The Internationalization Journey of a Multiplex Cinema Company under the Lens of Different Behavioral Theories

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Abstract: This study goes through the relevant organizational behavioral theories regarding the internationalization of companies, taking a Mexican multiplex cinema company as a case study. The main objective of this research was to analyze and compare different theories with a real life situation in order to determine the usefulness of each theory and to what degree they have an impact under different circumstances of a company's internationalization process. The theories used in the analysis were the uppsala model, international entrepreneurship, effectuation theory and network approach. The analysis led to the conclusion that there is no single theory that sustains throughout all of the internationalization process of a company but that rather, all theories are complementary to each other.

Key words: Internationalization, organizational theories, behavioral theories, case study, Brazil

INTRODUCTION

The expansion into Foreign markets is an option to many companies now a days and internationalization has been deeply studied for decades now. Starting with Johanson and Wiedershei (1975), behavioral theories have become an important tool to analyze the internationalization process. At the same time, new relevant internationalization theories have been developed.

The main objective of this research was to analyze and compare the different behavioral theories-uppsala model, international entrepreneurship, effectuation theory and network approach-with a real life situation in order to determine the usefulness of each theory and to what degree they have an impact under different circumstances of a company's internationalization process.

The study was based on the case of company X, a Mexican cineplex company going through an internationalization process in order to become a fully-fledged multinational firm.

Company X is a relatively new multinational company which was previously a market leader in its original country after over 30 years of successful operations. The analysis performed goes through all the stages of growth experienced by the firm and it includes the perspectives from the people who were key players when the company was both growing and adapting into new countries and international strategies. The results give insights into some of the variables relevant for the specific industry of the cinema exhibitors which can be useful as reference for researchers interested in this industry. This study also reinforces some of the theories studied but calls for attention as not to fall into generalizations when following a school of thought but to keep a broad view of how theories complement each other.

Literature review: The uppsala internationalization model, developed during the 1970's, deferred from the classical economic theories as it included organizational behavior variables during the internationalization process of a company. Johanson and Wiedershei (1975) developed two concepts: establishment chain and psychic distance. The first refers to the sequence in which companies invest resources in Foreign markets in a gradual way this chain is dependent on the firm's knowledge about these Foreign markets. The second concept, refers to the set of variables such as education, culture, education, language, business dynamics and legal practice (Grady and Lane, 1996) which may prevent or disturb the flow of information between the market and the company.

To Johanson and Vahlne (1977), due to the uncertainty involved in doing business in Foreign markets as well as a lack of knowledge by the companies, internationalization would naturally start with a low