisis has been used as the basis of discussion around the effects of the external environment on internationalisation decisions of the companies.

9.6.1 Airtel’s response to the Global Financial Crisis

Airtel was well established in India. As the home market was saturating, the company strategised to internationalise. The company first made an offer to acquire an established telecom network company in Africa in 2008 and again in 2009. The offer was not accepted. It then made its first outward investment in 2009 with a greenfield venture in Sri Lanka followed by acquisitions in Bangladesh and Africa in 2010 (In Africa, Airtel finally acquired a company but which was different from the one which Airtel had offered to acquire in the first instance in Africa). The company financed the African acquisition through banking finance and as has been mentioned by the interviewee (Chapter 4), the cost of debt financing was higher during that period due to the financial crisis. Nonetheless, the company pursued its internationalisation strategies and extended its operations beyond the home country borders.

9.6.2 Wipro’s response to the Global Financial Crisis

Wipro is known for its ‘string of pearls’ approach which is aggressively acquiring small to medium entities in foreign host markets. The company has pursued an in-organic growth mode towards internationalisation over an organic growth mode. However, during the period between 2007 and 2012, the company did not acquire any company in overseas markets. The company’s decision was based on the fact that target companies for Wipro, which could add to its existing capabilities, did not lower their valuations due to the effects of the financial crisis. The companies that did lower their valuations were those which were excessively affected by the crisis. This included losing
key people (technology staff) and also clients and hence, acquiring such units would not have proven beneficial for the company. However, Wipro continued to invest in overseas markets during the post-crisis period either through global partnerships or setting up WOS. Hence, the overall internationalisation strategy of Wipro did not lose momentum; the company just repositioned its overseas investment mode.

9.6.3 TCS’s response to the Global Financial Crisis

The global financial crisis for TCS proved to be a vast business opportunity. As already mentioned in the chapter analysis (Chapter 6), the banking sector was affected negatively by the financial crisis. The valuations of a major multinational bank, which was bailed out by the government in its home market, were at an all-time low and this bank was selling some of its ancillary businesses. One such unit was a BPO service, which was physically in India and was supporting many of the banks businesses in various countries. TCS was lacking a BPO service arm and it actively pursued and acquired this unit from the MNC bank. The unit was renamed as a Business Process Services’ vertical within TCS and generates almost 15% of TCS revenues globally. Another effect of the crisis that the banking sector experienced was the increased regulatory monitoring. TCS also seized this opportunity to introduce technologies that would assist banks for such regulatory monitoring and also decreasing operational costs; hence, resulting in increased business for TCS. Thus, the financial crisis had a positive affect for TCS as it continued to invest in overseas markets keeping the company’s internationalisation strategies active.

9.6.4 IHCL’s response to the Global Financial Crisis

IHCL has been negatively affected as a consequence of the global financial crisis as can be deduced from the company’s financial balance sheet. The company also suffered due to exogenous factors caused by the terrorist attacks in Mumbai (the financial capital of India) during November 2008. During a period of crisis which is internal to a country or external on a global scale, hospitality and travel services are first among all other sectors and industries to experience an immediate effect, generally conflicting. Irrespective of the financial condition of IHCL, the company had extended an unsolicited offer for another hotel chain in 2007 and then again in 2012. Given the company’s requirement to be ‘asset-light’ due to balance-sheet considerations, the attempt to acquire another hotel chain is indicative of the willingness of the company to achieve its strategic direction towards internationalisation irrespective of the financial implications. The acquisition was aimed towards extending presence in key geographies where IHCL was
not present. The bid for the target company was made during 2012 as the market valuation was low, however, the management of the target company was cognizant of the fact that such valuations was a result of the market dynamics and the IHCL offer was rejected. Thus, lower market valuation and a compatible brand image of the target company compelled IHCL to contemplate an acquisition while suffering from the aftermath of the financial crisis thus keeping its internationalisation strategies in focus.

9.6.5 EIHL’s response to the Global Financial Crisis

EIHL has maintained a conservative outlook towards growth whether expanding in the home market or in international markets. The company has strived to project a brand image synonymous with luxury services. This management vision of a world class luxury brand has prompted the company to exit a few international markets due to both internal and external causes. Other than the financial crisis, EIHL was also faced with a terrorist attack in November 2008. Nevertheless, the company keeping with its conservative outlook towards internationalisation, continued to invest both in the home market and the overseas market. It sought banking finance for a new property in Mumbai (the financial capital of India). The company established its own flight catering services in Mauritius and also bought all the shares in an international JV which enabled the company to use its own brand name for international licences. Hence, it can be stated that despite the crises that the company faced due to the financial crisis in the form of lowered occupancy or the terrorist attacks, the company continued to seek limited internationalisation in line with the global brand image that it stands for.

9.7 Cross-Case Summary

Analysing the cross-case findings produce five themes.

First, that all five companies possessed home grown capabilities and resources in the particular service stream that they offered. The companies internationalised on the strength of these resources and capabilities. However, internationalisation was not sought specifically to acquire additional resources and capabilities for all the companies.

Second, target host countries and mode of internationalisation differed for each company and so did the broader strategic intent across each of the company studied.
Third, strategy and the motivation for internationalisation is driven by the entrepreneurial intent of the owners and senior managers which is reflected in the long-term goals and plans of the company.

Fourth, each of the company was cognizant of the fact that host countries are different from home country and accordingly altered their operational strategies to suit the host country environment through organisational learning.

Finally, external crises do not alter the main internationalisation objectives of the firm other than the directional path.

In sum, each company has its institutional difference depending on the evolution and organisational context emerging due to an evolving and dynamic external environment. Nevertheless, there are certain common themes that have emerged too.

9.8 Chapter Conclusion

In this chapter, individual and cross-case analysis has been presented which brings forth the similarities and the differences between the companies in the data set towards their internationalisation process and experiences.

The next chapter is the discussion chapter that will provide a synopsis of each of the internationalisation factors. It will then proceed to provide a theoretical synthesis thus enabling an extension of the existing theoretical understanding.
10. Discussion

10.1 Introduction
Continuing with the focus of investigating the internationalisation process through the lens of resource-based and dynamic capabilities theory, this thesis has specifically questioned if emerging market firms own resources and capabilities that help them internationalise and if they develop or acquire further resources and dynamic capabilities through the process of internationalisation thus strengthening their competitiveness in international markets.

This chapter summarises the main findings around the five main phenomena associated with company internationalisation (Section 10.2); namely, resources and capabilities, internationalisation mode, brand and logo, host country environment and effects of the financial crisis (external environment) on internationalisation strategies. These five main phenomena have been discussed in depth in the specific company chapters. This was followed by the discussion around the salient features of each of the five companies in the data set with respect to each of the phenomena in the previous cross-analysis chapter (Chapter 9).

As has been mentioned earlier in this study, emerging market multinational companies (EMNEs) are not expected to possess ownership advantages due to technological constraints (Ramamurti, 2012); further EMNEs are expected to differ significantly from DMNCs due to the ideological differences in culture, politics and the institutional environment prevalent in their home market (Buckley et al., 2014). Hence, internationalisation experience of EMNEs is also expected to be vastly different from the internationalisation experience of DMNCs. This study has highlighted such differentiation while also highlighting some similarities that these companies have with regard to the existing theories of internationalisation. Hence, section 10.3 presents a theoretical synthesis with an integration of theory with data evidence. The main themes have been captured from strategic management theory specifically around resources and dynamic capabilities theory and internationalisation theory. Conclusion to this section captures the theoretical contribution from this study.

Finally, section 10.4 provides the chapter conclusion.
10.2 Summary of Main Findings

This section summarises the understanding of internationalisation across the five companies in the data set. Like in chapter 9, the various sub-sections maintain the same chronological order around the main phenomena investigated in the analysis chapters and which are associated with company internationalisation.

10.2.1 Resources and Capabilities

As has been mentioned repeatedly in this study, EMNEs were not expected to possess ownership advantages due to technological constraints (Ramamurti, 2012). This section affirms that the five Indian service sector companies that have been investigated possessed certain resources and capabilities prior to their internationalisation. These capabilities and resources were developed internally and enabled the companies to internationalise successfully. The presence of these resources and capabilities across the five companies are summarised in Table 3. The table also exhibits some of the resources and capabilities that the companies acquired post internationalisation. It can be seen that only the telecom company and both the IT companies acquired additional capabilities and resources to strengthen their competitiveness in various host markets which further enabled them to enter newer markets. This can be tied to the dynamic capabilities model for internationalisation as stated by Luo (2001) wherein it is expressed that ‘dynamic capabilities require a base of established capabilities or resources as well as the ability to efficiently deploy these resources and to continuously create bundles of new resources and knowledge’ (p. 358). Presence of prior knowledge is a firm attribute and tacit knowledge is specific to firms due to none or limited transferability (Grant, 1996 & 1997). All the five companies possessed distinctive resources and capabilities which were then deployed in international markets and then, as per the requirement, additional resources and capabilities were acquired which helped the companies create competitive advantage in the present markets and also enter newer markets with the new resources and capabilities developed. Given the specificity of the services provided by each firm, specific tacit knowledge was one of the biggest resources that these firms possessed.
The development and acquisition of capabilities, especially in the case of the two IT companies, to create a strong competitive advantage in foreign markets conforms the views of Rugman and Verbeke (2004) that companies need to complement home-based FSAs with host-based FSAs through aggregation and arbitrage for success in various foreign markets in different regions. Further, the R&D capabilities of the two IT companies, the ‘minutes factory’ model of the telecom company and the specific aspect of the hospitality services intrinsic to the Indian hospitality culture in the case of the two hotel companies, had VRIN properties.

### 10.2.2 Mode of Internationalisation

Table 4 below summarises the five companies’ internationalisation mode and location choices:

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Resources and Capabilities before Internationalisation</th>
<th>Resources and Capabilities acquired due to Internationalisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airtel</td>
<td>Average Revenue per minute Model where the customer paid per minute used. This was created by outsourcing network planning, mobile towers, call centre support and IT infrastructure. The company has the same outsourcing partner in all the countries that it operates in. Model was developed specifically for developing countries with low teledensity and high population density</td>
<td>Airtel Money to provide competition to Vodafone subsidiary in Africa</td>
</tr>
<tr>
<td>Wipro</td>
<td>Low cost arbitrage due to CSA in the form of English speaking engineers and scientists enabling the company to build technologies at larger scale. Collaborating with MNCs for global brand recognition</td>
<td>Acquisition of small to medium firms in technology verticals that the company was not present in to provide value-added services to existing and acquired clients</td>
</tr>
<tr>
<td>TCS</td>
<td>Experience of servicing MNC companies, low cost arbitrage, Global Network Delivery Model that allows clients to choose sourcing strategy that can be applied at any or all client locations</td>
<td>Acquired additional resources and capabilities through partnerships, JVs and acquisitions that were required for long term competitiveness of the firm, for example the BPO service arm of Citibank, renamed BPS and which is one of the biggest revenue earners for TCS now.</td>
</tr>
<tr>
<td>IHCL</td>
<td>Unique service capability acquired due to the Indian cultural ethos which translated into introducing the butler service in New York</td>
<td>None</td>
</tr>
<tr>
<td>EIHL</td>
<td>Training and development of human resources which was exported to various countries and ability for local adaptability</td>
<td>None</td>
</tr>
</tbody>
</table>

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**Table 3: Resources and Capabilities**

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Resources and Capabilities before Internationalisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airtel</td>
<td>Average Revenue per minute Model where the customer paid per minute used. This was created by outsourcing network planning, mobile towers, call centre support and IT infrastructure. The company has the same outsourcing partner in all the countries that it operates in. Model was developed specifically for developing countries with low teledensity and high population density</td>
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<td>Wipro</td>
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<td>IHCL</td>
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</tr>
<tr>
<td>EIHL</td>
<td>Training and development of human resources which was exported to various countries and ability for local adaptability</td>
</tr>
</tbody>
</table>
From the table, it can be affirmed that different company’s internationalisation and location choices are divergent and dependent upon the company’s strategic intent and inherent capabilities. Within similar services, the management direction and long-term goals affect such choices as has been seen in the case of the two IT companies with Wipro continually seeking acquisitions and TCS investing mainly in organic growth and strategic partnerships. Wipro already had an established presence in the home country and had built partnerships with MNCs to create its brand awareness; hence, the company sought the acquisition as a pre-dominant internationalisation mode in developed markets for an accelerated growth strategy in foreign markets. On the other hand, TCS had a negligible presence in the home market when it first internationalised. The company had worked only with one MNC in India. Therefore, the company was required to set up wholly-owned subsidiaries to attract business and clients and thus slowly build its reputation and brand in foreign markets. In certain difficult countries, due to culture and language barriers, the company pursued the strategic partnership route or JVs.

