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A DYNAMIC LONG-TERM APPROACH TO INTERNATIONALIZATION: SPANISH PUBLISHING FIRMS' EXPANSION AND EMIGRANTS IN MEXICO (1939-1977)

The strategies and processes that firms use when deciding where and how to invest are at the core of theories of internationalization in the international business (IB) literature (e.g., Buckley & Ghauri, 2004; Johanson & Vahlne, 1977; Kim & Hwang, 1992; Sullivan, 1994). This prior research argued that a firm manages to successfully internationalize if it owns market or non-market resources (e.g., Griffith & Harvey, 2001), i.e. resources such as patents, knowledge and experience, that it can use to influence non-market and market actors (Boddewyn & Brewer, 1994; Oliver & Holzinger, 2008), and that it can transfer, deploy and exploit across borders (e.g., Narula & Verbeke, 2015; Verbeke & Kano, 2016). However, not all firms have or can develop these resources. Those firms lacking market and non-market resources may choose to internationalize in a “selective” way. They may avoid countries that would increase their trade costs, because of policy restrictions, tariffs or nontariff barriers (e.g., Anderson & Van Wincoop, 2004; Morisset & Pirnia, 2000), or other uncertainties derived from political, economic, or institutional difficulties (e.g., Casson & da Silva Lopes, 2013; Kobrin, 1980; Maitland & Sammartino, 2015; Maurer, 2011; 2013).

In this study, we explore how firms with scarce market and non-market resources can succeed in internationalizing, even in a host country that lacks trade and diplomatic relationships with the firms' home country. We conduct a historical study of firms' internationalization, with an industry-wide analysis of Spanish publishers operating in Mexico during the 20th century and an in-depth analysis of five specific Spanish publishers: Editorial Labor, Espasa Calpe, Gustavo Gili, Salvat, and Seix Barral. The observation period begins in 1939 with the end of the Spanish Civil War and the rupture of official diplomatic and trade relations between Spain and Mexico and ends in 1977 after the restoration of bilateral agreements between the two countries. In this period, Spanish publishers' sales in Mexico continued to grow, so that from the 1970s Mexico became the main destination of Spanish books, despite the absence of bilateral trade and diplomatic relationships between the two countries

(Narula & Verbeke, 2015) and of a local demand (Hillemann & Gestrin, 2016), and although Spanish firms lacked most of the typical resources, e.g. patented R&D knowledge and brand names (Rugman, Verbeke, & Nguyen, 2011), needed to succeed abroad (Guillen & Garcia-Canal, 2009; 2010).

Cultural industries, such as the publishing sector (Hirsch, 1972), are a good context to examine firms' internationalization, as they are especially dynamic, pushing firms to adapt constantly to shifting environments (Lampel, Lant, & Shamsie, 2000; Miller & Shamsie, 1996) and expand abroad (Millar, Choi, & Chen, 2005). Using primary archival documentation and narrative sources, firms' and individuals' correspondence and reports, and personal interviews with key actors, in a periodization derived from the historical context (Rowlinson, Hassard, & Decker, 2014), we delve into specific historical events and tease out how they affect firms' strategies (Argyres, De Massis, Foss, Frattini, Jones, & Silverman, 2020; Klüppel, Pierce, & Snyder, 2018; Kochan, Guillen, Hunter, & O'Mahony, 2009).

Our analyses reveal the importance of the relationship between Spanish publishers and the Spanish intellectuals that Franco's dictatorship in Spain forced to flee to Mexico. We trace, over time, how firms—in this particular historical context—leveraged these Spanish exiles in Mexico to wedge and strengthen their operations in the country. In a step-wise process, initially emigrants developed cultural affinity and constituency in Mexico, facilitating more exports of books. Later, when they gained a prominent position in the local cultural and social circles, these emigrants provided Spanish firms with knowledge about Mexico, advertised advocacy and built coalitions in favor of the setup of local commercial subsidiaries of Spanish publishers. Finally, the emigrants could take the Mexican nationality, which thanks to their lobbying efforts in the political and economic sphere in Mexico allowed them to support the founding of local production subsidiaries. In sum, Spanish firms used emigrants to develop social and cultural advocacy, and to help establish the formal and informal rules, procedures, and norms of institutions that would defend or shape the market and non-market context in which these firms operated. These firms progressively internalized emigrants to overcome the distance between the home and the host country.

Our findings have important implications for IB research. The time-depth of the historical data on the Spanish publishing firms in the 20th century offers a unique opportunity for rich, longitudinal analyses of the socio, political, and economic context in which firms are embedded (Buckley, 2009; Wilkins, 2005). With this interdisciplinary study, we integrate the theoretical mechanisms of internationalization literature into a model of microfoundations of market and non-market resources of multinational companies' (MNCs) foreign operations. The combination of the conceptual apparatus of strategic management with the attention to the temporality of history (Maclean, Harvey, & Clegg, 2017) allows us to push the boundaries of current theoretical explanations of firms' use of resources for overcoming institutional uncertainty – explanations based on contemporary cross-sectional variation (Jones & Khanna, 2006) – to explore instead firms' internationalization post-entry (Puck, Holtbrügge, & Mohr, 2009) and over time (see e.g., Putzhammer, Puck, & Lindner, 2020). We illustrate how firms and their internationalization strategies are embedded in the social, cultural, and political historical context in a time-dependent way. In fact, we show that the reason why emigrants are valuable to a firm expanding abroad – and thus the relationship between the firm and the emigrants – changes over time, depending on the changing characteristics of the emigrants and institutional context in the host country. Emigrants can gradually ease the entry of firms from their country of origin by shaping the institutional conditions in the host country for decisions and actions about pricing, investment, and competition, as well as for the establishment of a favorable social, cultural and institutional context.

These considerations shed new light on one of the many unknowns in the relationship between emigrants and firms' internationalization (Kunczer, Lindner, & Puck, 2019). Our findings reveal that firms can use emigrants from their home country not only to access knowledge, but also to create and shape local constituency, reinforce a local presence and gradually transition to local players in the host country. These considerations advance prior IB research on emigrants' diasporas and firms' internationalization, which focused on the knowledge benefits emigrants bring about their *home* country, acting as enclave entrepreneurs and influencing outward and inward foreign direct investments (FDI) (see e.g., Barnard, Deeds, Mudambi, & Vaaler (2019) and Fernandez-Perez &

Lluch (2015)). However, knowledge of the *host* context is also important, and especially so to attract FDI in emerging markets (Austin, Dávila, & Jones, 2017) and to develop the entrepreneurial landscape and economic growth for example of Latin America (Lanciotti & Lluch, 2018b). This study explicates *how* firms internationalize using emigrants as a key mechanism to *shape* various institutional dimensions in the *host* country. Firms expanding abroad can use emigrants to “endogenize” the macro-level distance between their home and the host country and gain access to host country location advantages, which otherwise (without relying on emigrants) would not be accessible.

LITERATURE REVIEW

Firms’ Internationalization, Country and Firms Specific Advantages

A firm’s internationalization depends on several key decisions on the entry mode and the organizational arrangements used to conduct international business activities in particular locations at a given time (Benito, Petersen, & Welch, 2009). A firm’s internationalization thus may depend on the host country characteristics (Beugelsdijk, Kostova, Kunst, Spadafora, & van Essen, 2018; Casson & da Silva Lopes, 2013). Given the high degree of uncertainty about foreign locations (Erramilli & D’Souza, 1995), knowledge about the social, cultural, or political environment of a target country is fundamental for firms’ internationalization decisions (Johanson & Vahlne, 1977).

Emphasizing the importance of accumulated knowledge, the Uppsala school formulated a gradualist approach to internationalization, adding a dynamic dimension to it. This stage model proposes that firms go through several steps as they expand abroad: first they export their products using agents; second, they establish a small market presence (e.g., sales offices or small subsidiaries); and finally they produce locally. This process can be accelerated by a web of relationships and networks that reduce the uncertainty associated with foreign firms’ outsidership (Johanson & Vahlne, 2009).

At the beginning of this internationalization process, to avoid experiencing difficulties and costs, firms tend to not invest in countries where there are political and economic risks (e.g., Casson

& da Silva Lopes, 2013; Kobrin, 1980; Maitland & Sammartino, 2015; Maurer, 2011; 2013) or policy restrictions, tariffs or nontariff barriers (e.g., Anderson & Van Wincoop, 2004; Morisset & Pirnia, 2000). In contrast, firms prefer to enter – and then to increase their presence with full-ownership investments – in *countries that feature specific advantages*, such as “natural resources, the local product demand” (Hillemann & Gestrin, 2016: 768) or “freer trade and investment” agreements that can facilitate the operations of firms that come from a specific country or region (Narula & Verbeke, 2015: 614). Firms can also opt for geographically proximate markets and for countries or regions that have characteristics similar to their home country, where they can easily replicate their strategies (Guillen, 2005; Verbeke & Kano, 2016). This proximity can derive from a country’s belonging to a trade block or from a shared history (Guillen, 2005; Makino & Tsang, 2011; Rangan & Drummond, 2004). Regional trade agreements at the country and industry level may help reduce entry barriers and facilitate investments across countries (Büthe & Milner, 2008; Rugman & Verbeke, 2004). In this selectivity in internationalization (Rugman & Verbeke, 2005), many firms choose a strategy of “unbalanced footprint” (Verbeke & Kano, 2016: 83), and operate regionally rather than globally (Narula & Verbeke, 2015; Neary, 2009; Vahlne & Johanson, 2017; Verbeke & Asmussen, 2016). In fact, Rugman & Verbeke (2004) found that in 2001 most of the world’s 500 largest firms operated in one region and only nine of them operated globally.

In absence of geographical proximity, trade agreements or other country specific advantages, a firm enters a foreign country only if it owns *firm specific advantages*. Such advantages for internationalizing firms derive from their ownership of market and non-market resources that are valuable (Helfat & Lieberman, 2002; Hillemann & Gestrin, 2016; Narula & Verbeke, 2015; Rugman et al., 2011), and that firms can transfer, deploy, and exploit across borders (Verbeke & Asmussen, 2016; Verbeke & Kano, 2015) to influence non-market and market actors (Boddewyn & Brewer, 1994; Oliver & Holzinger, 2008). These resources can relate to those firm’s competences that can reduce the costs associated with coordination and control of assets abroad, such as upstream (e.g., R&D), downstream (e.g., marketing or customization) (Hillemann & Gestrin, 2016), stand-alone (e.g., brand names) (Rugman et al., 2011), and higher-order capabilities in the MNC subsidiary (Rugman et

al., 2011) or simply access to capital (Hillman & Hitt, 1999). Firms can also leverage their boundary-spanning personal and institutional linkages to access information (García-Canal & Guillén, 2008; Hillman & Hitt, 1999), to preempt and secure protection from governments' hostile actions (Bucheli & Kim, 2015; for a review, see De Figueiredo, 2009), and to influence public opinion and social preferences to their benefit (Doh, Lawton, & Rajwani, 2012).

In sum, although in general they may avoid countries with high levels of uncertainty, internationalizing firms with strong firm specific advantages can expand in markets with weak country specific advantages (Rugman, 2006) and survive in risky environments (Casson & da Silva Lopes, 2013; Jones & Lubinski, 2012). The ownership of these resources influences not only the choice of the host country but also the governance mode for the firm's operations abroad (e.g., exports, joint ventures, wholly owned subsidiaries) (Narula & Verbeke, 2015), which firms can change after initial entry (Johanson & Vahlne, 2009; Puck et al., 2009).

International Migration

In practice, however, not all firms own or can deploy these market and non-market resources and they may need to rely on external resources for their internationalization. These firms can "hire" and use emigrants, i.e. individuals who move at some point in their lifetime to a foreign country, to internationalize (Cerdin, Diné, & Brewster, 2014). Emigrants are valuable to acquire, adapt, and link resources from within the MNC and the subsidiary's host country (Da Silva Lopes, Guimarães, Saes, & Saraiva, 2018; Distel, Sofka, de Faria, Preto, & Ribeiro, 2019). Expatriates of MNCs (Brock, Shenkar, Shoham, & Siscovick, 2008) or owner-managers of smaller ventures use their access to home-country knowledge and social networks or labor (Kulchina, 2016; Kunczer et al., 2019; Fernández Pérez, Lluch, & Barbero, 2015; Portes, Haller, & Guarnizo, 2002) to the benefit of their firm and to improve its performance (Kulchina, 2017).

Prior IB and business history studies on migrants, migration policies and diasporas have argued and showed that in the host country, emigrants tend to co-locate with each other (Iriyama, Li, & Madhavan, 2010). Such proximity and the emigrants' homophily facilitate the cultural, behavioral, genetic, or material information flows through social networks (McPherson, Smith-Lovin, & Cook,

2001), reducing information asymmetries (McPherson et al., 2001), and easing human, physical, intellectual, and investment capital (e.g., Kapur, 2001; Saxenian, Motoyama, & Quan, 2002).

