SECTION 3
CURRENT ISSUES OF INTERNATIONAL MANAGEMENT AND MARKETING (EXPERIENCE ECONOMY; EVENT MANAGEMENT; ECONOMIC PSYCHOLOGY, HR-MANAGEMENT, ETC.)

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THE ROLE OF REVERSE INTERNATIONALIZATION AS A TOOL FOR MANAGERS OF INTERNATIONAL ORGANIZATIONS

The conventional view of looking at Reverse internationalization (RI) is either as the opposite process of internationalization or as the negative effect of a particular cause if we take the cause-effect relationship between internationalization and de-internationalization into consideration. However, this paper intends to propose an alternate view of looking at reverse internationalization – Tactical International Contraction (TIC) – as a strategically planned move made by managers which may benefit the organization in the long run. For the purpose of this paper, we henceforth refer to strategic reverse internationalization as TIC.

In the times of economic crisis, like during the current pandemic, manipulating factors of internationalization such as market presence in foreign countries, eliminations of certain products in foreign markets, etc. and undergoing TIC can help the organizations avoid the negative consequences accompanied by forced or involuntary reverse internationalization, including loss of profits, loss of individuals' jobs, etc. We intend to showcase that RI can become inevitable for companies in times of economic uncertainty and a proactive approach of voluntarily undergoing RI, (like American corporations pulling out of Russia in anticipation of war) can be more beneficial for companies compared to taking a reactive approach and being forced to undergo RI at a later stage. RI can occur at various stages of internationalization; however, most existing literature focuses on RI at a mostly late stage, when it occurs as a result of losses, or at a mostly early stage, when it occurs as a result of limited experience and lack of preparedness. But RI can occur as a pre-emptive measure – as a response to predicted market uncertainties. Our paper looks at such strategic market exits made without being triggered by an organizational failure in foreign markets.

Managers generally regard RI as a failure for the organization, rather than a calculated decision that may benefit the firm, especially when RI is voluntary. RI can be viewed as an entrepreneurial activity, an important component of a company's growth process, and an error-correction mechanism. The paper will first look at RI as the essential component of growth and then analyze the same through the lens of decision-making. The paper then takes a look at situations when RI can be chosen as a strategy, and identify which extenuating circumstances call for such a step to be taken voluntarily.

Finally, the paper further contrasts the effect of RI on a company's profits when the RI is voluntary versus when it is involuntary.

The phenomenon of globalization has led managers to believe that only internationalization and increasing a company's market share in foreign countries can be beneficial for a company. However, a counter-expansion strategy can be used in times of inevitable or anticipated decline in the economy. Such an RI can potentially reduce losses and be beneficial for the company in the long run.

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