For the hospitality service companies, while the intent to attract foreign tourists to its properties in the home market is similar, the approaches taken by them are disparate with IHCL seeking only the management contract route after the initial acquisition failures and EIHL preferring the organic route along with seeking the management contract route in overseas markets. For IHCL, the effects of the financial crisis and the terrorist attacks of 2008 were extremely negative and the company divested many of the overseas acquired properties towards an asset-light balance sheet. However, the focus of attracting foreign tourists to its home properties have continued and IHCL continues to pursue its internationalisation objectives through the management contract route. EIHL has always had a mixed approach towards its internationalisation mode. While the company too was affected by the financial crisis and the terrorist attacks in
2008, it has managed to turn around its balance sheet thorough a cautious expansion. It has chosen to be present in very niche markets and keeping in line with its 'luxurious only' brand image seeks JVs in overseas market with green-field projects along with an interest in management contracts too.

Given that only five companies were studied for this thesis, location choice cannot be generalised; however, within these five companies, three have preferred developed markets which is 60 percent of the sample size. This corresponds to India's OFDI figures with sixty percent or more targeted towards developed markets.

10.2.3 Brand and Logo
A strong brand image is a significant feature and a key intangible resource that can prove to be a source of sustainable competitive advantage (Javalgi & Grossman, 2014) which can assist the company in its internationalisation process. The competitive advantages that a company can attain due to a strong brand image are premium prices, customer loyalty and a positive response to new products and services launched (Ghodeshwar, 2008). According to Ghauri et al. (2016), branding capability is an important factor for market driving in foreign markets.

Each of the companies in the data set has strived to create a unique brand identity using campaigns, advertisements, collaborations, charities and other such similar modes. Company logos and taglines are associated with the core values that these companies stand for along with the products and services that they provide. For both Airtel and Wipro, a distinctive, recognisable, global logo was essential as they commenced outward investments. Especially for Wipro, favourable brand recognition was imperative and intrinsic to their internationalisation strategy. Both Airtel and Wipro used global brand management companies to create their present logos. For the two hospitality companies, internationalisation was a means to promote their brand to develop competitive advantage in the home market against international hotel chains by targeting clients in host markets. While TCS uses the logo of its parent company, they have an extensive campaigning programme spread across the globe to promote the company.

10.2.4 Host Country Environment
To be successful in different host markets, each company in this study has adopted various ways to acquire competitive advantage. They have ascertained that home country advantages and product models are not fully replicable outside the home
market; this could be due to a loss of an advantage, which might occur due to the nature of the host market, or the creation of a disadvantage, which could arise again due to the typical nature of the host market, and lack of complementary resources due to the unavailability of the same in the host market (Cuervo-Cazzura et al., 2007). In the case of Airtel and Wipro, this edification has been from non-achievement of the proposed strategic direction of their internationalisation process. Airtel had misjudged the African market, expecting it to have almost similar demographics as India and thus expecting its very successful ‘minutes model’ in India to attain the same success as in the African countries. Similarly, Wipro faced cultural and language issues, in particular regions which compelled the company to hire local managers for increased adaptability and integration of company objectives with the local culture and requirements.

For each of the five companies it can be concluded that localisation has been indispensable in order to flourish in foreign markets. This connects to the dynamic capabilities theory, which states that companies have the ability to change or adapt its resources to suit the changing external environment (Ambrosini & Bowman, 2009). The critical aspect for success and sustained competitive advantage is continuous learning and development of its employees. For home market managers, it is important to sensitise to host market requirements which is attained through self-learning and which differs from country to country (Aharoni et al. 2011). Similarly, for local hiring or acquired managers, it is important to integrate with the company’s vision, mission and global strategic intentions.

10.2.5 Internationalisation Strategy and the Financial Crisis
There was a vast reduction of OFDI from developed markets as an aftermath of the financial crisis. In comparison OFDI from emerging and transition economies increased significantly. Scholars (Krugman, 1998; Aguiar & Gopinath, 2005) have indicated that lower cost valuation of assets may occur as an after effect of a global or regional crisis. Such low-cost valuations of assets may have assisted EMNEs to pursue active acquisitions, especially in developed markets post the financial crisis of 2008-09. However, all sectors and industries are affected during such global crises and the financial global; crises had vastly affected the banking sector and financing from banks had become expensive. How do the EMNEs then finance acquisitions or other overseas investment opportunities in the case they require balance sheet leveraging?
The study of the five companies in the data set demonstrate that they have been disparate when faced with similar crises; nevertheless, their motivations and strategies towards their internationalisation have remained consistent regardless of the dynamic external environment. This is evident from the fact that both Airtel and IHCL made unsolicited bids for established companies in 2008 in light of the lower valuations caused by the financial crisis. However, both were unsuccessful and consequently withdrew their offers. Wipro, while remaining on course in continually expanding into foreign markets, changed the mode of internationalisation from aggressive acquisitions to investment only through the organic mode. For the kind of capability acquisitions that Wipro targeted, companies with such capabilities were not available for sale because of lower valuations due to market conditions which then prevailed while their expected worth was much higher. Companies which were available for acquisition and were in Wipro’s line of business were not attractive targets. This was due to the fact that these companies were already losing sales and clients and, hence, would not have added to any capability advantage that Wipro sought from its acquisitions. However, for TCS lower valuation of an MNC bank subsidiary turned advantageous as they acquired a capability (BPO) which they had lacked. This capability acquisition assisted TCS to acquire additional clients. EIHL continued to maintain its conservative investment outlook and cautious approach to investments whether in India or overseas in line with its managerial vision.

10.3 Theoretical Synthesis
While literature has been considered when analysing the individual companies, this section will recapture key literature in light of the themes and issues arising in individual cases and across cases. The key concepts will first be described and then integrated with the key theoretical aspects. This will then form the basis of the empirical and theoretical contribution presented in detail in this chapter and summarised in the final conclusion chapter (Chapter 11).

10.3.1 Resource Based and Dynamic Capabilities Literature
Firms are unique, having distinctive resources which provide distinctive services (Penrose, 1959). The services provided can either be in the form of physical goods or intangible services. These goods and services are sold to generate profits. Penrose further stated that firms also behave differently in the face of risk and uncertainties and firms will require specific managerial resources to plan for unforeseen occurrences. The global financial crisis of 2008-09 was such an unforeseen event. Firms will continue to use a resource until it is profitable, or may require for an unprofitable resource to be
modified or totally removed. Firms will acquire or develop resources that help them build competencies for sustained competitive advantage (Wernerfelt, 1984; Barney & Clark, 2007). Consequently, for attaining competitive advantage in foreign markets, firms will administer various strategies which could be accessing new resources, transforming exiting resources, acquiring new capabilities and new knowledge and exploiting innovative capabilities (Hitt et al., 1997).

Capability building is an ongoing process which is required by firms to counter unforeseen exogenous factors. Such capabilities can be termed as dynamic capabilities of the firm (Winter, 2003). A dynamic capability is the ability of a firm to manipulate and modify its resources to maintain competitive advantage in dynamic changing external environment (Eisenhardt & Martin, 2000; Rindova & Kotha, 2001). Firms, especially those from emerging markets, may invest overseas to acquire the resources they lack or acquire additional resources complementary to those they already possess (Tan & Meyer, 2010). Such internationalisation strategies could include economies of scale, global sourcing, global innovations and knowledge management, acquiring global customers and risk diversification (Peng & Meyer, 2011). Firms can aggregate operations, adapt to local markets or consider financial arbitrage or a combination of these strategies when adopting internationalisation.

The Uppsala model explains the development of individual firms over time (Vahlne & Johanson, 2013). The earlier versions of the Uppsala model (Johanson & Vahlne, 1977, 2009) indicated that the internationalisation of Swedish manufacturing firms was based on domestic success followed by a cautious approach towards expansion in overseas markets. It was stated that internationalisation happens in stages with additional resources being committed as the company progresses through each stage from being a domestic firm to an international firm. In the process, the firm encounters various experiential learnings that help it to internationalise successfully. In the 2013 version, the authors explicate that the eclectic paradigm (Dunning various) does not explain the organisation and growth of the individual firm, rather it explains the functioning and organisation of the larger economic system. They further state that economic theory is also not suitable for the study of individual firms. Further, that the assumptions on which the internalisation theory is based are unrealistic. The Uppsala model uses the dynamic capabilities theory to interpret the internationalisation of multinational business enterprises (MBE) wherein the competitive advantage of the firms is in the form of dynamic capabilities. Here the concept of the MBE is an attempt to also embrace other
firms rather than the typical manufacturing MNE. Vahlne and Johanson (2013) in revising the Uppsala model assume that products are heterogeneous, there are a multitude of transactions taking place in the market, learning and innovation form a large part of the internationalisation process, there are limited number of actors with primarily dyadic relationships, and firms use networks and that there is uncertainty in the external environment. The main building block of this model is the inter-organisational process which evolves due to learning and experience thus affecting the operations and dynamic capabilities of the firm. The authors state that as per their model, mode of internationalisation loses relevance as does the value of internalisation. Finally, the authors raise the question about the location choice of firms while internationalising stating that for firms does the actual location hold priority or having a partner (network) in a certain location which determines the location choice.

10.3.2 Internationalisation Literature

The size and scope of a firm’s internationalisation is representative of the firm’s strategic direction and growth intent (Hitt et al., 2006). The degree of internationalisation can indicate effective use of resource utilisation, market power or access to new resources and capabilities. Firms go through three stages of internationalisation, namely: early internationalisation (a stage where they face unfamiliarity with the foreign markets); later internationalisation (length of internationalisation during early stages finally results in benefits); and excessive internationalisation (incremental internationalisation in all types of market may lead to reduced profits), (Contractor, 2007).

Firms that internationalise very close to their origination have been termed born-global firms and they are a function of technological advancement and international entrepreneurial orientation (Knight & Cavusgil, 2004). These firms are generally small to medium in size having progenitors with prior international experience of working with DMNCs in foreign markets with a strong international network. These entrepreneurial cum owners of these firms build distinctive capabilities through market, internal and network learning, all of which leads to accelerated internationalisation of these firms (Weerawardana et al., 2007).

Fairly similar to born-global firms is the concept about international new ventures (INVs) which are identified with firms formed through internalisation with pre-existing global networks and alliances and the ability to raise capital through alternative governance structures and emerge due to the unique capabilities of its founders/entrepreneurs in a
technologically developed environment (Oviatt & McDougall, 1994; Rialp et al., 2005). Accessing business history literature, another form of companies that internationalised on conception were the free-standing companies (FSCs). FSCs emerged during the period 1600s to 1800s and existed until after World War II and were mainly British domiciled companies which did not have any domestic presence in the home market and were set up solely to conduct and manage lines of business that operated overseas, mainly in British colonies (Wilkins, 1988). FSCs were markedly different from the modern-day multinationals as the former were set up for the sole purpose of operating in one overseas market whereas MNCs established themselves first in the home countries prior to venturing to several overseas host markets (Wilkin & Schröter, 1998).

The location choice of firms as per Ghemawat (2001) is based on the CAGE framework: Cultural distance, which is language, religion or social norms; Administrative, political or institutional distance; Geographic distance which is inadequate communication, physical remoteness or different climates; and Economic distance which stems from the difference in economic levels of the consumer, lack of information knowledge, and the quality of human resources. Cultural distance as the main measure of psychic distance was an index proposed by Kogut and Singh (1988) and was an accepted norm for locational choice in international business literature (Håkanson & Ambos, 2010). Psychic distance is the perceived distance between home country and host country based on cultural closeness rather than distance. However, in recent times with increased experience of internationalisation, managers have increased investments to culturally distant countries (Buckley et al., 2008); hence the relevance of psychic distance has diminished (Meyer & Thaijongrak, 2012).