As a result, emigrants' networks can overcome informational barriers in international transactions and facilitate cross-border investments (Docquier & Lodigiani, 2010; Galindo, 2019). Emigrants know the regulations, language, customs, or market needs and opportunities in the host country, thus reducing the perceived psychic distance with the firm's home country (Zhao & Hsu, 2007). Moreover, emigrants can offer monitoring and community sanctions to ensure the enforceability of contracts (Rangan & Sengul, 2009), which is important particularly in weak institutional environments, such as emerging countries (Austin et al., 2017). Especially inexperienced firms are more likely to locate and survive in countries that host emigrants from the firm's home country (Hernandez, 2014). For example, investments from China are greater in countries hosting Chinese emigrants (Tong, 2005), British investments are greater in countries with British expatriates (Da Silva Lopes et al., 2018), and in the US investments from the emigrants' countries of origin also tend to increase (Javorcik, Özden, Spatareanu, & Neagu, 2011).

However, emigrants are not a uniform population. They can differ sharply in their aspirations, professional experience, skills, and qualifications and thus they can be a more or less useful resource for firms' internationalization. There are major differences between unskilled and qualified emigrants (Cerdin et al., 2014). High-skilled emigrants are typically adaptive and highly educated and they may face fewer prejudices and resistance from the citizens of the host country than less skilled emigrants (e.g., Hainmueller & Hiscox, 2010; Hainmueller & Hopkins, 2014). High-skilled emigrants can create ties with their country of origin's sources of knowledge, capital, and goods and leverage their transnational social networks (Chand & Tung, 2019). In fact, different disciplines, including IB and business history, have called for more cross-disciplinary research on emigrants and their networks (Kunczer et al., 2019; Massey, Arango, Hugo, Kouaouci, Pellegrino, & Taylor, 1993) and specifically on qualified, university-educated migrants (Cerdin et al., 2014), and on their effects on firms' internationalization (Casson, 2000; 1997; Casson & Cox, 1993).

THE HISTORICAL CONTEXT

The Distance between the Home and the Host Country: The Case of Spain and Mexico over Time

Spain and Mexico share centuries of common history. Language, culture, and colonial ties could predictably have played an important role in favor of Spanish firms entering Mexico –and specifically publishers. Yet, the political independence of Latin America countries in the 19th century caused an intellectual movement to reject the Hispanic heritage, facilitating the entry of other cultural influences, especially from France and the US (Ossenbach & Escolano Benito, 1992; Sauter, 1993). In the 20th century and especially during the period analyzed, despite the common language and the past colonial ties, Mexico and Spain differed on several cultural, political, and economic dimensions.

First, Spain and Mexico are 5,600 miles apart, that is a geographic distance that proxies the cultural, economic and political differences between two countries (Berry, Guillén, & Zhou, 2010; Ghemawat, 2001). In fact, according to the classification of cultural clusters proposed by Ronen and Shenkar (1985; 2013), which is often used as a measure of cross-country historical differences, Spain and Mexico fit into two different clusters, with Spain belonging to the Latin European cluster and Mexico to the Latin America cluster (see also Table A1 in the Appendix about cross-country geographical distance, CEPII database (Mayer & Zignago, 2011)).

Countries may be distant from each other also because they lack diplomatic or trade relationships. In the four decades between 1939 and 1977, there is no evidence of diplomatic exchange (see Table 2 in the Appendix, Correlates of War (CoW) database (Bayer, 2006)) or trade agreements between Spain and Mexico, and Regional Trade Agreement database of the World Trade Organization (WTO RTA) (Fouquin & Hugot, 2016)).¹ These trade and diplomatic barriers between

¹ While in the decade of 1930s and then later in the 1980s, there were Spanish diplomatic representatives in Mexico and Mexican diplomatic representatives in Spain (respectively, one minister in each country in the 1930s and one ambassador in each country in the 1980s), in our observation period there is no trace of any diplomatic or trade representative in either country (CoW database (Bayer, 2006)).

Spain joined the OECD in 1962 and GATT in 1963; and in 1971 Mexico signed the Protocol on Trade Negotiations agreement with a series of countries but not Spain (WTO RTA database and CEPII database (Fouquin & Hugot, 2016; Mayer & Zignago, 2011)).

Spain and Mexico made it hard for firms to operate across them. In fact, the trade flows of Mexico indicate that while Mexico was gradually opening to international trade, the incoming investments from Spain remained a fraction of what the country was receiving from other countries, such as France (CoW database (Barbieri, Keshk, & Pollins, 2009)).

During our observation period, the distance between Spain and Mexico was reinforced by the political orientation of both countries. From 1939 to 1975, Spain suffered a fascist and catholic dictatorship led by General Francisco Franco. In contrast, the Mexican presidency of Lazaro Cardenas from 1934 to 1940 marked the beginning of a trend of socialist and anticlerical public policies in Mexico. The following presidents of Mexico, in the period under study, were all members of the Institutional Revolutionary Party (the party that held uninterrupted power in Mexico between 1929 and 2000) and continued this political orientation.

In sum, in the four decades analyzed, Mexico and Spain were culturally, commercially, and political distant. Yet, Spanish publishers' sales in Mexico continued to grow, so that Mexico became the main destination of Spanish books.

The Publishing Industry in Spain and in Mexico

We start our analyses from the end of the Spanish Civil War in 1939 and the rupture of official diplomatic and trade relationship between Spain and Mexico, which lasts until 1977 with the restoration of the bilateral relationship between the two countries. The specificities of the context and historical period offer a fertile ground to examine how firms succeeded in the host country. The setting for our study is the entire population of Spanish publishing firms operating in Mexico with a focus on five specific publishers, which is relevant for our research question for several reasons.

From a theoretical perspective, firms in cultural industries, such as publishing (Hirsch, 1972), must reconcile the demands of artistic production with those of the marketplace (Lampel et al., 2000). Because of the type of product, of the target audience and of the formal and informal contracts required (Hirsch, 2000), firms in cultural industries depend heavily on social networks (Gonzalez, Llopis, & Gasco, 2015). These network effects together with the high levels of dynamism of cultural industries (Kretschmer, Klimis, & Choi, 1999) force firms to constantly adapt their resources (Miller

& Shamsie, 1996) and operations to the local context (Lampel et al., 2000). In cultural industries, expansion abroad is fundamental to respond to supply and demand evolving needs (Millar et al., 2005). The absence of international trade agreements may hamper the international growth of firms in these industries (Galperin, 1999). The analysis of Spanish publishers operating in Mexico allows us to examine the internationalization strategies of firms that invested in risky foreign countries, and why they have succeeded – a topic that deserves more attention in IB research (Casson & da Silva Lopes, 2013).

The Spanish context and its publishing sector

The turbulent political and economic history of Spain during the 20th century played a central role in shaping the local publishing industry. In 1936, the military uprising against the Second Republic marked the beginning of the Spanish Civil War. The conflict lasted three years and destroyed the fabric of the Spanish industry, leaving the country in a profound economic crisis. The final victory of the nationalist military, led by Franco in 1939, marked the beginning of a 40-year dictatorship. Franco sought to guide the economy with a set of autarkic economic policies and anti-market policies that resulted in high inflation rates, the development of black markets and a substantial reduction of international trade. The decade of the 1940s was especially critical for the Spanish economy, with food rationing and limits on raw materials and energy (Prados de la Escosura, Rosés, & Sanz-Villarroya, 2011). From 1950 onwards, the government changed its economic strategy, introducing successive pro-market changes, relaxing its control over the economy, and loosening its extreme interventionist policies. As the coercive power of the State decreased, economic recovery began. In 1959, the *Plan de Estabilización y Liberalización* (Stabilization and Liberalization Plan) introduced several measures to control inflation and public spending and to promote market liberalization and international market integration (Prados de la Escosura et al., 2011). The new legal framework marked a turning point in the Spanish economy. The 1960s were a decade of intensive economic growth, culminating with the country's complete industrialization in the 1970s.

These specificities of Spain over these decades hampered Spanish firms. During the 1940s and the 1950s, paper shortages, restrictions of electricity and the poor economic conditions of the

post-war period harmed the operations and survival of many Spanish publishers specifically. The publishing sector was also heavily regulated, as the new government exercised its control through an iron-fisted censorship (Fernandez-Moya, 2012). The most prominent intellectuals and authors went into exile. Thus, Spanish publishers could not develop marketing and customization capabilities and R&D knowledge. They mostly produced few titles written by local writers, authorized by the Spanish government, that were not of great interest abroad. Although the situation for the publishing industry slowly but gradually improved from 1950s, thanks to tax advantages, governmental subsidies, and special credits (Law 152/1963 about preferential industries, including the publishing sector), Spanish publishers suffered from the scarcity of the raw materials needed for their production, the general economic crisis, their narrow product range, and the consequent lack of international renowned reputation and brands. Table 1 shows that reflecting these difficulties, the exports of books from Spain were limited, and that they picked up only at the end of the 1950s and beginning of 1960s, with the country industrialization.²

===== Insert Table 1 about here=====

The Mexican Context, its Publishing Sector and the Competitors from Argentina and the US

In 1934, Lazaro Cardenas, a general during the Mexican Revolution, was elected President of Mexico, and marked the beginning of a socialist and anticlerical public program in Mexico. He carried out a series of policies of moderate socialism, import substitution, and an extensive agrarian reform. In this period, Mexico's country risk increased due to governmental actions, such as the nationalization of the oil industry in 1938 and the expropriation of large estates to be distributed into small holders in collective holdings within the agrarian reform (Bulmer-Thomas, 2003).

² The publishing industry presents some important differences with respect to firms' typical internationalization processes – specifically the typical internationalization process of Spanish firms. The general process of cross-borders investments of Spanish firms began at the end of the 20th century, mainly due to former public monopolistic firms' major acquisitions abroad (Guillen, 2004; 2005; Durán Herrera, 1990; Martin & Toral, 2005). In contrast, Spanish publishers began their expansion abroad in the early 20th century in a gradual process of internationalization of small firms targeting Latin America countries (Fernandez-Moya, 2012).

In terms of international relations, Cardenas –as his successors– maintained a strict connection with other Latin America countries and especially with Argentina, with a relationship initiated in 1927, when the two countries elevated their diplomatic missions to embassies. Elected in 1940, Cardenas' more conservative successor, Manuel Avila Camacho, forged a friendlier relationship with the US, which followed Mexico's joining of the newly created United Nations in 1939. In 1946, Miguel Aleman became President and pushed a great industrial and economic growth, which continued under the presidencies of Ruiz Cortines (elected in 1952), Diaz Ordaz (elected in 1964) and Jose López Portillo (elected in 1976), who led a campaign of industrial expansion, social welfare, and high-yield agriculture.

In our observation period, the publishing sector in Mexico was little developed. The main actor was the governmental publisher *Fondo de Cultura Economica* (Fund of Economic Culture) (Jennison & Kurth, 1960). The firm was established in 1934 with governmental financial subsidy, as a nonprofit institution, to translate and publish textbooks in economics. However, as shown in Table 2, the total production of books in Mexico was small, especially in comparison to neighboring countries (e.g., in the 1950s the book production in Mexico was about 36% of that of Argentina). In this period, the main players of the Mexican publishing industry were several close and well connected Argentinean firms and other also close and technologically superior US firms (Jennison & Kurth, 1960). During the 1940s and the 1950s, the central hub of world publishing industry in Spanish language was Buenos Aires (Fernandez-Moya, 2012). Argentinean firms published the most important authors and books of the Spanish speaking area. Argentinean publishers had renowned brands, modern technology, geographic proximity and trade and diplomatic relations with Mexico. Similarly, US publishers also had renowned brands and modern technology. Despite the linguistic difference, their brands and technology together with their geographic proximity and trade and diplomatic relations with Mexico eased the entry through exports of US publishers into Mexico.

Spanish firms lacked these advantages. Although Mexico was a former Spanish colony and shared a common language with Spain, the difficulties noted above created significant challenges for Spanish firms seeking to operate in Mexico during our observation period. The Spanish publishers

faced an additional problem, that is the rupture of the diplomatic relations between Spain and Mexico that lasted from 1939 to 1977, following Franco's victory. Moreover, Spanish publishing firms' lack of competitiveness and their almost impossibility to export prevented them from directly expanding abroad, while other firms from Argentina or the US for example could internationalize in many countries, including the proximate Mexico. In fact, the amount of books exported from Spain remained low until the end of the 1950s, and Spanish exports into Mexico remained even lower than in other Latin America countries.³

===== Insert Table 2 about here=====

The Characteristics of Spanish Emigrants in Mexico over Time

The Spanish Civil War (1936-1939) meant exile for thousands of citizens who were linked to the Republican cause. According to the General Directorate of Statistics of Mexico, about 20,000 Spaniards arrived in Mexico between 1939 and 1945 (Pla, 1994). The Mexican President Lazaro Cardenas applied an immigration policy that allowed the selection, entry, and rapid insertion of Spaniards in Mexico (Lida, 2006). As illustrated in Table 3, this exiled contingent contrasted remarkably with the Spaniards who had hitherto emigrated to Mexico (Lida, 2006) – or in fact to most Latin America countries (Ferrando, 1998; Yáñez, 1988).⁴ Before 1939, the Spaniards that had arrived in Mexico were young men, mostly from the rural milieu and with poor academic or professional backgrounds (Pla, 2001). They belonged to a migratory flow that, driven by financial necessity, spontaneously left Spain to relocate in Latin America during the 19th and early 20th century.

In contrast, in 1939 the Spanish Republicans who took refuge in Mexico were an élite group, as they were the product of a selection. These exiles were among the most highly educated of Spain's

³ The data in Table 1 on Spanish book exports in some Latin America countries show that especially at the begging of our observation period, Argentina was the main destination of Spanish books. In 1940, Mexico received 0 tons of books exported from Spain and Argentina 147 tons. Surprisingly, although Mexico was the only Latin America country without official relationships with Spain, in a process that culminated in 1972 it became the principal foreign destination of Spanish books (see also Figures 2 and 3).

⁴ For example, between 1930 and 1970 Argentina received approximately 402,000 emigrants from Spain (on average about 6% of the population), Brazil approximately 143,000 (on average about 0.6% of the population), and Cuba approximately 51,000 (on average about 4% of the population). Most of these emigrants were illiterate, and often left the country of arrival to relocate in another Latin America country (Ferrando, 1998; Yáñez, 1988).

population, with about half of them holding jobs in the tertiary sector, e.g. professionals, professors, teachers, intellectuals, and artists (Pla, 2001). Indeed, while in that period Spain was essentially an agricultural country, where 30% to 40% of the population was illiterate and few individuals had higher-education degrees or worked in a tertiary industry, the proportion of illiterate exiles was only 1% (Pla, 1992). These emigrants were highly skilled, and because they belonged to the best-educated and influential groups in Spain, they were well connected and related to each other.

Between 1939 and 1945, that is, during the years of World War II, the isolation and international disapproval of Spanish Franco's regime was strong. Due to this international climate, the Spanish exiles maintained the hope of a quick end of Franco's dictatorship in Spain, and considered their exile temporary (Caudet, 2005; Lopez, 2005). In 1945, when the UN rejected Spain as a member, Spain entered a forced autarchy (Richards, 1998). From that moment onward, the exile ceased to be a temporary situation. Spanish exiles increased their social and professional embeddedness, and started investing more heavily in the business, intellectual, and social activities in Mexico, ceasing to be "aliens" in Mexico (Da Silva Lopes, Casson, & Jones, 2019). Some exiles became Mexican citizens— which gave them greater rights, such as the possibility of founding and operating a business in Mexico (Fagen, 2014; Fernandez-Moya, 2008).

===== Insert Table 3 about here =====

DATA AND METHODS

Given the limited theory and empirical evidence on our research question – how, over time, firms with scarce market and non-market resources internationalize – we combine business history and inductive analyses (Burgelman, 2011), to trace the historical development of the publishing industry from Spain to Mexico. We combine historical methodology and theory building (Jones & Zeitlin, 2008) with *dual integrity*, giving equal value to and reaching adequate standards in both disciplines (Maclean, Harvey, & Clegg, 2016). Inductive studies are well suited to tackle process-based research questions (Langley, 1999) especially in IB (Doz, 2011). Historical narratives enable us

to see events in novel ways, to suggest new understandings and new patterns of cause and effect, and processes of change (Wadhvani, 2016).

Data

Because historical sources, especially primary archives, are inevitably partial and biased (Howell & Prevenier, 2001), we followed current trends in business history, and we designed a research strategy based on techniques to interpret historical documents, with the aim of improving the reliability of the sources and guarantying the veracity and validity of historical narratives (Gill, Gill, & Roulet, 2018; Kipping, Wadhvani, & Bucheli, 2014; Rowlinson et al., 2014). In this section and in Table 4, we detail the archival search strategy and the analysis of historical and interview data.

===== Insert Table 4 about here =====

Case selection. To reconstruct the Spanish publishing industry from 1939 to 1977, we used the *Anuarios Financieros y de Sociedades Anónimas* (Financial and Corporate Directory Yearbooks), a governmental publication that includes all the limited liability firms in Spain. These yearbooks cover all the firms operating in the publishing industry, excluding small businesses with no formal legal structure, e.g. sole traders, sole proprietorships, or occasional publishers. Through this source, we identified the firms existing during our observation period. Within the publishing industry (NAICS code 511), we selected the book publishing firms (NAICS code 511130), eliminating firms focused on graphic arts, printing, and news media.

Within the broad analysis of the industry trends, we elaborated the database for the in-depth case studies. To guarantee comparability over time, we only selected those ten firms that existed at the inception of our observation period and until 1977, but had to exclude five of them for which no data are available.⁵ In our analyses, we examined the remaining five firms: Editorial Labor, Espasa Calpe, Gustavo Gili, Salvat, and Seix Barral. Table 5 offers an overview of these cases.

⁵ We excluded Magisterio Español, which focused on the Spanish domestic market only, and Aguilar, Editorial Juventud, Editorial Ramon Sopena, and Instituto Editorial Reus, for which no data are available.

Archival data. Our primary source of data is archival documents, including two official governmental archives, two firms' archives, and two personal archives. We obtained detailed information for the case studies from the Carlos Barral Historical Archive, Espasa Calpe Archive, Gustavo Gili Archive, Mario Vargas Llosa Personal Archive, Salvat Historical Archive, the *Archivo de la Administración General de España* (Spanish General Administration Archive (SGAA)), and from sector-specific publications.

A major challenge for our research was to retrieve information about emigrants. This data was difficult to find because of its granularity and one major political reason: the exiles were rejected during Franco's dictatorship in Spain, so firms did not refer to them and did not advertise their activities in their corporate documents. To overcome this problem, we analysed the *Sección de Relaciones Exteriores* (Foreign Affairs Section) of the SGAA, a national archive that includes detailed data about Mexico, such as the emigrants' personal correspondence.

To understand the industry evolution, we examined several sector-specific publications, in particular the journals *Bibliografía General Española e Hispanoamericana*, *El Libro Español*, and *Fomento de la Producción*. We retrieved the information about investments and exports from the Spanish Treasury and the Foreign Trade Institute of Spain. To understand the bilateral relations between Spain and Mexico between 1939 and 1977, we consulted the Culture section of the SGAA.

Interview data. We performed interviews with various publishers and industry experts to contextualize, corroborate, and integrate our archival data with personal and detailed perspectives on the unfolding events. We selected participants who held executive positions in Spanish firms and had a direct experience with their operations in Mexico, starting from 1939. For each firm, we interviewed the owner, who typically had managed the firm for decades. We also interviewed academic experts on Mexican cultural history and Spanish exiles in Mexico to corroborate the findings obtained from the primary sources. We conducted the interviews in person and by email, using an open-ended interview protocol, between 2001 and 2017. We disguise respondents' details to guarantee anonymity.

Validity of the sources and triangulation. To enhance the trustworthiness of the archival historical documents, we followed the protocol proposed by Gill et al. (2018) and Kipping et al.

(2014). Because source criticism is fundamental to credibility, we used different archives to reconstruct the whole industry and the case studies, and compared the information obtained in all of them in order to minimize the possibility of a biased approach. While contrasting the documentary records, we examined who produced the document, why, and for whom (Lipartito, 2014). We did not base the findings on one single document and instead we looked for several documentary records pointing in the same direction to construct the historical narratives.⁶ We verified the information obtained in internal personal documents (letters or memos) with other type of sources, such as official records.

Finally, we triangulated our data to enhance the validity of historical narratives (Gill et al., 2018; Kipping & Üsdiken, 2014). We consulted additional sources to contrast the interpretation obtained from the primary archives, using previous academic works and interviews with entrepreneurs and scholars (Jick, 1979). We also referred to existing literature on cultural history and exiles as a “historian check” to corroborate our interpretations. We used the technique of active citation in a transparent way in order to show the alignment between our own findings and the previous academic research (Gill et al., 2018). We provide cites from our historical sources and from existing literature to clarify what evidence supports each finding and to show the coincidence of interpretations.

===== Insert Table 5 about here =====

Data Analysis and Coding

As we developed the case studies, we also marked key events (e.g., The incorporation of a Spanish exile in a key corporate role or The founding of a Mexican subsidiary) that shaped firms’ internationalization and strategy. We organized these key events into a timetable, which we used in the subsequent analytical phases.

⁶ For this reason, we cite different documents of one archive, recording the boxes where they are included.

We elaborated the coding scheme during the process of transcription and analysis of archival data and of the interviews, in multiple rounds, developing analytical tables to navigate through the data (Eisenhardt, 1989; Miles & Huberman, 1994). Figure 1 offers a stylized description of our coding strategy. Analyzing the raw data, we developed initial codes associated with specific types of actions or events (Strauss & Corbin, 1998), and organized them in first-order concepts (e.g., emigrants collaborating to found a cultural association).

Subsequently, we consolidated the first-order codes into categories, which building on prior literature we operationalized with conceptual constructs and gradually merged into more abstract and theoretically relevant second-order codes (e.g., Advertising advocacy or Developing cultural affinity). Within each coding round, we repeatedly performed small iterations of naming and grouping codes, testing them to check their appropriateness and fit against the data, to ensure that our interpretation of the causal mechanisms and underpinning logics were consistent with our original data. In the axial coding, we collated similar instances and noted patterns and variance in the emerging sub-categories (Coffey & Atkinson, 1996; Miles & Huberman, 1994). Once we had a final set of codes, we went back to the data and documented the codes in the data, recording them in summary analytical tables.

In a third phase, we crystallized these themes into broad, aggregate dimensions (e.g., Embedding into local market) that we used as building elements of our conceptual framework. We explored path dependence and distilled the final theoretical model during this last stage of the analytical process.

Finally, we analyzed additional and complementary data on the trends of the whole industry to strengthen the results of our case analyses and to guarantee that the particular history of these five firms did not bias our conclusions. In as many cases as possible, we re-contacted our respondents to share our interpretation of the events and the conclusions that we were drawing (Locke & Velamuri, 2008). We also examined those cases that could not use emigrants as a counterfactual to our explanations.

===== Insert Figure 1 about here =====

FINDINGS

In the examination of how firms internationalize over our observation period (from 1939 to 1977), instead of treating time as a constant, we constructed our own periodization following the evidence from verifiable documentary sources, to position our analyses in time and space in order to develop an analytically structured account of the events (Rowlinson et al., 2014). We identified three main epochs, each marked by a major event that affected the bilateral relations between Mexico and Spain and the publishing industry. During these three epochs, we examined the changing role played by Spanish emigrants in Mexico who facilitated and allowed Spanish firms to expand in Mexico, despite the political and economic struggles of the two countries.

First Epoch—1939 to 1945: Bilateral Trade Relations between Spain and Mexico are Suspended

The first epoch, which we label *Suspension of bilateral relations between Spain and Mexico*, refers to the 1939-1945 period. The Spanish Nationalist Party's victory in the Spanish Civil War in 1939 caused a rupture of the diplomatic relations between Spain and Mexico. All Spanish diplomats were ousted from Mexico (CoW database (Bayer, 2006)) and for Spanish firms it became difficult to operate in Mexico. Investments between the two countries dropped dramatically.

Spanish publishers use the exiles' homogeneous intellectual and political orientation to build constituency and form coalitions to expand their exports in Mexico. In this epoch, not only was the institutional environment of Mexico, a left-wing democracy, very different from the conservative, autarchic dictatorship of Spain, but also the average cultural level of Mexican citizens and of previous Spanish emigrants was very different from the one of the new, Republican exiles. From the analysis of our archival data, it emerges that the proximity between the left-wing politics developed by President Cardenas in Mexico and the exiles' Republican ideology, together with his personal support, helped the Spaniards to thrive in Mexico after their exile. This closeness is echoed in these quotes that illustrate the connectedness of the exiles and the Spanish publishing firms with Mexican politics starting from 1939.

Some of the exiles have been advisors or close advisors to all the Foreign Secretaries [...] Some [exiled] international lawyer has at some point influenced important decisions in foreign policy matters. (Interview with the son of Lazaro Cardenas, founder of the Democratic

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Revolution Party and candidate for the Presidency of Mexico in 1988. Held on 16/05/2006 at the Foundation for Democracy Mexico City (Tirado Sánchez, 2007: 144))

Undoubtedly, in Mexico the connections between the Spanish emigrants and the publishing world were closer and more evident. Mexico City becomes the undisputed cultural and political capital of Spanish emigrants, especially in the period between 1939 and 1950. (Martinez, 2015: 551)

In this first epoch, the Spanish publishing firms leaned on Spanish exiles to build constituency. They relied on the exiles as a cultural bridge between Spain and Mexico to create in Mexico a setting fertile for and supportive of the sale of books. Specifically, Spanish firms used the exiles to develop selected network nodes and niches of intellectuals that then they could use as customers of their products, to open bookstores and to distribute books in the country, and most importantly to build a constituency in Mexico. Exiles participated in cultural activities, as they approached local intellectual circles. For example, the exiles became regular guests of Mexican intellectuals' seminars and gatherings (e.g., the *Tertulias* cycle organized by the Mexican writer Octavio Paz in Mexico DF). The Spanish publishers in Mexico relied on several cultural or political organizations created by exiles, such as the *Centro Español Republicano* (Spanish Republican Center) and the *Ateneo de Mexico*, to develop an intense cultural setting through libraries, conferences, courses, and cultural exhibitions.

Two institutions were fundamental in this process of development of cultural affinity. The *Casa de España* (House of Spain) accommodated the newcomers in Mexico, especially intellectuals or academicians. The *Fondo de Cultura Economica* published and distributed books written by Spanish intellectuals, provided jobs to many of them and became the outlet for some exiles to continue in Mexico the editorial projects they had initiated back in Spain. An example was the case of the Spanish exile Rafael Gimenez Siles. Gimenez Siles was the coordinator of the Spanish Republican editorial production when he left Spain in 1939. When he arrived in Mexico, he founded and then led the *Asociación de Libreros y Editores Mexicanos* in 1944 and the *Agrupación de Editores Mexicanos* in 1956 (later called the *Instituto Mexicano del Libro*). In this period, the exiles' associations published 43% of the books about the exile available in Mexico (Pla, 2001) and the exiles wrote over 1,250 books on topics ranging from medicine, philosophy, music to history (Fresco, 1950).