10.3.3 Integration of Theory and Data Evidence

Each of the five companies possessed unique resources and capabilities and their response to uncertainty (financial crisis) was also distinct (Penrose, 1959). Airtel using exploitive approach of internationalisation in Africa has been largely unsuccessful as its capabilities have not been fully replicable in the continent. Airtel faces uncertainty around the success of its model in Africa and has sought to sell two of its operations in the African continent as well as to consolidate its towers and operational costs. It can be stated that companies need to combine both exploitive and explorative capabilities for internationalisation success (Prange & Verdier, 2011). Both IT companies face
uncertainties in the US market given the change in government\textsuperscript{31} which has announced they will decrease certain types of visas which will affect the Indian workforce of these companies in USA. TCS and Wipro will be required to adapt and adopt ‘shaping’ strategies, to collaborate with the USA government and its US client to survive conditions where their main model of ‘cost-arbitrage’ could be affected due to the reduction of the work visa for its Indian engineers. On the other hand, EIHL chose to exit countries which they perceived not fitting with the brand image they wished to portray, like in Nepal and Tanzania; or they were not comfortable with the political environment, for example in Iraq and Pakistan. Hence, EIHL chose to exit such countries to survive, which is considered the harsh route. Reeves et al. (2015) state that in an unpredictable business environments, companies need to consider ‘adaptive’ measures which is to continually change in an environment neither predictable nor malleable or ‘shaping’ strategies in an unpredictable but malleable surroundings where firms collaborate and evolve; and then there is the ‘renewal’ approach to strategy which is appropriate in environments like the financial crisis when firms need to take harsh steps for survival.

Airtel developed a capability in its ‘minutes model’ and also acquired the model for building ‘Airtel Money’ that provided them with the ability to compete against competitors in host markets. This conforms to what the authors Wernerfelt (1984) and Barney and Clark (2007) state about firms acquiring or developing resources that help them build competencies for sustained competitive advantage. Similarly, Wipro and TCS also acquired capabilities and resources through acquisitions for sustained competitive advantage in various global host markets which affirms to what Hitt et al. (1997) state about firms accessing new resources or acquiring resources and capabilities for attaining competitive advantage in foreign markets.

For Wipro and TCS, their internationalisation has been towards achieving the targets that they have set for themselves, be it generating revenues or achieving a global position within the IT services sector. Airtel’s internationalisation has been limited to emerging markets based on their pricing model which the company perceived would not function in a developed market given the specificity of the product.

\textsuperscript{31} The new President of USA, Donald Trump’s new policies of ‘America First’ has steered towards the decrease of H-1B visas that Indian IT companies used to acquire for their Indian engineers and scientists (Srivastava, 2017). This policy will restrict Indians workers of the IT companies from traveling to USA which will then force them to hire workers from within USA thus affecting their cost arbitrage model.
TCS acquired the MNC bank BPO and developed capabilities during the financial crisis to take advantage of the banking sector collapse which affirms to the possession of dynamic capabilities that have been attained by continually building on existing capabilities to impede external factors not in the control of the companies (Winter, 2003). Thus, TCS renewed its resources and capabilities in response to a dynamic environment (Ambrosini & Bowman, 2009). Airtel had not factored the regulatory environment across borders while importing infrastructure for its operations. The lead time was almost 3 months compared to 5-7 days within India. This was reduced considerably, by almost one third, due to the efforts of the company to manage the transfer of such equipment across borders within the African continent.

Wipro has used overseas investment to acquire additional capabilities to enhance its suite of product services that ties in with Tan and Meyer’s (2010) postulations about EMNEs using FDI to acquire resources that they deem to lack. Similarly, TCS has also acquired resources thus expanding its capabilities in servicing clients.

Each company studied has appreciated the need to adapt to the host market requirement, whether it be embracing cultural or social needs which are instrumental in surviving in such host markets. This has come about through managerial learning towards building dynamic capability using both exploitive and exploratory learning (Gibson & Birkinshaw, 2004). Such self-learning of managers differs depending on different countries (Ahoroni et al., 2011). TCS and Wipro have both adopted cost arbitrage in service provision in developed markets through CSAs in the form of English-speaking scientists and engineers adept in IT services. TCS has attained aggregation through its global network delivery model. Thus, the ‘AAA’ model (Peng & Meyer, 2011) has been used individually or in combination towards global diversification by these companies.

Górska (2013), Tuzová et al (2015) and Oliveira (2017) have questioned if the Uppsala model explains the internationalisation of SMEs and service sector firms from developing economies. From the evidence of the companies in my data set it can be stated firmly that the Uppsala model does not fully explain the internationalisation of service sector firms. The early internationalisation of TCS without a strong base in the home country or established networks in foreign locations does not fit the Uppsala explanation of Internationalisation. The rapid internationalisation of Wipro and Airtel without networks is also contrary to the cautious approach presumed in the Uppsala model.
internationalisation theory. However, the experiential learning and knowledge adaption due to internationalisation has been experienced by each firm in the data set.

Companies internationalising go through three stages of internationalisation (Contractor, 2007), the first being a stage where they are unfamiliar with the foreign market which holds true for TCS. When TCS first set up an office in USA in 1979, it was aware that the services it provided only would be appreciated in developed markets; however, when it opened its office in New York, it had no clients and it took some time and effort for the company managers to familiarise themselves with the market and win the first contract for the company. The same can be corroborated for Airtel too. Airtel’s experience in Sri Lanka with a Greenfield venture was not productive for the company. The experience in Sri Lanka led to the company adopting an acquisition mode in Bangladesh and Africa. However, Airtel has still not managed to reach the second stage of internationalisation which results in benefits for the firm; for Airtel with its continued losses in Africa, it can be stated that the company has moved directly to the third stage of internationalisation as per Contractor’s (2007) three stages of internationalisation. The third stage of internationalisation does not conform to TCS or Wipro as these two companies continue to expand their presence in overseas markets and have managed to sustain their competitive advantage while continuing to make profits. For both TCS and Wipro, the bulk of their revenues are earned from their overseas operations. For IHCL and EIHL, their internationalisation process has been limited and focussed and, hence, can be rendered to be somewhere in between the first and the second stage of internationalisation as per Contractor’s (2007) stages of internationalisation.

Accelerated internationalisation has been associated with born global firms which are small to medium in size (Knight & Cavusgil, 2004; Weerawardana, 2007). This association does not correspond with Wipro’s accelerated internationalisation. Wipro was already a large company with a strong presence in its home market. The company had also listed on the NYSE just around the same time that it made its first overseas investment.

Another phenomenon of born global firms is that these firms do not wait to reach a stage of maturity before they invest overseas and have global intentions at the advent due to entrepreneurial global aspirations (Cavusgil & Knight, 2015). However, in the case of TCS, this does not hold true as it was not an entrepreneurial structure. The managers of TCS who had taken the decision for TCS’s first international venture did not have prior
multinational work experience. TCS was either their first job or they were from other companies within the parent group. TCS does not fall within the ambit of international new ventures (INVs) either as was defined by Oviatt and McDougall (1994) or Rialp (2005). This was due to the fact that TCS was not set up through pre-existing global networks or alliances. My study also shows that TCS does not conform to an earlier form of multinationals known as the Free-Standing Company (FSC). Wilkins (1998) was instrumental in identifying FSCs which were set-up only to operate in single overseas countries and had no domestic presence.

Thus, from my study it is explicit that TCS’s internationalisation and Wipro’s accelerated internationalisation was unique and does not fit the standard explanation present in the literature. Hence, the definition of internationalisation requires to be extended to accommodate the initial internationalisation phase of TCS and Wipro’s accelerated internationalisation.

As mentioned above, psychic distance is the perceived distance and measures the cultural closeness between two countries. It has been stated in literature that EMNEs seek internationalisation in countries where the perceived distance is low. For Airtel, this holds true as all the foreign markets that it sought were perceived to be similar in demography to the home country. However, the company has not achieved the success in Africa that it had expected and continues to struggle in the continent. This evidences that the company did not account for the considerable cultural differences between Africa and India. For example, any money saved on telecom calls were used for other purposes rather than for making additional calls as was the case in India. This was due to economic conditions in Africa being worse than in India.

Perceived psychic distance also does not justify Wipro and TCS seeking developed markets like USA and UK for their initial internationalisation. Other than the common language spoken, there were no similarities with those English-speaking developed countries. Further, for the European developed markets like Germany and France, the language spoken was also different. Hence, it can be stated that psychic distance was not relevant for these companies. This conforms with Meyer and Thaj Jongrak’s (2012) statement that the relevance of psychic distance has decreased with increased managerial learning and informed decision making around location choice (Buckley et al., 2008). The network-based model of Uppsala theory (Vahlne & Johanson, 2013) also states that psychic distance is irrelevant as a source of uncertainty. In the case of TCS
it can be ascertained that psychic distance was never relevant as it only sought developed markets in the initial stages due to the specificity of the IT services that it could provide during that time.

My study has shown that the five companies in the data set are present in countries which are culturally different from the home country, India. TCS, Wipro and IHCL have actively sought developed markets especially those of the USA, UK and European countries which are economically superior. Geographic distance has been immaterial for each of the five companies. This implies that the five companies have managed administrative distance too. This has been achieved by hiring local talent in management positions in the foreign markets. Hence, it can be stated that for the Indian companies in the data set, locational choice using the CAGE framework (Ghemawat, 2001) does not hold true.

Internationalisation objectives for IHCL and EIHL were similar, which was the need to attract foreign tourists and business travellers to their properties in the home market. Hence, their scale of internationalisation has been limited to source markets and popular tourist destinations. This is in accordance with what Hitt et al (2006) have stated, that the size and scope of a firm’s internationalisation is representative of the firm’s strategic direction and growth intent.

A summary of the theoretical synthesis is provided in Table 5 below.
<table>
<thead>
<tr>
<th>Theory</th>
<th>Airtel</th>
<th>Wipro</th>
<th>TCS</th>
<th>IHCL</th>
<th>EIHLP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Penrose, 1959</td>
<td>Firms have distinctive resources; firms react heterogeneously to external uncertainties; Unique distinctive Service Uncertainty in the external environment did not effect internationalisation strategy. Exploitative strategies</td>
<td>Unique distinctive Service Uncertainty in the external environment only affected mode of internationalisation. Shaping strategies to face uncertainty in USA</td>
<td>Unique distinctive Service Uncertainty in the external environment was exploited to increase international business. Shaping strategies to face uncertainty in USA</td>
<td>Unique distinctive Service Uncertainty in the external environment affected internationalisation strategy. Political reasons led to harsh action</td>
<td>Unique distinctive Service Uncertainty in the external environment affected internationalisation strategy. Political reasons led to harsh action</td>
</tr>
<tr>
<td>Wernerfelt, 1984; Barney &amp; Clark, 2007; Hitt et al., 1997</td>
<td>Acquire or develop or transform resources &amp; capabilities for sustained competitive advantage</td>
<td>Developed &quot;minutes model&quot; capability</td>
<td>Acquiring capabilities through rapid international acquisitions</td>
<td>Developed localised hospitality</td>
<td>Developed localised hospitality</td>
</tr>
<tr>
<td>Winter, 2002; Eisenhardt &amp; Martin, 2000; Rindova &amp; Kotha, 2011; Tom &amp; Meyer, 2010</td>
<td>Capability building is a continuous process that helps a firm maintain competitive advantage in a dynamic external environment which may at times require acquiring additional resources</td>
<td>Developing localised solution to counter the regulatory issues of import across country borders in Africa</td>
<td>Capability acquisition for enhancing product suite towards client stickiness</td>
<td>Acquiring BPO services to take advantage of the banking sector collapse post the financial crisis</td>
<td>Hiring local resources for a localised hospitality service</td>
</tr>
<tr>
<td>Grant, 1996, 1997</td>
<td>Tacit knowledge is principal resource</td>
<td>Minutes Model</td>
<td>Intellectual property capabilities</td>
<td>Butler Services Training</td>
<td>Localised Innovative service and training</td>
</tr>
<tr>
<td>Uppasalie Model, 1977, 2009, 2013</td>
<td>Internationalisation is approached cautiously and is preceded with domestic success and exports. Networking and experiential learning is imperative for internationalisation</td>
<td>Quick internationalisation rather than in a phased manner</td>
<td>Accelerated internationalisation rather than phased internationalisation</td>
<td>Limited and focused Internationalisation</td>
<td>Limited and focused Internationalisation</td>
</tr>
<tr>
<td>Contractor, 2007</td>
<td>Three stages of Internationalisation</td>
<td>Has jumped from stage I to stage III</td>
<td>Post innumerable acquisitions and presence across the globe, the company continues to remain in stage II with majority of revenues from international markets</td>
<td>Almost 40 years in international markets, continues to remain in stage II with majority of revenues from international markets</td>
<td>Internationalisation is between stages I and II</td>
</tr>
<tr>
<td>Knight &amp; Kenigs, 2004; Worely &amp; Worely et al., 2007</td>
<td>Born Global firms built on technological advancement, entrepreneurial orientation, international networks leading to distinctive capability building resulting in accelerated internationalisation</td>
<td>Had a successful domestic market with highest number of subscribers. Company quickly moved to almost 17 different countries within a very short span of time</td>
<td>Had a successful domestic market and was a large firm which adopted accelerated internationalisation</td>
<td>Not an entrepreneurial structure with no networks and established capability</td>
<td>--</td>
</tr>
<tr>
<td>Oviatt &amp; McDougall, 1994; Radj et al., 2005; Wilkins, 1988; Wilkins &amp; Schröder, 1998</td>
<td>International New Ventures similar to Born Global; Free Standing Companies incorporated with no domestic presence &amp; especially for conducting business in one foreign market</td>
<td>--</td>
<td>With an established parent in the domestic market and multiple operations around the world it does not fall into the category of INVs or FSGs</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Koquil &amp; Singh, 1968; Mihkaeslon &amp; Ambos, 2010</td>
<td>Psychic Distance which on the basis of cultural and or economic closeness and distance indicates that emerging market companies will seek other emerging markets during Internationalisation initiation phase CAGE framework</td>
<td>While emerging markets was selected given the specificity of the product, Africa was far removed from India with respect to culture, language and economic conditions Physically distant</td>
<td>Perceived psychic distance does not hold as the company internationalised first to developed markets Physically distant</td>
<td>Perceived psychic distance does not hold as the company's initial internationalisation was towards developed markets Physically distant</td>
<td>Actively sought developed markets Emerging markets sought in accordance to strategic intent of developing brand by targeting tourist destinations</td>
</tr>
<tr>
<td>Ghemawat, 2001</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Hitt et al., 2006</td>
<td>Size &amp; scope of the internationalisation depend upon the firm's strategic direction</td>
<td>Intent and scope large with success but not fully successful</td>
<td>Intent and scope large with success achieved in international markets</td>
<td>Intent and scope large with success achieved in international markets</td>
<td>Limited internationalisation focused on brand building</td>
</tr>
</tbody>
</table>