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It is true that the exiles in Mexico developed important activities, founding publishers, magazines and even collections in existing Mexican publishers, such as the Fondo de Cultura (Interview, academic expert).

All publishing companies founded by exiles are exponents of the importance of knowledge accumulated in people and institutions and the essential role of the social networks of the Republican exiles in the process of internationalization. (Martinez, 2015: 550)

Spanish publishers found an import demand through the institutions and organizations founded by exiles. These institutions included the prestigious *Colegio de Mexico* (College of Mexico), set up by exiles in 1940, and the *UNAM* (National Autonomous University of Mexico), where many Spanish teachers found employment. The *Instituto Luis Vives* (founded by the Spanish doctor and exile José Puche Álvarez in 1939), the *Colegio de Mexico* (College of Mexico, founded and supported by the *Casa de España* in 1941 with the funds of the Spanish Republican Assistance Board), and the *Academia Hispano-Mexicana* (Hispano-Mexican Academy, founded in 1940 with the funds of the Spanish Exiles Evacuation Service), as well as other organizations also set up by exiles, such as the *Centro de Cultura Español* (Spanish Culture Council) and the *Asociación de Profesores Españoles en el Exterior* (Association of Spanish Teachers Abroad), reunited refugees of a certain political affiliation or of a certain profession (Pla, 2001).

[The exiled Spanish writer] Max Aub served as an open and generous intellectual bridge between both countries. All this took shape in the collaboration between Seix Barral and [the local firm] Joaquín Mortiz in convergent projects. (Interview, academic expert)

Finally, Spanish publishing firms leaned on the exiles to form coalitions with local prominent actors and institutions. The exiles developed close ties with Mexican intellectuals or businessmen, mostly politicians or individuals close to the government. For example, the exile Rafael Gimenez Siles established two major distributors, Librería Juárez and Librería Cristal, and participated in the creation of nine publishing firms, and in the management of a printing firm. In all these activities, Gimenez Siles collaborated with the Mexican writer Martín Luis Guzmán, who was a leading representative of the Mexican intellectual and political elite.

Through the exiles the Spanish publishers gained direct access to Mexican cultural and political institutions. The Spanish publishers benefited also from the trade association founded by the exiles, the *Agrupación de Editores Mexicanos* (Association of Mexican Publishers), the *Asociación de Libreros y Editores Mexicanos* (Association of Mexican Booksellers and Publishers), and the *Instituto*

Mexicano del Libro (Mexican Book Institute). The intertwining of exiles networks with the Mexican political authorities is illustrated by the *Colegio de Mexico*, which not only was financed by the Spanish Republican Assistance Board, but was also co-managed, financed and supported by the Mexican Government. All the publishers that we studied joined these trade associations and used them to access information about the sector or the State policies regarding the sector. For example, the exiles founded and managed the local trade association, which in turn lobbied with important political actors to influence the decision of the Mexican President Manuel Avila Camacho (1940-1946) to exempt the trade associations from paying taxes.

Among the intellectuals stood out [the exile] Rafael Giménez Siles, who organized on June 12, 1944, along with [the Mexican intellectual] Martín Luis Guzmán, the Association of Mexican Booksellers and Publishers, an entity that got the exemption from taxes from the President Manuel Avila Camacho. In gratitude a literary and scientific prize was created after his name. (Sánchez Vigil, 2018: 41-42)

In Mexico, the Spanish publishers distributed directly through the organizations founded by the exiles or used the exiles to sell their books through newly opened bookstores, distributors, warehouses, and even through their personal contacts. The *Fondo de Cultura Economica* also published and distributed books written by Spanish intellectuals in Mexico. Salvat and Editorial Labor, who specialized in technical, educational, and academic books, used the exiles' networks to offer books in Mexican universities and colleges (Letters to Santiago Salvat, Archivo Salvat, different dates, Box 2.1.16).

The publishers and distributors in Mexico, as distributors, not as publishers, had established a monthly lunch date, it still exists, in which the directors of the main Spanish houses met, such as Salvat, Labor, Aguilar, Santillana, Sopena . (Lago-Carballo & Gomez-Villegas, 2006: 239)

An illustration of Spanish publishers distributing through the exiles is the case of the Spanish exile Juan Grijalbo, who in the 1940s founded a distribution firm and then the publishing house Grijalbo in Mexico DF. Another example is that of the exile Manuel Andujar, who in 1946 became the director of promotion and publicity for a major bookstore and for the *Fondo de Cultura Economica* (Fernandez-Moya, 2008). As illustrated in Table 6, these are not anecdotal cases: Of the 25 bookshops in Mexico City in the 1940s, which Spanish publishers used to sell their products, 14 were founded by Spanish exiles after 1939 (Armendáriz Sánchez & Ordóñez Alonso, 1999). All these firms were Mexican companies, registered as domestic companies, not subsidiaries of Spanish

publishers, and thrived thanks to the fact that Spanish emigrants were well inserted in the Mexican book industry and could help the Spanish publishers, especially with books' distribution.

Among our case studies, only one company, Espasa Calpe, had a small commercial subsidiary in Mexico, established in 1930. Editorial Labor, Gustavo Gili, Salvat, and Seix Barral exported and distributed through exiles' libraries and distributors. Often the exiles themselves acted as personal connections for distribution in Mexico. For example, Josep Pijoan, a Spanish intellectual who had published several books with the Spanish publisher Salvat, in 1941 offered Salvat his new residence in Mexico to distribute its books in the country (Letter from Salvat's owner and manager to the exile Pijoan 18/12/1941. Archivo Salvat Box 2.1.16).

===== Insert Table 6 about here =====

Second Epoch—1945-1974: Continued Lack of Bilateral Trade Relations between Spain and Mexico

The second epoch, which we label *Continued lack of bilateral trade relations between Spain and Mexico*, refers to the 1945-1974 period. In 1945 at the end of World War II, the UN held an extraordinary assembly to coordinate the post-wartime international situation. Mexico took the opportunity to block Spain's entry into the UN. Spain fell into a forced autarchy (Richards, 1998). The new Spanish legislation, together with a very restrictive exchange control system, affected Spanish firms' commercial and financial operations, isolating the Spanish economy from any form of external source of financing (San Román & Sudrià, 2003).

Spanish publishers use the emigrants' prominent position in the local cultural and social circles to advocate support and collect information to setup commercial subsidiaries in Mexico.

After World War II, the political differences and diplomatic tensions between Spain and Mexico became exacerbated, further hampering trade and commercial exchanges between the two countries. The analysis of our archival data indicates that during this period (1945-1974), Spanish publishers continued to thrive in Mexico. Most Spanish firms continued to produce in Spain, export and distribute in Mexico. In Spain, they had tax advantages, governmental subsidies and special credits, especially in the second decade of this period (Law 152/1963).

The relationship that Spanish publishers had with emigrants in Mexico was fundamental to their expansion in Mexico. Spanish firms reached out to the emigrants, now Mexican citizens, to collect information about the local formal and informal rules and the changing demand of books in the country, for example about book reading habits, book buying habits and influences, literary tendencies or new authors. Spanish firms used this information and the network of emigrants to advocate support in Mexico and to develop increasingly complex collaborations between Spain and Mexico.

A telling example is the case of the firm Seix Barral. The exile Joaquín Díaz-Canedo, who studied in Madrid, Spain, later fled to Mexico and pursued his graduate degree in the *UNAM* university, where he met some outstanding protagonists of the Mexican literature. In 1942, Díaz-Canedo became the general manager of the leading publishing firm *Fondo de Cultura Económica*. Thanks to his personal history in Spain and then in Mexico, Diaz-Canedo knew well both the group of exiles, to which he belonged, and the circle of Mexican intellectuals of the time, which he had befriended. In 1962, using all these connections, Diaz Canedo opened in Mexico DF a joint venture together with the Spanish company Seix Barral. The new firm, Joaquín Mortiz, became a reference of contemporary Mexican narrative.

We felt glorified, just because [the emigrant] Mortiz published us, because he immediately gave us the chance to get in touch with another mythical figure in Spain, Carlos Barral [the owner and CEO of the Spanish publisher Seix Barral], as indeed it happened to me. (Arturo Azuela, Mexican writer (Lago-Carballo & Gomez-Villegas, 2006: 73).

Another comparable case is that of the Mexican commercial branch of the Spanish Editorial Labor, which was managed by exiles, i.e. initially by Julio Sanz Sáinz and later by Luis Roca. Editorial Labor used the exiles' connections to distribute in the country, and to find new Mexican authors interested to publish with Editorial Labor (various interviews).

However, especially in the first five years of this epoch, most of the firms analyzed could not fully satisfy the increasing demand of books in Mexico, because after the war Spain suffered from paper and electricity restrictions that limited its firms' productive capacity (Espasa Calpe Annual Corporate Governance Report 1947, Espasa Calpe Archive).

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Our current production is, for lack of raw materials, especially paper, scarce and expensive. Therefore, it is difficult, if not impossible, to offer our production [...]. My brother Fernando can inform you of the headaches that we put him through for not being able to supply him with the books he needs. Second, the State does not allow us to export in consignment or deposit, but only with the sworn commitment that the money corresponding to each export will be deposited in the Spanish Institute of Foreign Currency within a period of 3 months. Furthermore, with all these serious issues, there is the enormous stumbling block of the current international situation. [...] For the last 10 days [the delivery of packages] has been totally suspended and we do not know when it will be resumed. (Letter to J. Pijoan 18/12/1941, Archivo Salvat, Box 2.1.16)

These difficulties contributed to change the relationship between Spanish emigrants and publishing firms in Mexico in a way that later led Spanish publishers to modify their operations in Mexico. Spanish exiles now realized that they would not return to Spain and decided to take the Mexican nationality. As Mexican citizens, they could found and operate a firm in Mexico. This change in their status was timely and fundamental for Spanish publishers' operations. Because of the lack of commercial agreements between the two countries, Spanish firms could not directly produce and operate a subsidiary in Mexico. However, Spanish emigrants advocated support with the local stakeholders to develop new operational collaborations.

The unique case of Espasa Calpe illustrates well this shift that became predominant in the industry in the third epoch. To attend the new demand, Espasa Calpe began to produce its books in Mexico in this period. The firm already had two subsidiaries in America, established in Argentina in 1926 and in Mexico in 1930, that funneled books exported from Spain into the region. During the Spanish Civil War, a group of former managers of the firm fled from Spain and during their exile proposed Espasa Calpe to print and publish in Latin America. In 1948, the Mexican subsidiary of Espasa Calpe became a Mexican limited company, and in 1950 it started producing its books locally (Espasa Calpe Annual Accounts, Annual Corporate Governance Reports 1939-1950, Espasa Calpe Archive). Editorial Labor, Gustavo Gili, Seix Barral, and Salvat moved into the second phase of the Uppsala model, as they set up commercial firms, created and managed by the exiles (Table 5).

Our case studies are not anecdotic examples. Figures 2 and 3 (see also Table 1) offer a graphical representation of the evolution of all the Spanish publishers' exports and their growth in Mexico, revealing that Mexico became the largest international recipient of Spanish publishers during our observation period. Although Spain had colonial ties with most of Latin America and although

Mexico had a small proportion of literate citizens⁷ and was the only Latin America country with no official relations with Spain (CoW database (Barbieri et al., 2009; Bayer, 2006)), in 1974 Mexico alone was the destination for 15% of the total exports for the entire Spanish publishing industry, paradoxically becoming the most important destination of Spanish publishers' exports (Spanish foreign trade statistics, *Ministerio de Hacienda de España Archives*). During this period, Spanish firms dominated the Mexican book market. Imports represented between 35% and 50% of the entire Mexican book market, and 70% of these came from Spain. In contrast, the geographically proximate Argentina and US maintained trade agreements with the Mexican government, but despite their proximity to and commercial agreements with Mexico exports from each one of these countries into Mexico represented only 10% of the Mexican market (Estivals (1977) and SGAA, Culture Section Box 87413).

Our analyses reveal again the central role of emigrants for Spanish firms' success in Mexico. In fact, those Spanish firms that could not use exiles did not enter the Mexican market. This was the case for *Editora Nacional*. The firm, owned and managed by the Franco government, had a conservative political orientation and had been hostile to the Republican intellectuals. Consequently, as it could not use the emigrants as a bridge into Mexico, it did not enter the Mexican market (Memorandums of *Editora Nacional*'s General Manager, Jesús Unciti, and Report of the Trip to Mexico 1964, SGAA, Culture Section Boxes 66-20615, 66-20779, 73-460).

===== Insert Figures 2 and 3 about here =====

Third Epoch—1974-1977: Mexico Limits Book Imports

The third epoch, *Mexico limits book imports*, began in 1974, with an event that affected the entire publishing industry, and lasted until 1977 while the diplomatic relations between Spain and Mexico remained broken. In 1974, the Mexican government abruptly imposed new restrictions that limited all book imports into the country (Fernandez-Moya, 2012). Allegedly, the reason for the ban was that the exponential increase of Spanish books' imports caused a growing deficit in the trade

⁷ For example, literacy rates in Argentina were 87% and in Mexico 57% (Jennison & Kurth, 1960).

balance of the Mexican publishing sector. The head of the Mexican subsidiary of the Spanish publisher Gustavo Gili explained the tense diplomatic situation between the two countries:

The measures adopted by Mexico against the Spanish government [...] must be known, it is my duty to inform you on this matter. At the moment, we are practically isolated. Trade relations have been totally nullified. Even by telephone you cannot talk to Spain [...]. All the Spaniards who were in Mexico as tourists as well as singers and people related to the show business have received a term to leave the country. The flights, Spanish tourism, and journalistic agencies as well as any type of Spanish representation have been communicated the closing and automatic cessation of their functions. All commercial trade of any type of Spanish merchandise is also suspended. Spanish banks and financial institutions cannot exercise in the country. (Letter from Gili's manager in Mexico, Emilio Castelló, to the owner of the firm, Gustavo Gili Torra, 10/1975, Gustavo Gili Archive)

Spanish publishers leverage the emigrants' Mexican citizenship to negotiate and lobby to relocate production into local subsidiaries in Mexico. In this third epoch, the trade distance between Spain and Mexico became most evident for firms operating in the publishing industry, because of the books import ban introduced in 1974. The import ban shocked the Spanish publishing sector. The largest players, like Editorial Labor, Espasa Calpe, and Salvat, saw their main market in Latin America endangered. Yet, the lack of diplomatic relations between Spain and Mexico impeded a negotiation of these measures with the Mexican authorities.

The Mexican Government is considering import restrictions on foreign books from Spain, which would seriously affect the sale by our company of the books we are now buying from you. Because this will also affect the exportation by us of Spanish books into Mexico [...] the proposal is of serious consequence to us both as importers in Mexico from Spain. (Letter from Consolidated Book Publishers to Ediciones Danae, 11/02/1974, SGAA, Culture Section Box 87413)

In this epoch, Spanish firms sought to protect their operations and sales in Mexico and started using the Spanish emigrants as a substitute for the lacking official diplomatic relations between the two countries. The Spanish publishers used the emigrants to prepare the grounds to lobby and negotiate with the Mexican government in a series of meetings in the headquarters of the *Fondo de Cultural Economica* in October 5-10, 1974 (Interview with the president of the Mexican Publishing Association in *Diorama de la Cultura*, 24/2/1974 and *Excelsior* 28/2/1974, SGAA, Culture Section Box 87413).

The special situation of our relations with Mexico and our experience in the past indicate that dialogue is difficult, if not impossible, with Mexican authorities, and even more if the Spanish interlocutor is a high and well-known personality of the Spanish Government. (Letter from the exile Juan Grijalbo to the president of *Instituto Nacional del Libro*. SGAA, Culture Section Box 87413)

Four of the five firms analyzed illustrate this dynamic: Editorial Labor, Gustavo Gili, Salvat, and Seix Barral, participated in all the meetings with Mexican authorities (Memorandum of the meeting at *Instituto Mexicano del Libro* 23/01/1974, SGAA, Culture Section Box 87413; *El Libro Español*, 11/1974). In January 1974, the Spanish emigrants and the Spanish publishers met at the *Instituto Mexicano del Libro* to discuss these restrictive measures. In October of the same year, in a second meeting at the *Fondo de Cultura Economica*, the emigrants agreed to contact the official institutions in Spain to petition that the negotiation take place outside the official channel. The exile publisher Grijalbo, for example, explained that instead of diplomatic representatives of the Spanish government, the main delegate should be Francisco Perez Gonzalez, a private editor (cofounder of the Spanish firm Santillana) and leader of the trade association (Letter from the exile Juan Grijalbo to the president of *Instituto Nacional del Libro Español*, SGAA, Culture Section Box 87413).

Using the exiles' networks to contact government officials, the Spanish delegation, presided by the private editor Perez Gonzalez, with no political, governmental or official diplomatic representatives, negotiated with the Mexican government to try to remove the ban or soften its application (Minutes of Colloquium of Ibero-American Publishers hosted by *Fondo de Cultura Economica*, SGAA, Culture Section Box 87413). When it became clear that the Mexican government would not cancel or soften the new measures, the exiles changed negotiation tactics. Using the Mexican government's own argument that the ban sought to protect the Mexican industry, the exiles obtained the establishment of new measures in support of the sector, i.e. fiscal aid to national publishers. The measure was taken in the framework of the import substitution model. The president of the *Camara Nacional de la Industria Editorial Mexicana* (National Chamber of the Mexican Publishing Industry) explained the consequences:

The logical consequence is that there will have to be a substitution of all those works that, due to their importance, require a larger print run, which will force the publishers who today sell us hundreds of millions of pesos of their production, to come to Mexico to produce those books - with which an increase will be obtained for graphic arts workshops, creation of new work plants that we need so much, increased consumption of raw materials and these books may be exported from Mexico instead of just receiving them. (Interview to the president of the *Camara Nacional*, Diorama de la Cultura, 1974, SGAA, Culture section, Box 87413).

As a result, Spanish firms realized that they could benefit from the new fiscal rules in Mexico and began to publish in Mexico through a local subsidiary. The protective measures of the Mexican government accelerated the transition from commercial subsidiaries to productive subsidiaries, the last stage of the Uppsala model. It is because of these new fiscal facilitations that in 1965 the publishers with the highest volume of sales in the country, Editorial Labor and Salvat, began to produce in Mexico. Editorial Labor published through its subsidiary in Mexico DF, using local printing houses. Salvat, the Spanish sector's leading publisher, opened a printing firm in Queretaro, Mexico, to produce its own publications and books. Although smaller than Labor and Salvat, also Seix Barral produced in the country through its subsidiary, Joaquín Mortiz.

Whether or not the titles to be published in Mexico are of great consumption in the country with this new approach is already a secondary issue. [...] The most important [...] thing is to be able to get governmental fiscal aids. (Letter from Emilio Castelló, Gili's manager in Mexico, to the owner of the firm, Gustavo Gili Torra, 26/11/1975, Gustavo Gili Archive)

FIRMS' INTERNATIONALIZATION AND THE ROLE OF EMIGRANTS

Firms' Internationalization and Emigrants

In general, firms tend to expand into a country that is institutionally or culturally "distant" from their home country or that has policy restrictions or other barriers limiting the economic exchanges from their home country (e.g., Anderson & Van Wincoop, 2004; Morisset & Pirnia, 2000), only if they own valuable resources that they can use abroad (Verbeke & Asmussen, 2016; Verbeke & Kano, 2015). When firms do not own or can deploy these market and non-market resources abroad, they may rely on external resources for their internationalization. Among these resources are emigrants, which firms can use as local assets (Hennart, 2009). Emigrants can link resources from within the MNC and the subsidiary's host country (Da Silva Lopes et al., 2018; Distel et al., 2019) and can facilitate access to home-country knowledge and social networks or labor (Da Silva Lopes et al., 2019; Kulchina, 2016; Kunczer et al., 2019; Fernández Pérez et al., 2015; Portes et al., 2002). In the host country, emigrants can reduce information asymmetries (McPherson et al., 2001) and even monitor and sanction to ensure the enforceability of contracts in weak institutional environments, such as emerging countries (Austin et al., 2017; Rangan & Sengul, 2009). In sum, prior literature already

proposed that firms can benefit from emigrants (Kunczer et al., 2019) and in different ways, depending on the emigrants' different aspirations, professional experience, skills, and qualifications (e.g., Cerdin et al., 2014; Hainmueller & Hiscox, 2010; Hainmueller & Hopkins, 2014).

Our analyses specifically uncover the underlying detailed mechanisms that explain *how* emigrants can facilitate firms' expansion abroad and the different benefits offered by emigrants' changing characteristics over time. All the Spanish publishing firms analyzed used the Spanish emigrants in Mexico to shape the cultural fabric of the host country and influence its political arena in order to increase and strengthen their operations in the host country. In Figure 4, we offer a graphical representation of the evolution of the Spanish publishers in Mexico between 1939 and 1977, revealing the role played by Spanish emigrants to facilitate and allow the Spanish firms' expansion in Mexico despite the difficult economic and political context.

Initially, the exile was based on the exiles' homogeneous intellectual and political orientation, which was opposed by Franco's regime in Spain and welcomed in Mexico by President Cardenas. In the first phase, the emigrants took part in the local trade associations, established ties with the Mexican *intelligentia* and brought to Mexico the knowledge that they had accumulated working in the publishing sector back in Spain. Essentially, the exiles were instrumental to *build constituency* by providing community services, e.g. education and social services, and by building social networks and exploiting social connections, to educate and motivate those stakeholders that may become customers or collaborators of the Spanish publishers. The exiles created and reinforced a sophisticated and varied customer base to whom Spanish publishers could directly sell, and set up their own cultural, political, and social organizations, with an intellectual and political profile different from that of the earlier agricultural and illiterate emigrants and local population. The exiles fertilized the cultural context and built on their *cultural affinity* to develop selected networks in the host country. In this initial phase of internationalization, Spanish firms leveraged the exiles to form *constituency* and deploy *coalitions* of stakeholders with common political and intellectual interests. Spanish publishers increased their exports to Mexico and sold books to these newly cultivated customers and through their associations.

Later, their sticking together allowed the emigrants to occupy a prominent position in the local cultural and social circles, which they had created together with influential local intellectuals. The emigrants progressively became *embedded in the local market* and facilitated Spanish firms' direct access strategies. Emigrants provided Spanish publishers with *information about the host country*, the preferences of the local communities, and about investment opportunities, regulations, and procedures. Spanish firms used the emigrants to *advocate support* in Mexico through the emigrants' access to political actors, intellectuals, and professional and trade associations. In this second phase of internationalization, Spanish publishers used the exiles to create personal and distribution networks in Mexico through local subsidiaries set up or managed by exiles.

Finally, the exiles could take the Mexican nationality, which allowed them to leverage their original familiarity in Spain and strengthen the results of their lobbying efforts. In the third epoch, Spanish firms used the exiles to *lobby* and substitute for the inexistent diplomatic ties between Spain and Mexico. These exiles were well connected with political and intellectual groups both in Spain and in Mexico and took a diplomatic role to *shape actively the institutional landscape* to better support Spanish publishers. They helped Spanish firms to relocate or increase their production of books directly in Mexico through local firms, founded by the Spanish emigrants.

===== Insert Figure 4 about here =====

The Changing Role of the Emigrants and Country Distance

Building on these findings, in Figure 5 we conceptualize over time the step-wise internationalization process derived from the Uppsala model, from exports, to distribution and finally local production (Johanson & Vahlne, 2009; Puck et al., 2009), as related to the emigrants' main features and their progressive change. This conceptualization emerges from an attempt to bring analytical clarity and structuration to a process that develops over four decades and that we analytically simplify in three main historical phases. While some of the emigrants' characteristics, i.e. their cultural, intellectual, and political homophily in the host country as well as their familiarity with the home country, can persist over time, other characteristics morph through time. Emigrants can gradually become more embedded and influential in the host country and able to intervene and shape

in its social, cultural, and political spheres. The emigrants' *changing features* — their qualifications and characteristics and their ability to create networks and also to lobby with local governments— can help to create the cultural fabric and the social support for firms' exports, then to shape the political and fiscal conditions for local production, and finally can act as an integration mechanism to create large conglomerates, without having to find a local partner for a joint venture. Specifically, the emigrants' national homophily initially accrues mostly cultural benefits, where the emigrants develop in the host country an extensive social and cultural network, while leveraging their familiarity about their country of origin, which they develop through professional and personal relationships before leaving and that they maintain also from the host country. This cultural homophily later transforms into economic and political homophily, where MNCs use the emigrants to set up in their international operations. At this point, emigrants are *embedded* in the host country and can use in a different way their familiarity about the home country, to represent and liaise the home country in the host country and vice versa and to connect and assimilate the operations in the two countries.

Our study illustrates *how* firms can gradually internalize the emigrants as market and non-market resources to *endogenize the cross-country distance* between the home and the host country. There are three types of distance that firms can reduce through the emigrants. Initially, firms can use the emigrants' homogeneous political and cultural characteristics to shape the underlying values and beliefs of important constituents in the institutional environment, to create a receptive market (e.g., Getz, 1997; Oliver & Holzinger, 2008) and to influence public opinion and social preferences to their benefit (Doh et al., 2012). Emigrants can act as bonds between the home and the host country and become unique channels of knowledge, facilitating local learning, knowledge transfer, and the development of a new market. Internationalizing firms can use them as a market resource to endogenize cultural distance.

Later, firms can use emigrants' increasing embeddedness to engage in actions in the market environment to create value (Baron, 1995), such as pricing, quality improvements, or product differentiation (Doh et al., 2012), and in the non-market environment to shape the underlying values and beliefs of important constituents in the social and political arena (e.g., Getz, 1997; Oliver &

Holzinger, 2008), and to shape the institutions that might protect the firm's interests (Doh et al., 2012). In this phase, internationalizing firms can use emigrants as a non-market resource to endogenize trade distance.