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From this section, it can be stated that the resource-based and dynamic capabilities theories within the strategic management literature are imperative towards the theoretical analysis. Possession of resources and capabilities, managerial and organisational learning, adaptation to host markets, exploitive and explorative capabilities, and location choices can be appraised in strategic management terms. Further, the two IT companies, TCS and Wipro are pursuing global strategies while Airtel is pursuing an international regional strategy and the two hospitality services companies, IHCL and EIHL are pursuing a limited internationalisation strategy. Psychic distance does not hold relevance for location choices for either of the companies. The internationalisation process of both Wipro and TCS is unique and does not fit the textbook internationalisation explanations of these firms and, hence, there is a need to extend the internationalisation definition of firms.

10.3.4 Contribution – Towards a New understanding of EMNE Internationalisation

While the contribution has been reaffirmed in the final concluding Chapter (Chapter 11), this section emphasises the main differences in internationalisation of the companies in the data set with reference to the literature discussed in the previous section (Section 10.3.3).

This study has extended the theoretical understanding behind the concept of multinational companies as well as the accelerated internationalisation concept associated with born-global firms. It further discusses whether the firms possess or lack ownership advantages, as there is discussion in international business literature of the plausible lack of such ownership advantages within emerging market firms and one of the significant reasons for internationalisation is to acquire such advantages.

The concept of psychic distance does not articulate the locational choices of the firms investigated. Emerging market companies are not similar in nature or culture, with different languages, religion, social norms and economic conditions. Hence, the psychic distance concept based on cultural proximity needs revisiting or removing completely to study international location choice of firms. Similarly, the three stages of internationalisation also do not fully hold for the five companies in the data set with the two IT companies remaining in the second stage despite increased internationalisation. The telecom company moving straight to the third stage from stage one and the
hospitality companies due to their limited internationalisation in between stages one and two. Therefore, this concept also needs re-articulation.

The early internationalisation of TCS does not fit into the given definition of born-global firms, neither does it fit into the explanation of early ventures like INVs and FSCs. Hence, the early internationalisation of TCS without any domestic presence with a high HQ investment and with managers who had not worked for other multinational companies and in an environment, that was not technologically very advanced expands the definition of the conception of multinational companies.

Wipro and Airtel’s internationalisation can be termed as ‘accelerated internationalisation’ with a spate of acquisitions in a short space of time. However, unlike born global firms which are associated with the concept of accelerated internationalisation, both Wipro and Airtel were large firms with an established presence in their domestic market. The companies had collaborated with DMNCs to create and increase the awareness of their brand. Acquisitions by TCS and Wipro were sought for capability development which is also antithetical to the internalisation concept as these capabilities increased the product suite of both the companies and were not aimed towards intermediate products (Coase, 1937) as has been seen in the case of manufacturing companies.

Given the conclusion as demonstrated above, this thesis now proposes a new developmental concept called the ‘Fast Capability Acquisition Model’ or FCAM. This concept relates to large emerging market service companies with an established presence in the domestic market. These companies have a desire to quickly establish themselves in foreign locations which is mainly attained through setting up Greenfield ventures, Joint ventures and partnerships or through capability and resource acquisitions. It is important to note here that these companies wanted to establish themselves overseas and also venture overseas to acquire capabilities and resources which were otherwise not available in the domestic market.

The building block for the FCAM model is anchored on the missing links in the existing theories which do not fully explain the internationalisation of the service companies that have been investigated in this study. While this has been already been discussed above, the same is further explained with the help of Table 6.
Table 6: FCAM Building Block

<table>
<thead>
<tr>
<th>Theory Set</th>
<th>Common Attributes</th>
<th>Missing Link</th>
<th>Internal Factors</th>
<th>External Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Born-GLOBAL</td>
<td>Entrepreneurial Orientation</td>
<td>Established domestic presence (Airtel &amp; Wipro)</td>
<td>Airtel’s very successful ‘minutes factory’ model and entrepreneurial capabilities</td>
<td>Domestic Market Saturation in the case of Airtel</td>
</tr>
<tr>
<td></td>
<td>Accelerated Internationalisation</td>
<td>Limited or no Network (Airtel &amp; TCS)</td>
<td>Wipro’s cost arbitrage services based on CSAs and F5As and entrepreneurial</td>
<td>Competition from DMNIs in the domestic market</td>
</tr>
<tr>
<td></td>
<td>Technological Advancement</td>
<td></td>
<td>capabilities</td>
<td></td>
</tr>
<tr>
<td>INV/FSC</td>
<td>No domestic presence</td>
<td>Established parent with a high degree of investment from head-office (TCS)</td>
<td>Initial cost arbitrage advantage which was further advanced by TCS by collaborating with educational institutes for furthering IT and computer science studies</td>
<td>Specificity of the service for which negligible demand in the domestic market</td>
</tr>
<tr>
<td>Stage Theory</td>
<td>Domestic Success</td>
<td>No domestic presence (TCS)</td>
<td>Presence of capability to create personalised software</td>
<td>Institutional incapacity in the home country</td>
</tr>
<tr>
<td></td>
<td>Accelerated Internationalisation</td>
<td>Accelerated Internationalisation rather than in a phased manner (Airtel &amp; Wipro)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internalisation</td>
<td>Knowledge flow using R&amp;D</td>
<td>Capability acquisition by TCS and Wipro without cost benefit and more towards increase in product suite but not complementary to existing products (as was the case in production companies)</td>
<td>Absence of certain capabilities necessary for increased competitive advantage in international markets. These were not production facilities but intellectual property that was required to increase product suite available to clients</td>
<td>To provide competition to DMNIs present in the international markets</td>
</tr>
</tbody>
</table>

As is evident from the FCAM building block table, there are specific missing elements in the theory sets that do not explain the internationalisation of the five firms in this study in totality. However, there are attributes of these theory sets to which the internationalisation of the firms in the data set do conform to. Each of the five companies have demonstrated entrepreneurial orientation and the two IT companies and the telecom company have embraced accelerated internationalisation using technological advancement which is atypical of born global firms. Further, TCS internationalised on
the very onset of its inception, in line with the earlier INVs and FCS. Both Airtel and Wipro were well established in the domestic market before they ventured overseas, which is pursuant to the stages model. Finally, using R&D towards knowledge flow as an internalisation tool in international markets by the two IT companies, is in consonance with the internalisation theory. Notwithstanding the common attributes, there are certain missing links in these theory sets on the basis of which this study introduces a new concept, namely the FCAM model, to explain the internationalisation of emerging market service sector firms.

The FCAM model has been conceptualised on the basis of accelerated internationalisation to acquire intellectual property capabilities and market penetration, which has been achieved for establishing an international presence quickly rather than in a phased manner.

The entrepreneurial capabilities apparent in all the firms are not specific to small firms but, as has been demonstrated in this study, are also found in large firms. Other specific internal factors can be attributed to cost arbitrage capabilities created due to FSAs and CSAs (that have been explained in detail in the empirical chapters). The presence of such capabilities assists these firms to adapt to client needs with the quick provision of customised services. This has been a unique factor that can be credited to Indian IT sector firms. The unique model created by Airtel as a response to the particular demography of India is also characteristic of market adaptation.

External factors like domestic market saturation (for the telecom company) and competition from DMNCs due to market liberalisation leading to internationalisation were also idiosyncratic to the Indian market. In addition to this, a limited demand for certain services due to institutional incapacity leading to accelerated internationalisation despite a large domestic presence for some of the companies, is a distinctive feature too.

Brand awareness specifically to provide competition in the domestic market by the hospitality companies is also particular to the two Indian companies.

Further, the accelerated internationalisation with the intent to acquire intellectual property capabilities not leading to internalisation is also a particular feature of the IT companies.
The FCAM model is an explanatory model and not a causal model. With the help of the FCAM model, specific firm behaviour towards their internationalisation has been explained. Further, this model has helped conceptualise internationalisation behaviour of only the five firms that have been studied in this thesis. It is possible that such a conceptualisation may apply to other firms but to confirm the same is beyond the scope of this study and forms the basis for future studies.

10.4 Chapter Conclusion
In this chapter summary of findings around resources and capabilities, mode of internationalisation, branding strategies, response to different host markets and effects of the financial crisis on internationalisation process was discussed. This was followed by a theoretical synthesis to compare and contrast the five companies in terms of some key theories derived from key literature on resource-based and dynamic capabilities theory and internationalisation literature.

In the next chapter, which is the final chapter of this thesis, conclusion of this study will be provided by answering the research questions along with articulating the contribution of the study, implications of the study and opportunities for future research.
11. Conclusion

11.1 Introduction
The purpose of this chapter is to present the final conclusion of this thesis by presenting the main findings and contribution to knowledge. Specifically reflecting how this study achieves the objective of understanding the strategic motivations behind Indian services sector firms’ internationalisation processes within the framework of dynamic capabilities and the resources-based approach and effects of the dynamic environment on the process of internationalisation.

This chapter considers the analytical chapters and the cross-case analysis to answer the research questions and concludes the main research question that was raised in Chapter 1. The empirical and theoretical contributions are then presented followed by the limitations. Agenda for future research concludes this chapter.

11.2 Conclusion to the Research Questions
The aim of this section is to summarise the main findings of this thesis based on the five research questions first, which will then be followed by concluding the main overarching research question in the next section (Section 10.3). Summaries from the analysis chapters (Chapters 4-8) will be referred to including the findings from the same as it delimits what the study has found while analysing the five companies and, hence, concludes the research questions. Each of the five research questions were further broken into specific questions (as presented in Chapter 2) and those will also be answered within each of the sub-sections below.

It should be noted here that it was the aim to address each of the research questions within the analysis chapters, answers to each of them have not been exclusively examined within the same. This section addresses each of the research questions.

11.2.1 Research Question 1:

Why do Indian companies internationalise and what is the favoured entry mode for outward investment and the reasons behind the same?

From the analysis of the five service sector companies, it can be stated that the motivations for internationalisation for Indian companies are disparate in nature. The
external dynamic environment, in the form of market liberalisation in India along with the entrepreneurial activities of the firm, has been the dominant factor for internationalisation of these firms. The new Uppsala Internationalisation Process Model captures the aspect of such entrepreneurial activities towards internationalisation motivations of firms (Johanson & Vahlne, 2006, 2009).

Common elements of the internationalisation motivations included a focus on growth through internationalisation and the need for sustained competitive advantage in the face of increasing competition in the home market from the advent of multinational companies. With liberalisation leading to inbound FDI, companies in emerging economies were exposed to MNCs and were faced with competition in their home market which helped them look outward themselves and thus become MNEs in turn (Daniels et al., 2007).

Internationalisation motives have been divergent as has been evidently determined in this thesis. The need to acquire clients for the specific services provided and hence market seeking in the initial phase of internationalisation was a factor for one of the IT companies. The expanse of the internationalisation for both the IT companies stand in contrast to the purposeful international strategy and the more limited strategies of the other three companies in the data-set.

To answer the more specific question if internationalisation as a means for Indian firms to catch up with more established players, it can be confirmed for the two IT service companies. Individual goals established for the firms in terms of achieving specific global position within the sector and revenues earned, can be confirmed for the two IT companies and hence, the need to catch up with the more established players in their field. Acquisition and Greenfield mode in developed countries as a tool was used to pursue rapid internationalisation (Tsai & Eisingerich, 2010). This was not the case for the hospitality companies nor for the telecom company as the latter was already an established telecom services player by number of subscribers, mainly due to the large Indian population (1.3 billion); therefore, the internationalisation motive was the saturation in the home market and the need to continue to achieve growth.

Addressing the question about the type of overseas investment that Indian firms favour, it can be stated that acquisition as a mode of internationalisation has been dominant. Acquisitions require high obligation and are a risky proposition which EMNEs prefer for
accelerated internationalisation (Meyer & Thajongrak, 2013). However, it has also been determined that associated fixed costs in hospitality services prompted the companies in that specific service sector to seek management contracts as modes of internationalisation. Whereas, organic growth mode in international markets has also been evidenced. Thus, this thesis demonstrates the need to qualitatively analyse companies to understand internationalisation motives as it has been evidenced that companies do not follow similar investment modes.

Global strategies depend on capturing economies of scale, thus leading to globalisation based on standardisation of products: multi-domestic companies treat each market separately adapting to local requirements as they go with high degree of autonomy granted to the subsidiaries (Harzing, 2002). The other differentiation between global companies and multi-domestic companies lies in the exploitation of FSAs and CSAs (Rugman & Verbeke, 2004). Global companies use cost efficiency (Bartlett & Ghoshal, 1989) and hence prefer Greenfield internationalisation. Multi-domestic companies prefer to acquire in local markets to adapt to local circumstances (Harzing, 2002). However, this conclusion was reached through the study of manufacturing companies.

In the case of the IT companies studied for this thesis it was observed that they have used CSAs to generate FSAs and have used economies of scale to create cost arbitrage but have also locally adapted with decentralised subsidiaries with centralised objectives. However, one company has preferred Greenfield while the other, acquisitions. Hence, internationalisation theories based on manufacturing companies cannot be adapted to service companies.

Thus, it can be concluded that global corporate strategies are inherent to a company and any two companies with the same motivation can chose totally divergent paths towards their internationalisation.

11.2.2 Research Question 2

Whether Indian MNEs that invest overseas possess home-grown capabilities and are they able to transfer the same to overseas markets?

The objective of this question is to understand, first, if Indian firms believe that they lack strategic assets which may help them to compete in international market and the home
market and, second, if the companies then seek internationalisation as a means of acquiring such assets as it is has been stated that EMNEs invest overseas to acquire strategic assets as they are not endowed with dominant firm advantages (Ramamurti, 2013, Cuervo-Cazurro & Ramamurti, 2014).

From the analysis chapters, it is evident that all the five service companies possessed specific resources and capabilities which facilitated their individual internationalisation strategies. Hence, it can be stated that the companies were confident about their abilities to survive in foreign markets based on their home-grown capabilities.

The resource based view states that companies develop competitive advantage based on the strengths of its resources which could be acquired or developed (Wernerfelt, 1984; Barney & Clark, 2007). This has been corroborated in this thesis with the companies acquiring additional capabilities and resources to substantiate and consolidate their position in their chosen host markets. Further, there is evidence that companies had the ability to internationalise even during a restrictive foreign policy regime in India which is then indicative of assured capability capacity to attain appreciable competitive advantage in host markets. While, the dynamics of the home country environment was a catalyst for internationalisation strategies, it has been determined that the initial internationalisation was based on the strength of home-grown capabilities.

The IT companies have invested heavily in R&D, thus continually building on their existing capabilities which is congruent to firms attaining internationalisation success; not only through acquisitions but also through building and developing in-house capabilities and advantages (Rugman & Verbeke, 2004).

Thus, in summation it can be validated that the Indian firms in this study did not lack strategic assets which might have impeded their internationalisation strategies. However, these companies were not satisfied in competing in international markets only on the basis of home grown capabilities and resources but were willing to acquire additional resources and capabilities to continually bolster their competitive advantage.
11.2.3 Research Question 3

Do Indian companies in the data set require building capabilities that suit host markets or are they able to transform existing capabilities to meet the needs of different host markets?

Building on the previous section, it has already been substantiated that these companies were already in possession of certain resources and capabilities which assisted these companies to internationalise thus refuting the notion that companies from emerging markets may not be endowed with strategic internal resources.

In relation to the sub-question (Chapter 2) on the type of properties that these resources had, it has been revealed that, given the dissimilar services that these companies provide, properties of the existing resources were also dissimilar.

While the low-cost arbitrage international strategies of the IT companies are not inimitable (Lewin & Peeters, 2006), the innovation technologies, unique R&D capabilities and the patents that the companies maintain can posit to hold VRIN properties (Storchevoi, 2015).

The unique ability of the telecom firm to outsource its capital expenditure thus reducing pricing for the end user is indicative of dynamic capabilities. However, such a low pricing model is not inimitable, neither is it non-substitutable but the ability for a company to implement the model successfully to achieve a formidable position in the telecom services industry is its rare capability. This innovative model has also been adopted by developed market companies and is a corroboration of the fact that EMNEs have the ability to contribute to innovations rather than only borrowing innovations and can be referred to as reverse innovation (Govindarajan & Ramamurti, 2016).

For hotel services companies, their human capital is their biggest resource base which provides them with unique service capabilities. Human capital specific to one activity may not be rare or create value; however, totality of coordinated activities among human resources in varying sequences moving towards creating a boutique of hospitality services for the client can be both inimitable and non-substitutable (Ferrary & Mozgovaya, 2014). Industry focussed skills make such human capital rare and extensive training and development of staff for creating industry-focussed skills further add value.
to such human capital. Hence, it can be confirmed that both the hospitality companies possessed resources with VRIN properties.

Another sub-question to RQ3 is to understand if the five companies need to continually make changes or supplement the resources and capabilities that they possess. The explanation provided in RQ2 can be extended to respond to this. The companies in the data set, especially the IT and the telecom companies were continually developing, acquiring, changing and supplementing their existing resources and capabilities towards sustained competitive advantage which confirms to Rugman and Verbeke’s (2004) view that companies are required to continually enhance their FSAs through aggregation and arbitrage.

The final sub-question involves comprehending if a dynamic environment necessitates creation, integration, recombining of new resources while entirely releasing existing resources. Dynamic capability of a firm establishes the ability of a firm to redefine its resources to adapt to a dynamic environment (Ambrosini & Bowman, 2009). This is a reflection of the resource based view (Teece et al., 1990).

From the experience of analysing the five companies, it can be confirmed that none of them have totally released any existing resources. However, some companies have exited from certain markets. Reasons thereof on the one hand have been that such markets did not add any value to the long-term objectives and on the other the political environment has also caused such exit. The failure to totally comprehend the host market has also been the cause for exit and a possible merger as has been seen in the case of the telecom company. This has been further accentuated by a change in the dynamics of the domestic market arising from a price war initiated by another Indian conglomerate.

Technology is continually changing and so is the business landscape. The IT companies launched certain services post liberalisation due to the fast pace of infrastructure growth in the domestic market. These services were then extended to global infrastructure companies which is demonstrative of dynamic capabilities. As mentioned earlier, a cost arbitrage model in not inimitable and hence the IT companies have strived to provide a variety of services towards client efficiency and benefit. Aggregation (Ghemawat, 2007) in addition to arbitrage as a competitive tool has been used efficiently by the IT
companies to become one of the largest and well recognised companies in that sector globally.

Thus, from the above it can be established that these Indian companies internationalised based on their home-grown capabilities and resources which did have a combination of VRIN properties. For sustained competitive advantage and growth, the companies did adapt to host markets and client requirements by continually investing in innovation, R&D and new product development for enhanced client servicing and experience. However, they did not hesitate to exit markets that were not compatible with their long-term strategies and goals.

11.2.4 Research Question 4

If the Indian companies in the data set, follow divergent internationalisation strategies depending upon the host country?

The first sub-question of RQ4 asks ‘how Indian firms manage diverse host-country advantages which may differ from home-country advantages?’.

Internationalisation has its benefits, nonetheless, firms can face a myriad of issues during the actual process of internationalisation. From a resource based perspective, reaching a position of advantage based on home-market resources and capabilities may not always be successful (Cuervo-Cazurra et al., 2007). Each host market has been different demographically with divergent culture, language, regulatory environment and infrastructure. The main response of each company has been to locally adapt as per the requirement of the host nation which has been achieved through adopting resource-based strategies (Wernerfelt, 1995) and decision making through self-learning of the managers (Aharoni et al., 2011). Retention of employees through transparent communication, training and development and financial incentives was another strategy employed by the companies in the various host markets. Another common aspect among the companies studied was having a balance of managers both from the host markets and the home market to align the host country requirements with the headquarter long-term goals and objectives.
The second sub-question of RQ4 about achieving the same degree of success as the home market in absence of home-country advantages provides diverse response among the companies.

Neither of the IT companies have divested in any host country that they have invested in and while they acknowledge that each host market may not achieve the same level of success, both the company’s major revenues come from foreign markets, which indicates that they have been far more successful in international markets than the home market. For the telecom company, success in another emerging market, home to its largest outward investment, has not been as the company had expected. The company has already divested two of its operations in that market and planning a merger in another Asian country. The hospitality companies too have divested stake in countries not meeting the objective of their internationalisation strategies.

In terms of the third sub-section, if Indian firms can replicate a favourable business outcome from one host market to another, the companies were explicit in their response of the awareness of their understanding that each host market will be different and the handling of the diverse needs of each host market will also require distinct strategy within the overall internationalisation objective of the company. Managers may become presumptuous in the process of transferring existing knowledge from home market expansion to host market expansion leading to failure in international markets (Thomas et al., 2007). This can then discourage such firms from further expansion to international markets. Hence, it is imperative for firms to accurately utilise existing knowledge for internationalisation especially for firms from emerging markets. As Contractor (2013) has stated, companies which are in the process of internationalising will benefit from the knowledge of administrating different approaches to different host markets.

Hence, it can be concluded that different companies follow different strategies in different host markets and such knowledge is anticipated or appropriated through learnings of the managers.

11.2.5 Research Question 5

Does the external environment affect internationalisation strategies in any way and if yes, then how; and if not, then why?
For RQ5, the global financial crisis has been used as the reference point and the companies were asked if the same had affected their internationalisation strategies and the action that the companies required to counter any negative effects of the crisis.

Sauvant et al. (2009) questioned if the flow of FDI may experience a major drop post the financial crisis, specially from emerging countries in Asia (Hill & Jongwanich, 2009). However, there was another view that lower asset prices may actually create opportunities for cash-rich EMNEs to actively acquire in developed markets.

As has been consistently seen in this study, each of the company has responded contrastingly to different situations. This has also been observed in the various ways in which the companies have responded to the global financial crisis. However, there has been a commonality wherein none of the companies studied entirely put on hold their internationalisation plans due to the effects of the global financial crisis. Three of the companies adopted an aggressive internationalisation stance. For the telecom company, outward investments commenced only post the crisis. The IT companies used the financial sector meltdown to provide services required for a stricter regulatory environment that became essential as an aftermath of the crisis. The only significant change noticed in one of the IT companies as an effect of the crisis for a few years was the change in its investment mode from a more aggressive acquisition strategy to a somewhat conservative organic growth. For the hospitality service companies too, as they were in the luxury sector, the effect of the crisis was largely reduced for them.

In sum, it can be confirmed that these companies were resilient to the effects of the financial global crisis and their growth objective through internationalisation remained mainly intact.

11.3 Conclusion to the Main Research Question

The overarching research problem of this study was as follows:

If firms from emerging markets own resources and capabilities that help them internationalise, if they develop or acquire further resources and dynamic capabilities through internationalisation, and to what extent does the external environment affect the internationalisation motives of these companies?
This study has revealed that the company’s possession of home-grown capabilities and resources have enabled their respective internationalisation. The motivation lay in the increasing competitive landscape of the home country and the specificity of the services offered coupled with the entrepreneurial intent of the owners and senior managers motivated such internationalisation. An external crisis like the global financial crisis did not affect the overall internationalisation strategic directions of these firms.

It can be concluded that each company’s historical evolution or organisational context are divergent. The heterogeneity has evolved due to a dynamic external environment which has assisted in each of the company’s development of home-grown resources and capabilities for providing the distinctive services that they offer. The IT companies are already global leaders in their IT vertical. While the telecom company is struggling, it is in the top three by subscribers in its telecom vertical. The hospitality companies with their focussed internationalisation remain at the luxury end in their hospitality vertical.