Finally, internationalizing firms can use emigrants' new local status to advertise advocacy with the host country's main political and intellectual actors, to build a constituency and coalitions, and to directly lobby with local political actors (Boddewyn & Doh, 2011; Getz, 1997). In this final phase, internationalizing firms can use emigrants as a non-market resource to endogenize political distance. In sum, in this emergent theoretical model, we illustrate how through the emigrants' changing characteristics, firms expanding abroad can gradually *endogenize the cultural, trade and political distance between the home and the host country*, providing information, creating and shaping local constituency, and reducing the hazards of the foreign investment so that firms can shift their strategy from exports, to local commercial subsidiaries and finally to local production.

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Insert Figure 5 about here
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DISCUSSION

In this study, with our unique database, we evaluate, describe, and analyze in detail the evolution of Spanish publishing firms in Mexico, exploring path dependence and sources of historical exogenous variation to develop historically informed theory about firms' internationalization (Da Silva Lopes et al., 2019), their resources, and their historical context (Bucheli & Wadhvani, 2014; Kochan et al., 2009). Our study is — to our knowledge — the first to examine and explain from a *historical perspective* firms' internationalization through an evolving use of market and non-market resources and their enactment in situ. The analysis of the evolution and implications of these resources and strategies in various historical moments, based on historical events both in the home and in the host country to embed firms' strategic choices in time and place, reveals the underpinnings and implications of the social, cultural, and political nature of firms' internationalization. We turn the uniqueness of this situation into a revealing case (Vaara, 2021) that illustrates how MNCs can change their organizational arrangements abroad (e.g., Chung & Beamish, 2010; Hennart, Roehl, & Zietlow,

1999; Putzhammer et al., 2020), to adapt to changing firm *and* country characteristics (Hillemann & Gestrin, 2016). We hope that this incorporation of a historical perspective into organizational studies will provide inspiration for new, untested ideas for firms' internationalization (Bucheli & Wadhvani, 2014).

Our first and foremost contribution is to link two streams of research, i.e. "classic IB research" on the emergence of MNCs, their location, organization and control (Barnard et al., 2019) and research on migrants and on their communities (e.g., Iriyama et al., 2010; Rangan & Sengul, 2009; Tong, 2005). Specifically, prior IB and business history literatures have argued that in general firms avoid countries with high levels of institutional uncertainty (Casson & da Silva Lopes, 2013; Kobrin, 1980; Maurer, 2011; 2013; Murtha & Lenway, 1994) or weak country advantages, unless they own firm specific advantages (Casson & da Silva Lopes, 2013; Rugman, 2006) or the ability to organize, execute, and network (Guillen, 2000; Guillen & Garcia-Canal, 2009; 2010) that they can use to overcome their outsidership (Buckley & Casson, 1976; Rugman & Verbeke, 1992), to expand abroad and especially in highly uncertain contexts, such as emerging markets (Bucheli & Kim, 2015).

Our study shows *how* Spanish publishing firms operating in Mexico lacked most of these resources and needed to overcome the absence of bilateral trade agreements and diplomatic relationships between the two countries. Thanks to the Spanish emigrants, throughout the 20th century these firms could gradually modify their operations in Mexico from exports, to distribution through local subsidiaries, and finally to local production. Specifically, our study offers a threefold important advancement about *how* MNCs lacking most of the resources needed to expand abroad can leverage emigrants, as a source of capital and knowledge that firms can hire (e.g., Cerdin et al., 2014; Distel et al., 2019) to reduce the hazards of the foreign investment (Tsang & Yip, 2007) and succeed abroad (e.g., Verbeke, 2013).

First, our study analyzes a context where there was no political or institutional affinity between the emigrants' home and host country. In this context of institutional un-connectedness, we show how firms could use a special type of emigrants, i.e. those with high skills, to create and shape local constituency, develop a local market and finally lobby as a local player. Integrating the

theoretical mechanisms of internationalization literature into a model of market and non-market resources of MNCs' foreign operations, this study illustrates *how firms can use high-skilled emigrants* as a key mechanism to bridge and endogenize various dimensions of distance between the home and the host country – specifically *to endogenize the cultural, trade and political distance between the home and the host country* – and gain access to host country location advantages, which otherwise would not be accessible. These findings contribute to the claim of IB research that the landscape for firms' decisions and actions about investment and competition is not exogenous to the firm (De Figueiredo, 2009). Firms can shape it by using emigrants as a different type of market and non-market resource to influence the establishment of favorable rules, norms, and institutions – and not only to attract foreign investments (Alvaro-Moya, Fellman, & Puig, 2020; Lanciotti & Lluch, 2018a; Llonch-Casanovas, 2017) and not only in situations of institutional affinity and connectedness of institutional environments between the emigrants' country of origin and the host country (e.g., Hernandez, 2014; Shukla & Cantwell, 2016; Tong, 2005).

Second, we empirically illustrate *how even after the initial investment* firms can use emigrants for a process of experiential and mutual learning, in a context where emigrants lacked affinity with the other emigrants and local population in the host country and where there was no local product demand (Hillemann & Gestrin, 2016). These findings advance research on emigrants as enclave entrepreneurs and repository of country-specific knowledge to ease the MNC's early investment stages and survival (e.g., Barnard et al., 2019; Kunczer et al., 2019). These prior studies examined contexts with a concentration of same-nationality emigrants from the firm's home-country (Shukla & Cantwell, 2016), and whose homophily with the local population (Leblang, 2010; McPherson et al., 2001) allowed the capitalization of these emigrants' industry-specific knowledge (Hernandez, 2014).

Our historical study shows that the *emigrants' role* and firms' use of emigrants change over time, adapting to shifting institutional environments and supporting firms' internationalization. Different characteristics of emigrants (e.g., their tenure in a country, their qualifications and skills, their local connections) can be useful for MNCs to manage a variety of challenges at different stages of their internationalization process and to change the ownership forms of their foreign operation after

initial entry in a dynamic fashion (Johanson & Vahlne, 2009; Puck et al., 2009; for a review, see Putzhammer et al., 2020). Our cases illustrate in different moments how firms can use emigrants not only to develop formal and informal organizations and interpersonal relationships with local prominent actors (Sun, 2019) but also to progressively “influence the influencers” (Seong & Godart, 2018) and construct a new “old-boy network” in social elite systems (Sun, 2019), which they subsequently can exploit to shape local norms and institutions to further their interests.

Third, the fact that Spanish is the language common to Spaniards and Mexicans offers a new interpretation to the earlier claim that language-based homophily facilitates information and knowledge sharing between emigrants and the local population (Leblang, 2010; McPherson et al., 2001). Our study suggests that even in a situation of linguistic homophily, such as the one analyzed in this study, Spanish firms preferred to liaise with Spanish emigrants than with local Mexicans, who also spoke Spanish. The findings of past research indicating the effects of linguistic or national homophily –that emigrants tend to choose familiar countries (Clark, Li, & Shepherd, 2018) to reduce information asymmetries (McPherson et al., 2001) and ease human, physical, intellectual, and investment capital (e.g., Kapur, 2001; Saxenian et al., 2002)– may have overshadowed the real cause of emigrants’ networks and location choices and the reasons for the connection between the Mexican and Spanish political and business elites (Fernández Pérez et al., 2015), that is, *cultural, intellectual, and political affinity*. Future research will need to account for these findings that, even in a context where language is not a barrier and thus where national homophily should not matter, emigrants cluster together.

Limitations, Avenues for Future Research and Normative Considerations

Our empirical context and findings are relevant for IB researchers as well as managers. Worldwide migration is increasing. According to the United Nations, in 2015 there were about 244 million international migrants globally, which increased to 272 million in 2020 (3.5% of the world’s population) (McAuliffe & Khadria, 2020). Within these global trends, high-skilled migration has become a dominant pattern, in part also reflecting migration policies in countries such as Canada and New Zealand on the one hand, and phenomena such as Brexit on the other hand (Moschieri & Blake,

2019). With the exception of few studies, e.g. on the African brain drain or the exodus of European scientists into the US (Docquier & Rapoport, 2012; Levin & Barnard, 2013), this high-skilled migration remains a scarcely examined phenomenon, probably because high-skilled individuals are “invisible” and the size of these flows is considered small and insignificant in the context of total movement (Salt, 1997). However, because high-skilled emigrants can be beneficial for the host country, as for example they create entrepreneurial ventures and attract capital investments also from abroad (Barnard et al., 2019) or, as our study shows, for MNCs to bridge the distance between the home and the host country, understanding the preferences of these high-skilled migrants is important to attract and integrate them in the host countries (Van Gessel, 2018). We hope that this study will inspire more research on high-skilled emigrants. For example, although our findings shed new light on one of the many unknowns in the relationship between emigrants and firms’ internationalization (Kunczer et al., 2019), more research is needed to compare the role of different types of migrants within one country or to examine one type of migrants, e.g. high-skilled migrants from one country, relocating into different host countries (Lluch & Barbero, 2016).

We focus on high-skilled emigrants of a special type, i.e. those pushed from their home country by persecution and political discrepancies (Christensen, Newman, Herrick, & Godfrey, 2020). The exile process of Spanish Republicans was arguably a special type of diaspora (Beine, Docquier, & Ozden, 2009), from a cultural, political, and social perspective (Funk & Hirschman, 2017; Getz, 1997; Mellahi, Frynas, Sun, & Siegel, 2016). Not only was it geographically concentrated and created organizations with public good characteristics and institutions to govern the diaspora, but it also had two unique characteristics. The Spanish exiles moving to Mexico were all high-skilled and educated individuals and Mexico was an emerging country. These features make the context of this study very specific. In our study, the emigrants left because of political reasons, and the MNCs’ use of the emigrants changed because of a change in the diplomatic relations between Mexico and Spain and because of the attempt by the Mexican government to prevent imports. Without these events, we may not have seen their role change. This boundary condition of our findings opens the avenue for more

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research on contextual specificities of host countries, variations in cross-country relations and their implications for international migration in general and high-skilled migrations specifically.

FIGURES AND TABLES

Table 1: Tons of Books Exported from Spain to Major Latin America Countries (1940 to 1975)

Year	Argentina	Chile	Colombia	Mexico	Peru	Venezuela	Mexico as % of total Latin America
1940	147	0.2	0.3	0	2	3.2	0%
1945	121	0.2	0.3	0.3	0.1	0	0%
1950	361	16	54	174	11	119	22%
1955	162	18	165	324	47	370	20%
1960	531	242	269	430	81	524	16%
1965	2,487	915	842	1,600	880	1,320	17%
1970	5,038	2,426	2,565	3,775	886	3,571	18%
1975	4,667	1,555	2,270	6,070	1,446	4,415	25%

Source: Spanish foreign trade statistics, Spain Treasury's Archives.

Table 2: Book Production in a Selection of American Countries in 1950s (number and value)

Country	Books (number of titles, national production)	Total books imports (US\$)	Total books exports (US\$)
Argentina	2,560	5,000,000	2,000,000
Brazil	3,235	6,173,728	8,790
Chile	747	1,213,574	15,176
Colombia	438	2,424,424	4,157
Cuba	467	332,512	708,354
<i>Mexico</i>	923	2,202,388	2,617,136
Peru	507	234,979	1,304
United States	13,142	17,000,000	65,000,000
Venezuela	538	1,176,000	Not available

Source: Jennison & Kurth (1960: 21). Data for Argentina's import/export are an estimate of the *Camara Argentina del Libro*. The information on the number of titles refers to 1957, except for Brazil (1956), Mexico (1955), and Venezuela (1955). Data on Import/Exports refer to 1958, except for Colombia (1957), Chile (1955), Cuba (1955), Peru (1957).

Table 3: Spanish Emigrants in Mexico. Number and Characteristics of Individuals Born in Spain and Registered as Residents in Mexico (1930-1980)

Census year (circa)	Number of Spaniards resident in Mexico	Characteristics of Spanish individuals resident in Mexico
1930	28,855	Mass emigrants. Mainly working in agriculture, illiterate, and politically conservative (right).
1950	37,540	Political exiles. Mainly intellectuals, employed in the tertiary sector, politically socialist (left). They hope to return to Spain.
1960	49,637	Cultivated émigrés. Mainly intellectuals, employed in the tertiary sector, politically socialist (left). They are locally integrated.
1970	31,038	Cultivated émigrés. Mainly intellectuals, employed in the tertiary sector, politically socialist (left). They are locally integrated.
1980	32,240	Spaniards resident in Mexico are employed in the tertiary sector. They become vested locally.

Sources: Data from *Censo General de Población* (General Population Census, Mexican Government) (Pla, 2001). The source does not offer data for 1940s. Nonetheless, it can be noticed that the number of Spaniards resident in Mexico during the 1950s and the 1960s increases, due to the Republican diaspora (that started in 1936).