11.4 Contribution of the Study
This research work contributes to a finite understanding of Indian firms in the services sector and their strategic motivation towards internationalisation. This section details the expected contribution.

11.4.1 Empirical Contribution
This study provides a contribution towards the field of knowledge.

First, the process of internationalisation has been studied using the dynamics capabilities and the resources based view. Thus, establishing the fact that emerging market companies can possess home-grown resources and capabilities and that they do not internationalise specifically to acquire such resources and capabilities. Hence, this study refutes the notion that emerging market firms lack ownership advantages and that they internationalise mainly to acquire such advantages.

Second, this study contributes to the expanding literature on understanding emerging market multinational companies. Specifically, to the very limited literature that is present on Indian multinational companies. As this study used elite interviewing sources to gather data around the understanding of the strategic motives, it has considerably more significance than current literature on India which is largely based on secondary data.
including government reports and company-published records, and remains descriptive in nature with emphasis on trends and pattern of Indian overseas investment.

Third, each of the companies’ approaches to internationalisation is heterogeneous in nature. This then contributes to the understanding that generalisation is not an added advantage for studying organisation decision making process. Qualitative studies thus bring out the unique characteristics that determine the strategies and motives behind company decisions; here it was internationalisation motives.

11.4.2 Theoretical Contribution
This study also provides a theoretical contribution by extending the understanding of the conception of multinational companies and the accelerated internationalisation concept associated with born-global firms.

The given definition of born-global firms states that such firms are entrepreneurial in nature with global managers. These firms do not wait to reach a stage of maturity to internationalise with sights set on international markets right from their inception (Knight & Cavusgil, 2004; Weerawardena et al., 2007; Singal & Jain, 2012 quoting Rennie, 1993). The concept of born global is ingrained in three interrelated attributes - new market conditions, technological advancement and capabilities of the managers (Nummela et al., 2004 quoting Madsen & Servais, 1997). However, this thesis has revealed that this is not entirely demonstrative of all such firms which internationalise at the inception with no global managers or advanced technology. It has been a case of specific services being provided with negligible domestic market demand, which then has led the company to seek an international developed market. Thus, this thesis seeks to extend the definition of born-global firms.

Similar to the concept of born-global firms, international business literature has also discussed about international new ventures (INV) which are theoretically similar to born-global firms. INV organisations are formed through internalisation with pre-existing global networks and alliances and the ability to raise capital through alternative governance structures and emerge due to the unique capabilities of its founders/entrepreneurs in a technologically developed environment (Oviatt & McDougall, 1994; Rialp et al., 2005).
Another form of international company discussed in business history literature is the free-standing companies (FSC) which emerged during the period 1600s to 1800s and existed until after the Second World War. FSCs were markedly different from the modern-day multinationals as the former were set up for the sole purpose of operating in one overseas market whereas MNCs established themselves first in the home countries prior to venturing to several overseas host markets (Wilkin & Schröter, 1998).

As evidenced in chapter 6, companies can internationalise at a nascent stage with the backing of parent company investments, without having global managers or pre-existing global networks or alliances. It was also seen that the environment was not technologically advanced and the move to internationalise was as an outcome of the political restrictions on foreign investments to and from the home-market. Thus, this thesis aptly demonstrates that the concept of born-global firms, INVs and FSCs do not encapsulate the formation of all such firms that internationalise at a nascent stage. Instead, this thesis evinces that firms without global managers, without pre-existing networks and without a technological advanced environment do have the ability to internationalise based on the specificity of their inherent capabilities and services provided.

Another aspect of born-global firms is accelerated internationalisation. However, as discussed in chapter 4 and 5, companies which are well established in the domestic market can also experience accelerated and rapid internationalisation. This is not an attribute associated with born-global firms. Hence, ‘accelerated internationalisation’ cannot be limited to born global firms but needs to be expanded to include firms that have a large presence in the domestic market and seek such rapid internationalisation due to the saturation of the domestic market, as shown in this thesis.

This study also states that psychic distance does not hold relevance for locational choice for any of the companies in the data set as each of the company has ventured into geographies which are not culturally or physically close. Thus, this study rejects this theoretical basis to understand the location choice of firms. As Vahlne & Johanson (2013) have ascertained that psychic distance is irrelevant for location choice decision for internationalisation. The relevance of psychic distance has decreased with increased managerial learning and informed decision making around location choice (Buckley et al., 2008). Thus, psychic distance as a concept for understanding locational choice
towards internationalisation is irrelevant for Indian service firms as this thesis has demonstrated.

Studying service sector firms from India, this study agrees with Górska (2013), Tuzová et al (2015) and Oliveira (2017) that the Uppsala model fails to explain the internationalisation of all EMNEs. The stages model or the Uppsala model (Johanson & Vahlne, 1977) is based on the internationalisation experience of Scandinavian manufacturing firms within Europe, which states that firms internationalise gradually, starting by exporting first to foreign markets through intermediaries and then by setting sales subsidiaries in such markets and then finally to setting up production operations in those host markets. However, as this study has revealed that companies can internationalise with a negligible home base and a non-existent international network. The Uppsala model does not explain the accelerated internationalisation as has also been the case for two of the companies without the presence of an international network either. Hence, it can be stated that context of European Swedish manufacturing firms is distinct from Indian service sector firms. Thus, this thesis expounds that the stages model is not suitable for explaining the internationalisation of emerging market service companies and thus demonstrates the weakness of the Uppsala stages model.

These critiques of existing theoretical explanations of internationalization as applied to Indian service firms indicates a theoretical gap in the explanation of internationalization. In order to address this at a conceptual level, this study proposed a new developmental concept called the ‘Fast Capability Acquisition Model’ or FCAM. This concept emerged specifically from the study of the accelerated internationalisation strategies evidenced for two of the companies in the data-set. Both these companies were well established in the domestic market and due to domestic market saturation and competition from DMNCs in the home-market adopted accelerated internationalisation through Greenfield ventures, joint-ventures and partnerships or through capability and resource acquisitions.

Hence, it can be stated that the FCAM model has been conceptualised based on accelerated internationalisation to acquire intellectual property capabilities and market penetration which has been achieved for establishing an international presence quickly rather than in a phased manner. Such, accelerated internationalisation with the intent to acquire capabilities not leading to internalisation can be stated as a specific feature of Indian service sector firms. This is demonstrative of dynamic capabilities wherein firms
continue to build or acquire capabilities as an ongoing strategic management process (Winter, 2003). Dynamic capabilities are a form of organisational process which amongst others include acquisitions and strategic alliances (Helfat, 2007).

The building block (table 6, Chapter 10) for the FCAM model is anchored on the missing links in the existing theories which do not fully explain the internationalisation of the Indian service companies that have been investigated in this thesis. For example, the entrepreneurial capabilities witnessed in all five firms have been stated in literature to be symptomatic of small and medium sized firms only. However, as has been evidenced in the empirical chapters (Chapters 4-8), large companies can also demonstrate entrepreneurial capabilities. This could be a specific feature of emerging market companies with majority holding by the promoters. However, this thesis is not seeking generalisation based on the five companies analysed; this is a possible future research agenda (section 11.6). Cost arbitrage by the IT firms as evidenced in chapters 5 and 6 due to specific FSAs and CSAs is an attribute of the Indian market which then facilitates expedited client servicing. India with its vast pool of English speaking graduates’ complements enhanced customer experience which is generally lacking in other emerging markets as has been demonstrated in chapters 4, 5 and 6 with respect to the challenges faced in various host markets.

The mass model by the telecom company is also a response to the adaption to the idiosyncratic Indian market. As has been demonstrated in chapter 4, a similar mass model has not been entirely successful in other emerging market countries. This corroborates as stated by Aharoni et al. (2011) that sensitising to various host-markets is attained from managerial self-learning. Exploratory endeavours can result in failure traps whereas exploitation may result in success-traps (Wang et al. 2015 further quoting Gupta et al., 2006). Success trap is when a company over-relies on past experience without taking into consideration new demands or challenges. It is evident that the company has experienced a success trap due to adopting an exploitive approach in other emerging counties.

Market saturation for the telecom company and competition from DMNCs for the IT company due to market liberalisation was also idiosyncratic to the Indian market which led to the internationalisation of those companies. Institutional incapacity leading to limited demand for certain services despite a large domestic presence for some of the companies, like IT services, is a distinctive feature too. Internationalisation specifically
for brand awareness is also unique in the case of companies as demonstrated in chapter 7 and 8.

Thus, this thesis in understanding and analysing the internationalisation of the five Indian service sector firms, has revealed how certain theory-sets do not evidently explain their internationalisation strategies. Hence, there is a need to re-visit or extend such theory-sets to consider the internationalisation of such emerging market service firms as has been revealed in this thesis. To that extent, a new developmental concept called the ‘Fast Capability Acquisition Model’ or FCAM has been proposed to understand such emerging market service sector firms.

### 11.5 Limitations of the Study

There are certain limitations that this study has reflected. First, due to the elite nature of the interviewees, a pilot study could not be conducted and hence the development of the research questions was restricted. Also, it was not possible to conduct a follow-up question session either personally or through email.

Second, the five companies represent a small percentage of the overall services sector in India; hence the findings are limited to the companies’ studies. However, these companies are at the top of the specific services that they provide, either by revenues, brand recall or number of customers.

Third, the focus on interviewing only the decision makers does limit the findings to a certain extent. Though, effort was made to conduct a few interviews, via email questionnaire, from middle-level managers who had worked in international markets of these companies. Also, as the services provided are different in nature, they are not strictly comparable.

In sum, despite the limitations, effort has been made through analytical and procedural steps to ensure the rigour, quality and integrity of this study. These are outlined in Chapter 3.

### 11.6 Potential for Future Research

There is a need for continuance of research on companies from emerging markets as the extant international business theories are based on companies from the developed markets. Further, there is a need to investigate service sector firms as many of the
theories are based mainly on the study of manufacturing companies. Studying companies from emerging markets through the lens of strategic management, especially organisational decision making process towards internationalisation, has a lot of potential.

The FCAM model proposed is an explanatory model and not a causal model as explained in Chapter 10. This model has helped conceptualise internationalisation behaviour of only the five firms that have been studied in this thesis. It is possible that such a conceptualisation may apply to other firms but to confirm the same is beyond the scope of this study and forms the basis for future studies.

This study focussed only on the views of the decision makers (elite interviewees). Hence, an area of further research would be to investigate the managers of these companies posted in international markets and the congruency in decision making at subsidiary and headquarter levels. This is especially worth investigating given the narrow level of decentralisation of Indian promoter-held companies.

The study also covered only five companies providing three different types of services. While it was clarified, that generalisation is not aimed for in this study, it will be beneficial to study more service sector companies. Possibly a study of comparison between similar services of companies from different emerging markets has the potential of throwing interesting results.