Table 4: Data Sources: Historical Documents, Archival, and Interview Data

Cases and use of sources in our study	Sources: Publications, archives and interviews	Source details
General information about the context, role of exiles, and industry (including our case studies)	<i>El Libro Español</i> (trade magazine)	Years 1958-1977
	<i>Fomento de la Producción</i> (business magazine)	Years 1971-1977
	<i>Anuario Financiero y de Sociedades Anónimas de España</i> (official publication of Spanish limited firms)	Years 1939-1977
	Spanish Foreign Trade Statistics at Archivo Ministerio Hacienda (Spain Treasury's Archive)	Years 1939-1977
	Spanish General Administration Archive (SGAA)	Culture Section, Boxes 66-20349, 66-20615, 66-20779, 73-460. 73-461, 87413
	Interviewee 1: President of the National Association of Spanish Publishers during Franco's period, president of the Association of Publishers in Madrid, 1968-1975, and president and co-founder of the Spanish Federation of Book Chambers Interviewee 2: Secretary of the Catalunya Printers' Labor Union in the 1980s Interviewees 3 & 4: Academic experts on Spanish Republican exiles Interviewee 5: Mexican publisher Interviewee 6: Mexican trade association leader	
Editorial Labor: Case study and Role of exiles	Editorial Labor at SGAA Interviewee 8: Former owner and manager of Labor	Culture Section Box 87413
Espasa Calpe: Case study and Role of exiles	Espasa Calpe's Archive at Fundación Juan March, Madrid (Spain) Espasa Calpe's Archive at Fundacion BBVA (historical archive) in Bilbao, Spain Interviewee 7: Former owner and manager of Planeta, which now owns Seix Barral	Espasa Calpe Section (without filing system)
Gustavo Gili: Case study and Role of exiles	Gustavo Gili Archive, documents from 1939-1977, now in Biblioteca de Catalunya, Barcelona, Spain Interviewees 9 & 10: Owners and managers of Gustavo Gili	Library Cataloging (official cataloging in process)
Salvat: Case study and Role of exiles	Salvat Historical Archive at Archivo Nacional de Catalunya, Barcelona, Spain Interviewee 11: Former owner and manager of Salvat	Boxes 2.1.16, 2.1.17, 2.1.22, 2.1.24, 2.1.26
Seix Barral: Case study and Role of exiles	Carlos Barral Historical Archive at Biblioteca de Catalunya, Barcelona, Spain Mario Vargas Llosa Papers, Manuscripts Division, Department of Rare Books and Special Collections, Princeton University Library, Princeton Library Interviewee 7: Former owner and manager of Planeta, which now owns Seix Barral	Library Cataloging (official cataloging in process) Subseries 3A: Pre-1984. Boxes 74, 77, 79, 80, 81, 84, 92.

Table 5: Case Analysis from 1939 to 1977, Including Examples of Spanish Emigrants

Firm details		Before 1938: Limited exports, often indirect	1939-1945: Increased exports	1945-1974: Distribution and local commercial subsidiaries	1974-1977: Local production
Spanish firm (founding year)	Catalogue	Main market and internationalization mode	Firms use emigrants to develop affinity, build constituency and form coalitions	Firms use emigrants to advertise advocacy and collect information	Firms use emigrants to lobby and shape local rules
Editorial Labor (1915)	Technical books, large format	Direct exports in Mexico. Main foreign market was Argentina.	It distributed in Mexico through exiles' new distributors and bookstores, and then opened a local subsidiary and began to publish in Mexico. Two exiles run the Mexican company as principal managers, Julio Sanz Sainz and Luis Roca, and other exiles developed network nodes and increased its network among Mexican intellectuals. Sanz Sainz became the president of the Camara Nacional de la Industria Editorial Mexicana. Emigrant e.g.: Julio Sanz Saínz, Luis Roca, and Manuel Sánchez Sarto.	The firm used emigrants to export to Mexico. It joined the industry association founded by the exiles. It used various Spanish emigrants to develop network nodes and increase its ties with Mexican intellectuals.	It increased its direct investment in Mexico. Labor participated in all the meetings to discuss the new measures and negotiate with the government. It took advantage of fiscal benefits in Mexico and moved production to Mexico.
Espasa Calpe (1925)	Encyclopedias, literature	In Mexico it exported directly and indirectly through Argentina, its main foreign market.	It had a small, commercial subsidiary in Mexico since 1930. Only after 1937, it started publishing more, increased the number of titles and expanded the book catalog. It edited books written by the exiles and used exiles as clients and distributors. Emigrant e.g.: Antonio Sempere, and Juan José Cremades Fons.	It increased its investments in Mexico. In 1948, the local subsidiary was transformed into a Mexican firm. In the 1950s, Espasa Calpe Mexicana began to publish in Mexico and distribute in other countries of Latin America. It mostly published books by Mexican authors, and reprinted books edited by the firm in other locations (mainly Buenos Aires and Madrid). It joined the industry association founded by exiles.	It did not participate to the meetings with the other publishing firms to negotiate with the government. Nevertheless, the firm increased its publications in Mexico, taking advantage of the fiscal benefits in the country.

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Gustavo Gili (1902)	Technical books, art books, architecture books, academic books, essays	Direct exports in Mexico. Main foreign market was Argentina.	It used emigrants to develop selected network nodes, including Mexican intellectuals and booksellers, through which it distributed its books in Mexico. Emigrant e.g.: Estanislao Ruiz Ponseti.	It increased its exports to Mexico, opening a subsidiary in 1953, Editorial Gustavo Gili de Mexico (earlier Distribuidora Gustavo Gili de Mexico). It distributed in Mexico through exiles' new distributors and bookstores. It joined the industry association founded by exiles.	It increased both its exports and its direct investment in Mexico. It participated in all the meetings to debate the new measures and negotiate with the Mexican government. It took advantage of the fiscal benefits in Mexico and relocated its production to Mexico.
Salvat (1923)	Encyclopedias, large format, fascicles	Direct exports in Mexico. Main foreign market was Argentina.	It continued to distribute in Mexico through exiles' new distributors and bookstores. It used emigrants to develop selected network nodes, and increased its network among Mexican intellectuals. Emigrant e.g.: Josep Pijoan.	It increased its exports to Mexico and with the help of exiles opened a commercial subsidiary. It distributed in Mexico through exiles' new distributors and bookstores. It joined the industry association founded by exiles.	It increased its direct investment in Mexico. Salvat participated in all the meetings to discuss the new measures and negotiate with the government. Circa in 1975, it opened a printing firm in Mexico (Querétaro) to publish its own books and other books for other firms. It took advantage of the fiscal benefits in Mexico and relocated its production to Mexico.
Seix Barral (1911)	Literature	No presence in Mexico. Main foreign market was Argentina.	It started to export directly to Mexico. It used emigrants to develop selected network nodes. It mostly distributed through booksellers, but only a limited number of books. Emigrant e.g.: Joaquín Díaz-Canedo.	In 1962, it opened a JV publishing firm, Joaquin Mortiz, with the exile Diaz Canedo. The Mexican firm published books written by exiles and books censored in Spain. Seix Barral and Joaquin Mortiz distributed in Mexico through exiles' distributors and bookstores. Seix Barral joined the industry association founded by exiles.	The firm continued publishing in Mexico and maintained the direct investment in Joaquin Mortiz. Seix Barral participated in all the meetings to discuss the new measures and negotiate with the Mexican government. It took advantage of the fiscal benefits in Mexico and moved production to Mexico.

Sources: Our analyses from Spain's Financial and Corporate Directory Yearbooks (1940, 1945, 1974), firms' Annual Reports, *Anuario Financiero de Sociedades Anónimas*, and industry magazines, i.e. *El Libro Español* and *Fomento de la Producción*.

Table 6: Publishing Firms and Bookstores Founded in Mexico by Spanish Emigrants

Firm	Founding year	Bookshop in Mexico City	Founding year
Editorial B. Costa-Amic	1942	Librería Juárez	1939
Editorial Arcos	1940	Arana Bookshop	1939
Proa	1940	Librería Cide	1939
Vasca Ekin	1942	El gusano de luz	1939
Editorial Leyenda	1942	Librería Técnica	1939
Editorial Séneca	1940	Librería Góngora	1939
Joaquín Mortriz	1962	Librería IDEEA	1939
Era	1960	Librería y Ediciones Quetzal	1939
Ediciones Rex	1944	Librería Madero	1939
Ediciones Atlántida	1942	Librería Cristal	1939
Ediciones Libres	1940	Librería y Ediciones Quetzal	1939
Minerva	1940	Librería UDE	1939
Editorial Lex	-	México Lee	1940
Editorial Magíster	-	Librería de Humberto Santos	1939
Cima	1940		
Lemuria	-		
Moderna	-		
Revista Norte	1940		
	(refounded)		
Esculapio	1939		
Continental	-		
Orión	1940s		
Quetzal	1941		
Nueva España	-		
Biblioteca Catalana	1942		
Club del Libre Catalá			
Ediciones Libres	1940		
<i>España Peregrina</i> (Pilgrim Spain) newspaper	1940		
Editorial Diógenes	1966		
Edicions Catalanes de Mèxic	1952		

Sources: Own analyses and elaborations from Zueras-Torrens (1990) and Armendáriz Sánchez & Ordóñez Alonso (1999).

Figure 1: Data-Reduction Process

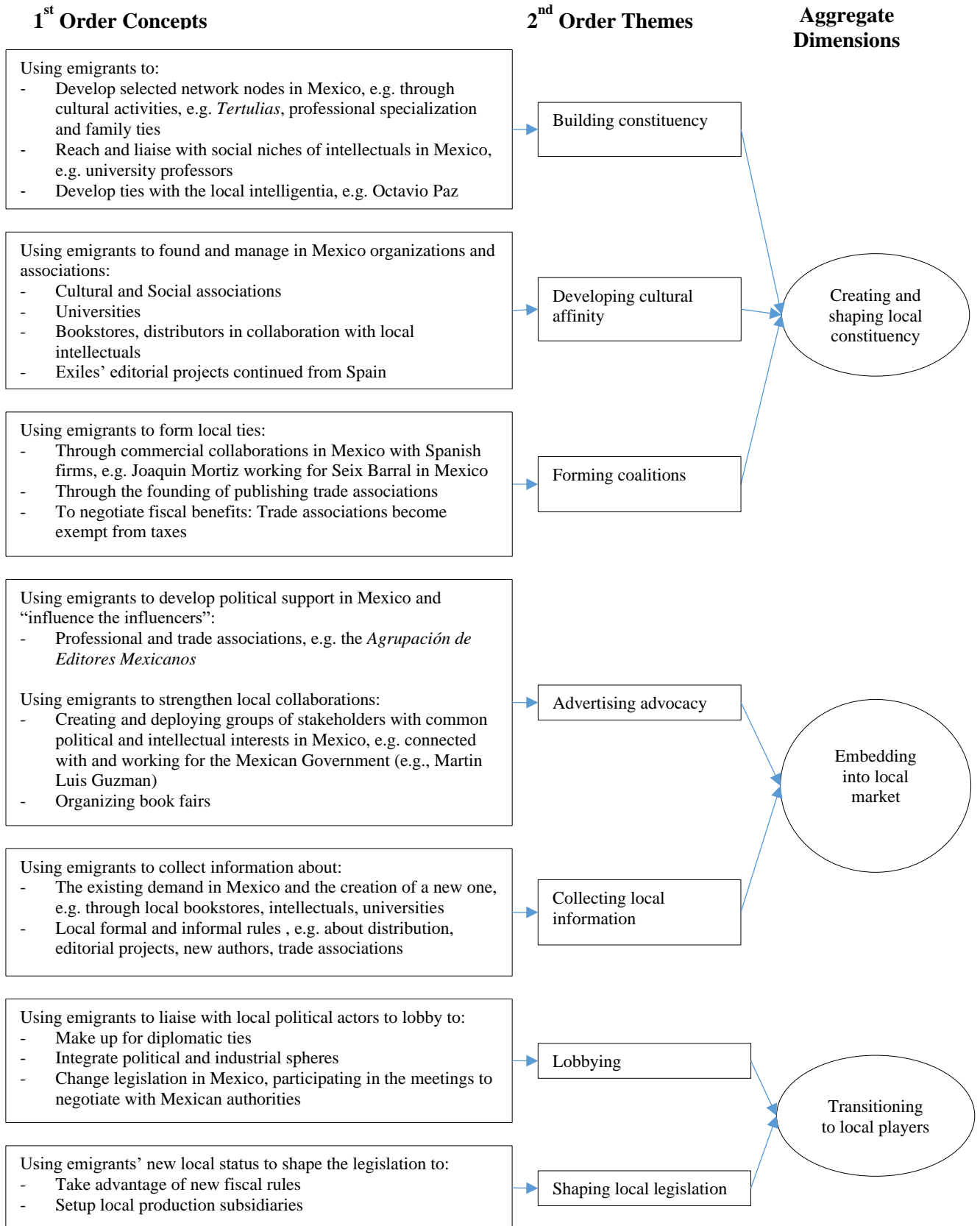
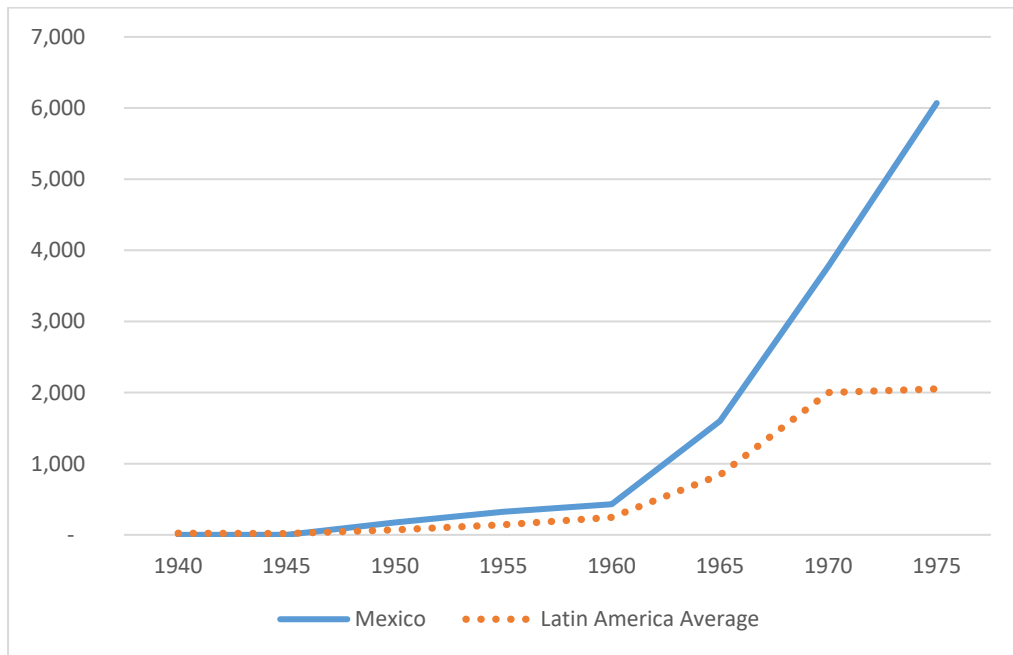


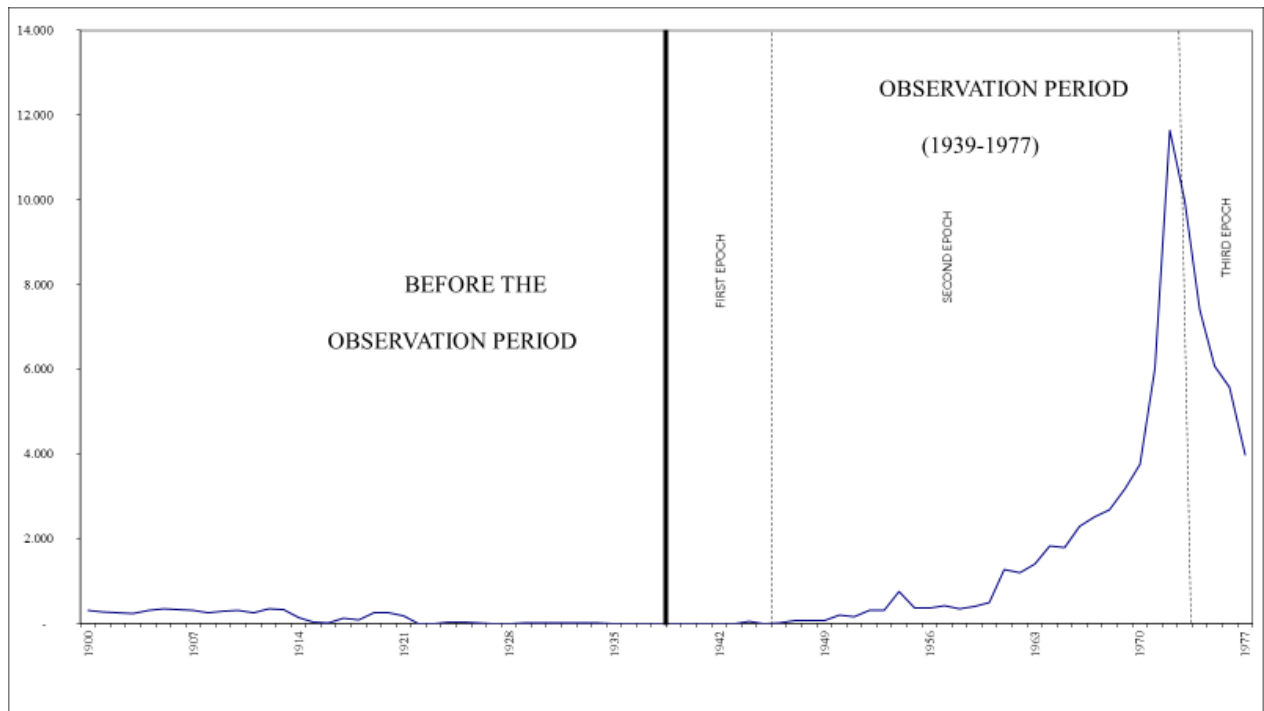
Figure 2: Main Destinations of Spanish Publishing Exports (Tons of books, 1940-1975)



Source: Spanish foreign trade statistics, Spain Treasury's Archives.

Note: Latin America countries constitute the destination of 90% of Spanish publishing exports.

Figure 3: Books Exports from Spain to Mexico (Tons of books, 1900-1970)



Source: Spanish foreign trade statistics, Spain Treasury's Archives.

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Figure 4: Long-term, Dynamic Perspective on the Main Mechanisms of the Evolution of Market and Non-market Resources for Firms' Internationalization

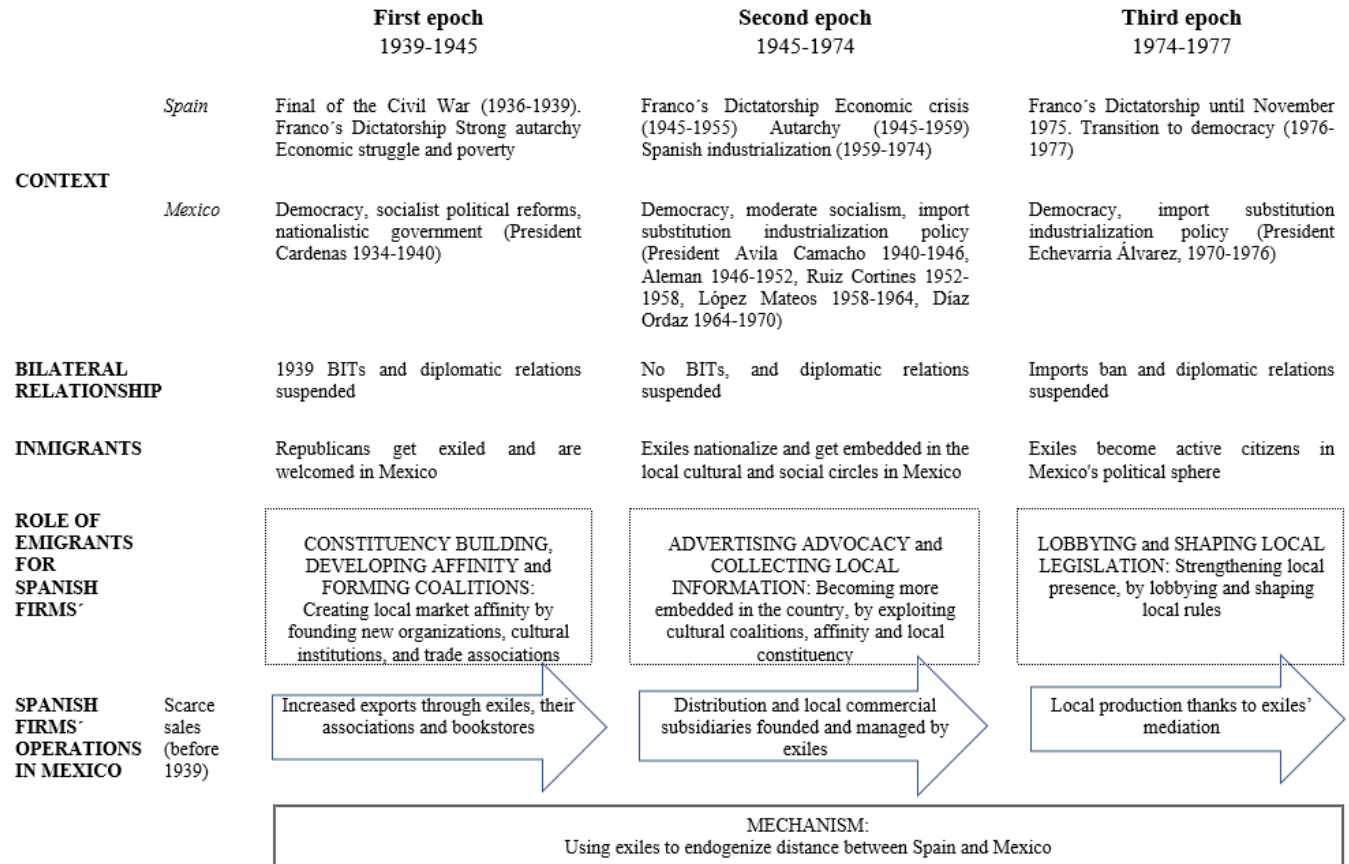
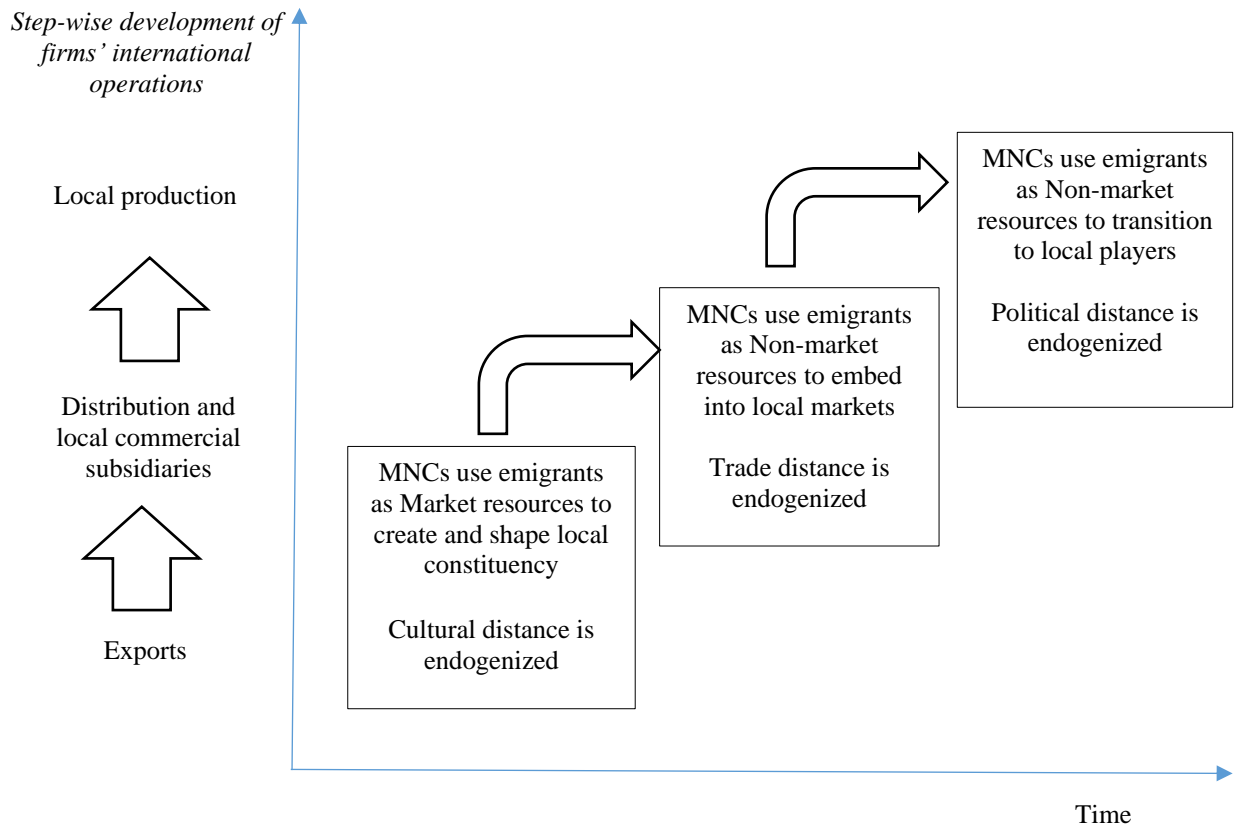


Figure 5: Conceptual Framework for Firms' Internationalization through Emigrants



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APPENDIX

Table A1: Cross-country geographical distance (Source: CEPII Mayer & Zignago (2011))

Country 1	Country 2	Common language official	Common language 9% population	Colonial ties ever	Colonial relationships post1945	Distance	Weighted distance (pop-wt, km)
Spain	Mexico	yes	yes	yes	no	9,073	9,131
Spain	Argentina	yes	yes	yes	no	10,065	10,055
Spain	France	no	no	no	no	1,054	817

Table A2: Diplomatic relationship between Spain and Mexico (Source: Correlates of War database Diplomatic exchange module (Bayer, 2006))

Year	Mexican diplomatic representatives in Spain	Spanish diplomatic representatives in Mexico	Any diplomatic exchange between Spain and Mexico	Any agreement of defense, non-aggression, neutrality between Spain and Mexico
1930	minister	minister	yes	no
1935	ambassador	ambassador	yes	no
1940	ambassador	no evidence of diplomatic exchange	yes	no
1950	no evidence of diplomatic exchange	no evidence of diplomatic exchange	no	no
1955	no evidence of diplomatic exchange	no evidence of diplomatic exchange	no	no
1960	no evidence of diplomatic exchange	no evidence of diplomatic exchange	no	no
1965	no evidence of diplomatic exchange	no evidence of diplomatic exchange	no	no
1970	no evidence of diplomatic exchange	no evidence of diplomatic exchange	no	no
1975	no evidence of diplomatic exchange	no evidence of diplomatic exchange	no	no
1980	ambassador	ambassador	yes	no