11.7 Closing Remark

This thesis has investigated the strategic motivations behind the internationalisation of Indian service sector firms. Emphasis has been given to resources and capabilities. The main findings suggest that companies internationalising already possess resources and capabilities that instigate their internationalisation but, at the same time, the companies keep adapting and recalibrating their resources and capabilities to suit host markets, and their main strategic intent towards internationalisation does not drastically modify due to changes in the external environment.
Appendices

Appendix 1
http://www.airtel.in/wps/wcm/connect/397e7fb6-fb08-4acd-87b4-492c2e4659bb/Bharti-Airtel-Limited-Acquisition-of-4G-Spectrum-from-Aircel-Limited.pdf?MOD=AJPERES&CONVERT_TO=url&CACHEID=397e7fb6-fb08-4acd-87b4-492c2e4659bb

Appendix 2
http://www.livemint.com/Companies/dXhIsXbXOWaXpbZYaCAdL8K/Bharti-Airtel-to-appeal-against-Nigerian-court-order-on-Econ.html

Appendix 3
http://www.africa.airtel.com/wps/wcm/connect/africarevamp/Nigeria/
## Appendix 4

### Wipro Limited Timeline

<table>
<thead>
<tr>
<th>Year</th>
<th>Particulars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1945</td>
<td>Western India Vegetable Products Limited was incorporated</td>
</tr>
<tr>
<td>1946</td>
<td>Initial Public Offer</td>
</tr>
<tr>
<td>1977</td>
<td>Company name is changed to Wipro Products Limited</td>
</tr>
<tr>
<td>1981</td>
<td>Diversifies into IT services</td>
</tr>
</tbody>
</table>
| 1983 | a) Software subsidiary is established (Wipro Systems Limited)  
    b) Technologies subsidiary is established (Wipro Technologies Limited) |
| 1984 | Company name is further changed to Wipro Limited |
| 1985 | Manufacturing and marketing indigenous PCs |
| 1990 | Software services commenced |
| 1991 | R&D centre and technology plant opened in Aurangabad, Maharashtra |
| 1994 | a) Wipro Systems Limited and Wipro Technologies Limited are merged and amalgamated with Wipro Limited  
    b) Overseas design Centre (Odyssey 21) set up tp provide technology services to overseas clients |
| 1996 | Registered office of the company relocated to Bangalore from Bombay |
| 1997 | a) Embraces six-sigma for its software and technology services and is the first IT company to do so worldwide  
    b) MoU with Swiss company for technical know-how |
| 1998 | a) The brand was redefined. The sunflower went rainbow with the tagline ‘Applying Thought’  
    b) The software business of the company was certified SEI-CMM Level 5 – the first Indian company to be certified globally  
    c) Operations commenced in Japan |
| 1999 | a) Wipro Net Limited formed – a JV with KPN (Royal Dutch Company) to provide internet services in India  
    b) Launch of the first bilingual Line Matrix Printers in India  
    c) The company’s PCs are certified by US NSTL certification for Y2K – the only Indian PC to be certified  
    d) The company has the highest market capitalisation in the country |
| 2000 | a) Wipro lists on NYSE  
    b) Wipro is tying up with companies from USA and Japan to co-develop solutions ranging from online businesses to telecom technologies  
    c) Microsoft ties up with Wipro to outsource software development  
    d) Wipro sets up the first call centre in the country in a tie-up with local merchant banker  
    e) Wipro Net limited is 100% subsidiary of Wipro Limited in buy-out of KPN shares |
| 2001 | a) First Indian company to be certified ISO 14001 certification  
    b) Wipro Net Limited amalgamated with the company  
    c) Another strategic tie-up in the US |
| 2002 | a) Launches German Operations  
    b) Enters the BPO business by acquiring a local company (Spectramind)  
    c) First overseas acquisition – American Management Systems in the US |
| 2003 | a) Enters Middle East through partnership in Bahrain  
    b) Sets up training centres in Riyadh  
    c) Second acquisition in the US – NerveWire an IT consultant for Financial services |
<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
</table>
| 2004 | a) Long-term outsourcing contract with Royal Dutch Shell worth USD 1 billion  
b) Wipro sales touch a billion dollars |
| 2006 | a) Acquires Enabler – a Europe based retail solutions provider  
b) Acquires cMango Inc, USA (Technology Infrastructure Consulting Firm) |
| 2007 | a) Acquires a semiconductor design subsidiary of a Singapore company (Oki Techno Centre)  
b) Acquires US IT services company (Infocrossing)  
c) Rishad Premji (son of Aziz Premji) joins Wipro |
| 2008 | Global service centre set-up in Malaysia to serve Infrastructure and Application Management Service to ASEAN customers |
| 2010 | a) Wipro Technologies inaugurates new development centre in Melbourne, Australia  
b) Hitachi and Wipro to sell co-branded products  
c) Wipro wins contract from Vodafone Essar to build and manage the latter’s fixed line service |
| 2011 | Continues to partner with overseas companies to provide services in IT and technology |
| 2012 | a) Acquires trade motion analytics company in Australia (Promax)  
b) Partners with Oracle to deliver end-to-end services and applications  
c) Demerges its IT and non-IT business. Wipro Limited is the IT arm and Wipro Enterprises holds all the other businesses |
| 2014 | Acquires IT arm of a Canadian firm (ATCO) |
| 2015 | a) Wipro is in talks to buy a UK based BPO company that manages the pensions of millions of UK civil servants (Equiniti)  
b) Will acquire US based Viteos group for $130mln  
c) Designit  
d) Celent AG  
e) Rishad Premji joins the BoD and is made head of strategy |
Appendix 5

Evolution of Wipro Values and Brand

<table>
<thead>
<tr>
<th>Mid-1970s</th>
<th>Late 90s: “Applying Thought”</th>
<th>Late 2005-06: “Spirit of Wipro”</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Six Wipro Beliefs</strong></td>
<td><strong>Four Wipro Values</strong></td>
<td></td>
</tr>
<tr>
<td>1. Respect the individual</td>
<td>1. Human Values: We respect the unique needs of customers and employees.</td>
<td>1. Intensity to win</td>
</tr>
<tr>
<td>2. Be a business leader</td>
<td>2. Integrity: We deliver what we commit. With honesty, fairness, reliability and uprightness in whatever we do.</td>
<td>• Make customers successful</td>
</tr>
<tr>
<td>3. Accomplish all tasks in a superior manner</td>
<td>3. Innovative Solutions: We constantly offer novel and superior solutions to satisfy the needs of the customer.</td>
<td>• Excel through innovation and teamwork</td>
</tr>
<tr>
<td>4. Maintain the highest ethical standards</td>
<td>4. Value for money: Delivering higher value to the customer through continuous improvement in quality, cost and speed.</td>
<td>2. Act with Sensitivity</td>
</tr>
<tr>
<td>5. Serve customers well</td>
<td></td>
<td>• Respect the individual</td>
</tr>
<tr>
<td>6. Measure performance based on longterm profitability</td>
<td></td>
<td>• Be thoughtful and responsible</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Unyielding Integrity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>a. Deliver on Commitments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b. Be honest and fair in action</td>
</tr>
<tr>
<td></td>
<td></td>
<td>c. Conduct and unwavering search for truth</td>
</tr>
</tbody>
</table>

## Appendix 6

### TCS Company Milestones

<table>
<thead>
<tr>
<th>Year</th>
<th>Particulars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965</td>
<td>TCS was established</td>
</tr>
<tr>
<td>1968</td>
<td>Incorporated as a separate entity with headquarters in Mumbai</td>
</tr>
<tr>
<td>1969</td>
<td>Initiated management consultancy services apart from business processing</td>
</tr>
<tr>
<td>1971</td>
<td>Received their first international contract (Iran)</td>
</tr>
<tr>
<td>1974</td>
<td>Pioneered the global delivery model for IT services with their first offshore client</td>
</tr>
<tr>
<td>1977</td>
<td>Representative office in UK</td>
</tr>
<tr>
<td>1979</td>
<td>Opens office in New York</td>
</tr>
<tr>
<td>1981</td>
<td>Set up India’s first IT R&amp;D division (TRDDC) at Pune</td>
</tr>
<tr>
<td>1985</td>
<td>Sets up office in Switzerland</td>
</tr>
<tr>
<td>1992</td>
<td>Sets up office in Japan</td>
</tr>
<tr>
<td>1993</td>
<td>TCS obtains ISO 9000 certification</td>
</tr>
<tr>
<td>1994</td>
<td>IEEE documentation standards adopted at TCS</td>
</tr>
<tr>
<td>1996</td>
<td>Engine related design project for GE</td>
</tr>
<tr>
<td>2001</td>
<td>Operations set-up in Hungary</td>
</tr>
<tr>
<td>2002</td>
<td>TCS enters Latin America</td>
</tr>
<tr>
<td>2002</td>
<td>China operations set-up</td>
</tr>
<tr>
<td>2003</td>
<td>TCS crosses USD 1 billion mark in revenues</td>
</tr>
<tr>
<td>2004</td>
<td>All TCS centres are assessed at CMMi &amp; PCMM level 5 making it the first IT company in the world to achieve this distinction</td>
</tr>
<tr>
<td>2004</td>
<td>TCS becomes a public limited company after a successful IPO</td>
</tr>
<tr>
<td>2005</td>
<td>Acquires Comicron, company in Chile</td>
</tr>
<tr>
<td>2005</td>
<td>Acquires the pension funds management company Pearl, subsidiary of Diligenta in UK</td>
</tr>
<tr>
<td>2005</td>
<td>Banking product company, FNS, acquired in Australia</td>
</tr>
<tr>
<td>2006</td>
<td>ISO 2000 certification received</td>
</tr>
<tr>
<td>2006</td>
<td>Brand launch of the ‘Experience Certainty’ campaign</td>
</tr>
<tr>
<td>2008</td>
<td>Acquires the Indian arm of Citibank</td>
</tr>
<tr>
<td>2008</td>
<td>The company realises its vision of being a top ten IT global player across multiple parameters</td>
</tr>
<tr>
<td>2008</td>
<td>TCS revenues cross USD 5 billion with profits of USD 1 billion</td>
</tr>
<tr>
<td>2009</td>
<td>A new global delivery service centre is opened in Argentina</td>
</tr>
<tr>
<td>2011</td>
<td>Major partnerships launched with Amsterdam marathon</td>
</tr>
<tr>
<td>2013</td>
<td>Acquires Alti in France</td>
</tr>
</tbody>
</table>

## Appendix 7

### Overseas Acquisition by TCS

<table>
<thead>
<tr>
<th>Year</th>
<th>Country</th>
</tr>
</thead>
</table>
| 2005 | Australia  
|      | UK  
|      | Chile |
| 2008 | US (Indian arm) |
| 2013 | France |

Source: [http://www.tata.com/htm/Group_MnA_YearWise.htm](http://www.tata.com/htm/Group_MnA_YearWise.htm)
## Appendix 8

**IHCL properties**

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of properties (as of May 2016 Corporate Presentation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bhutan</td>
<td>1</td>
</tr>
<tr>
<td>India</td>
<td>120</td>
</tr>
<tr>
<td>Maldives</td>
<td>2</td>
</tr>
<tr>
<td>Malaysia</td>
<td>1</td>
</tr>
<tr>
<td>Nepal</td>
<td>1</td>
</tr>
<tr>
<td>South Africa</td>
<td>1</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>3</td>
</tr>
<tr>
<td>UAE (Dubai)</td>
<td>1</td>
</tr>
<tr>
<td>UK</td>
<td>2</td>
</tr>
<tr>
<td>USA</td>
<td>3</td>
</tr>
<tr>
<td>Zambia</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>136</strong></td>
</tr>
</tbody>
</table>

## Appendix 9

![Currencies Quote](image_url)

[Image of a currency exchange rate screen from Reuters]

**Currencies Quote**

<table>
<thead>
<tr>
<th>EXCHANGE RATE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SELLING RATE</td>
<td>66.9155</td>
</tr>
<tr>
<td>BUYING RATE</td>
<td>66.9155</td>
</tr>
</tbody>
</table>

**DATE:**

- *Day High:* XXXXXX
- *Day Low:* XXXXXX
- *Bid:* XXXXXX
- *Offer:* XXXXXX

**CURRENCY CONVERTER**

- **USD to INR:** 1.63
- **INR to USD:** 0.61
- **INR to INR:** 1

**Currencies Chart**

- [Chart Link]

Data as of 10/02/2019. Normal data is delayed by at least 15 minutes.
Appendix 10

IHCL Company Timeline

<table>
<thead>
<tr>
<th>Year</th>
<th>Particulars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1899</td>
<td>Indian Hotels Company Limited was established</td>
</tr>
<tr>
<td>1903</td>
<td>The first hotel in Mumbai is inaugurated</td>
</tr>
<tr>
<td>1970</td>
<td>Enters into restoration of heritage hotels (Rajasthan)</td>
</tr>
<tr>
<td>1972</td>
<td>A new wing is added to the hotel in Mumbai</td>
</tr>
<tr>
<td>1974</td>
<td>IHCL opens a property in the tourist destination of Goa in India</td>
</tr>
<tr>
<td>1979</td>
<td>IHCL enters Africa (Lusaka, Zambia)</td>
</tr>
<tr>
<td>1980</td>
<td>IHCL enters Yemen</td>
</tr>
<tr>
<td>1982</td>
<td>IHCL enters Britain (London)</td>
</tr>
<tr>
<td>1998</td>
<td>Property launched in Sri-Lanka (tourist destination of Bentota)</td>
</tr>
<tr>
<td>2001</td>
<td>Company enters Maldives</td>
</tr>
<tr>
<td>2005</td>
<td>The company makes a presence in USA (New York)</td>
</tr>
<tr>
<td>2006</td>
<td>Enters Australia (Sydney)</td>
</tr>
<tr>
<td>2007</td>
<td>Extend presence in USA (Boston)</td>
</tr>
<tr>
<td>2008</td>
<td>Bhutan</td>
</tr>
<tr>
<td>2010</td>
<td>South Africa (Cape Town)</td>
</tr>
<tr>
<td>2012</td>
<td>Unsuccessful bid for Orient-Express Hotels</td>
</tr>
<tr>
<td>2014</td>
<td>Malaysia, Sri Lanka (second property in Colombo); Australia property divested</td>
</tr>
<tr>
<td>2015</td>
<td>Launch of property in Dubai</td>
</tr>
<tr>
<td>2016</td>
<td>Boston property divested</td>
</tr>
</tbody>
</table>

Source: Company Website and ET Company timeline

Appendix 11

IHCL Revenues

<table>
<thead>
<tr>
<th>Financial Year (01 April – 31 March)</th>
<th>Consolidated Revenues</th>
<th>Profit after Tax (Loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-12</td>
<td>514.61</td>
<td>0.46</td>
</tr>
<tr>
<td>2012-13</td>
<td>559.42</td>
<td>(64.30)</td>
</tr>
<tr>
<td>2013-14</td>
<td>616.58</td>
<td>(82.78)</td>
</tr>
<tr>
<td>2014-15</td>
<td>640.71</td>
<td>(56.50)</td>
</tr>
<tr>
<td>2015-16</td>
<td>703.31</td>
<td>(9.04)</td>
</tr>
</tbody>
</table>

Source: Company Website
### Appendix 12

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of outbound travellers from India (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>3.06</td>
</tr>
<tr>
<td>2000</td>
<td>4.42</td>
</tr>
<tr>
<td>2005</td>
<td>7.18</td>
</tr>
<tr>
<td>2010</td>
<td>12.99</td>
</tr>
<tr>
<td>2013</td>
<td>16.00</td>
</tr>
<tr>
<td>2014</td>
<td>18.33</td>
</tr>
<tr>
<td>2015</td>
<td>20.38</td>
</tr>
</tbody>
</table>

Source: World Bank, BITB, Statista

### Appendix 13

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of inbound travellers to India (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>2.65</td>
</tr>
<tr>
<td>2005</td>
<td>3.92</td>
</tr>
<tr>
<td>2010</td>
<td>5.78</td>
</tr>
<tr>
<td>2013</td>
<td>6.97</td>
</tr>
<tr>
<td>2014</td>
<td>7.68</td>
</tr>
<tr>
<td>2015</td>
<td>8.03</td>
</tr>
</tbody>
</table>

Source: Indian Tourism Statistics, GoI

### Appendix 14

EIHL Properties

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of properties (includes boats and cruisers)</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>24</td>
</tr>
<tr>
<td>Indonesia</td>
<td>2</td>
</tr>
<tr>
<td>Dubai</td>
<td>1</td>
</tr>
<tr>
<td>Mauritius</td>
<td>1</td>
</tr>
<tr>
<td>Egypt</td>
<td>3</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>32</strong></td>
</tr>
<tr>
<td>Morocco (upcoming)</td>
<td>1</td>
</tr>
<tr>
<td>UAE (upcoming)</td>
<td>1</td>
</tr>
</tbody>
</table>
Appendix 15

[Image of a Reuters currency quote screen]

Appendix 16

M.S. Oberoi with President Sadat of Egypt
Source: http://www.famoushotels.org/article/606

Appendix 17

<table>
<thead>
<tr>
<th>Financial Year (01 April – 31 March)</th>
<th>Consolidated Revenues</th>
<th>Profit after Tax (Loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-12</td>
<td>214.69</td>
<td>18.12</td>
</tr>
<tr>
<td>2012-13</td>
<td>224.00</td>
<td>7.04</td>
</tr>
<tr>
<td>2013-14</td>
<td>235.71</td>
<td>16.65</td>
</tr>
<tr>
<td>2014-15</td>
<td>253.42</td>
<td>10.06</td>
</tr>
<tr>
<td>2015-16</td>
<td>274.82</td>
<td>18.19</td>
</tr>
</tbody>
</table>

Source: Company Website
**Abbreviations**

AAA  Aggregation, Adaptation, Arbitrage
ARK  Activity, Resource, Knowledge
ARPM Average Revenue per Minute
ARPU Average Revenue per User
BPO  Business Process Outsourcing
BRIC Brazil, Russia, India, China
BRICS Brazil, Russia, India, China, South Africa
BSE  Bombay Stock Exchange
CAGE Cultural, Administrative, Geographic and Economic (framework)
CAPEX Capital Expenditure
CEO  Chief Executive Officer
CFO  Chief Financial Officer
CINT Co-innovation Network
CSA  Country Specific Assets
CSR  Corporate Social Responsibility
DM  Developed Market
DMNC Developed Market Multinational Company
EIHL East India Hotels Limited
EMNE Emerging Market Multinational Enterprise
DSE Delhi Stock Exchange
EU  European Union
FCAM Fast Capability Acquisition Model
FDI  Foreign Direct Investment
FII  Foreign Institutional Investor
FSA  Firm Specific Asset
FSC  Free Standing Company
GBP Great Britain Pound
GNDM Global Network Delivery Model
HR  Human Resources
IB  International Business
IDP Investment Development Path
IHCL Indian Hotels Company Limited
IIT  Indian Institute of Technology
IMF  International Monetary Fund
INR Indian Rupee
IPO  Initial Public Offer
INV International New Venture
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>JV</td>
<td>Joint Venture</td>
</tr>
<tr>
<td>LDC</td>
<td>Lesser-developed Countries</td>
</tr>
<tr>
<td>LLL</td>
<td>Linkage, Leverage and learning</td>
</tr>
<tr>
<td>M&amp;A</td>
<td>Merger and Acquisition</td>
</tr>
<tr>
<td>MD</td>
<td>Managing Director</td>
</tr>
<tr>
<td>MNC</td>
<td>Multinational Company</td>
</tr>
<tr>
<td>MNE</td>
<td>Multinational Enterprise</td>
</tr>
<tr>
<td>NIC</td>
<td>Newly Industrialised Country</td>
</tr>
<tr>
<td>NIE</td>
<td>Newly Industrialised Economy</td>
</tr>
<tr>
<td>NPD</td>
<td>New Paradigm of Development</td>
</tr>
<tr>
<td>NSE</td>
<td>National Stock Exchange</td>
</tr>
<tr>
<td>NYSE</td>
<td>New York Stock Exchange</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>OFDI</td>
<td>Outward Foreign Direct Investment</td>
</tr>
<tr>
<td>OLI</td>
<td>Ownership, Location and Internalisation</td>
</tr>
<tr>
<td>OPEX</td>
<td>Operational Expenditure</td>
</tr>
<tr>
<td>PSU</td>
<td>Public Sector Undertaking</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
</tr>
<tr>
<td>SOE</td>
<td>State Owned Enterprises</td>
</tr>
<tr>
<td>TAT</td>
<td>Turn-around-Time</td>
</tr>
<tr>
<td>TBEM</td>
<td>Tata Business Excellence Model</td>
</tr>
<tr>
<td>TCS</td>
<td>Tata Consultancy Services</td>
</tr>
<tr>
<td>TMTC</td>
<td>Tata Management and Training Centre</td>
</tr>
<tr>
<td>TNC</td>
<td>Trans-national Corporation</td>
</tr>
<tr>
<td>TRDDC</td>
<td>Tata Research and Development Design Centre</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
</tr>
<tr>
<td>USA</td>
<td>United States of America</td>
</tr>
<tr>
<td>USD</td>
<td>United States Dollar</td>
</tr>
<tr>
<td>WB</td>
<td>World Bank</td>
</tr>
<tr>
<td>WIR</td>
<td>World Investment Report</td>
</tr>
<tr>
<td>WOS</td>
<td>Wholly Owned Subsidiary</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organisation</td>
</tr>
</tbody>
</table>
Ethics Committee Approval

Bharati Singh <bs763@york.ac.uk> 1 October 2014 at 22:13
To: celia.kitzinger@york.ac.uk
Cc: Simon Mollan <simon.mollan@york.ac.uk>, Debbie Haverstock <debbie.haverstock@york.ac.uk>, Carolyn Hunter <carolyn.hunter@york.ac.uk>

Dear Prof. Kitzinger,

Thank you for your mail dated 28th Sept’14. In response to your mail, please find enclosed a detailed clarification for the three points raised by the ELMPS Ethics Committee.

Also enclosed is the revised ELMPS Lite form which addresses the clarification sought by the Committee including the revised Compliance Declaration Form and the relevant annexures.

I look forward to your favourable response.

Thnx & Rgds

Bharati Singh

ELMPS LITE revised - Bharati Singh - TYMS.pdf

Celia Kitzinger <celia.kitzinger@york.ac.uk> 2 October 2014 at 20:10
Reply-To: celia.kitzinger@york.ac.uk
To: Bharati Singh <bs763@york.ac.uk>
Cc: Debbie Haverstock <debbie.haverstock@york.ac.uk>

Dear Bharati Singh

Thank you for your response to our queries. I am now happy to approve your proposal. Best wishes for your research.

Celia

bs763@york.ac.uk <bs763@york.ac.uk> 2 October 2014 at 22:00
Reply-To: bs763@york.ac.uk
To: celia.kitzinger@york.ac.uk
Cc: Debbie Haverstock <debbie.haverstock@york.ac.uk>

Thank You Prof. Kitzinger.
Warm Rgds/Bharati Singh
Sent from my BlackBerry® smartphone on O2
Participant Information Sheet

Outward Foreign Direct Investment – Strategic Motivations of Indian Multinationals towards Internationalisation

You are invited to take part in a study which is being conducted as part of a Doctoral Research degree at The York Management School of The University of York, UK by Ms. Bharati Singh under the supervision of Dr. Simon Mollan and Dr. Yoo Jung Ha. Your participation will be appreciated and will greatly enhance the findings of this study.

For your participation, it is imperative that you have more information on what the research entails. This will help you decide on your participation in the ongoing research work. Kindly, take the time to read the following information. Please do not hesitate to contact the researcher for any clarification or further information.

Purpose of this Research

Over the past decade, there has been an increase in the flow of Foreign Direct Investment (FDI) from emerging markets. As OFDI increases from developing economies both into other developing countries and the developed world, International Business (IB) scholars have increased their focus on their prominence over the past decade, and the associated competitive advantage and business strategies of emerging market multi-national enterprises (MNE) towards internationalisation.

India poses a unique case with a defiance of the extant IB theories. Hence, there is a significant opportunity to study how company/ies from India adopt strategies or develop capabilities to internationalise and become effective MNEs.
Your Involvement
In your professional capacity as a senior member of the management team of an Indian MNE with substantive overseas exposure, you are being approached as a potential participant in this study.

If you agree to take part in the research, a request for an interview appointment will be requested for September/October 2014 or March/April 2015 to seek a mutually convenient time. The initial discussion could take 1-2 hours and in case of any time constraint on your part, another time slot will be requested to capture relevant information for the research purpose.

This is to request to let us have an answer by 31st May, 2014.

The Information You Provide
Permission will be sought to record the interview but only for the purpose of avoiding any misrepresentation. The transcript of the interview will be shared with you before it is used for the research analysis. All information collected during the course of this study will be viewed only by the researcher and supervisors and will remain strictly confidential. The confidential handling, storage and disposal of data will be in accordance with the University’s Data Protection Guidelines (http://www.york.ac.uk/records-management/dp/).

At the end of the study, information gathered will be used to write up a Doctoral thesis and may also be used in academic conference papers. The names of the people, who have taken part in the research, will not appear in the thesis or in any other written form when the study is completed.

Further Information
For any further clarification or information about this study, you can contact the researcher: Ms. Bharati Singh by telephone on +44 77543 360378 or +91 98203 42046 (when in India) or by email: bs763@york.ac.uk

Thank You
Informed Consent Form

Outward Foreign Direct Investment – Strategic Motivations of Indian Multinationals towards Internationalisation

This form is for you to state whether you agree to participate in the study. Please read and answer every question. For any clarification or more information, please do not hesitate to ask the researcher.

1. I confirm that I have read and understand clearly the information sheet for this research and have had the opportunity to ask questions about the study.

2. I understand that my participation in this study is voluntary. In addition, I have the right to request the interview be stopped and withdraw from the research at any time and have their information withdrawn as well, without giving any reason and without any detriment to myself and my organisation.

3. I agree to participate in this study.

4. I understand that the interview will be audio-taped. I can request a copy of the recording of the interview (You may take part in the study without agreeing to this part).

5. I understand that information collected during the course of the research project will be treated as strictly confidential and is only available to the researcher (Bharati Singh), her research supervisors and the examination committee.

6. I am aware that the information collected during the interview will be used to write up a PhD thesis, as well as journal articles and book chapters, if required.

7. I understand that information collected during the course of the research project will be treated anonymously. There will not be any part of my name, or any other information that could identify me, will be included in any written reports or publications as results of the research.

8. I understand that the information obtained will be retained in locked filing cabinets in a storeroom in The York Management School, University of York and will be used only for academic purposes.

Participant
Date
Signature

Researcher
Date
Signature
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