

Jie Chen

## **INSTITUTIONS, SOCIAL ENTREPRENEURSHIP, AND INTERNATIONALIZATION**

Thesis for the degree of Doctor of Science (Economics and Business Administration) to be presented with due permission for public examination and criticism in the Auditorium 2310 at Lappeenranta University of Technology, Lappeenranta, Finland on the 21<sup>st</sup> of June, 2017, at noon.

Acta Universitatis  
Lappeenrantaensis 753

- Supervisors Professor Sami Saarenketo  
LUT School of Business and Management  
Lappeenranta University of Technology  
Finland
- Professor Kaisu Puumalainen  
LUT School of Business and Management  
Lappeenranta University of Technology  
Finland
- Reviewers Professor Arild Aspelund  
Department of Industrial Economics and Technology Management  
Norwegian University of Science and Technology (NTNU)  
Norway
- Professor Jorma Larimo  
Faculty of Business Studies  
University of Vaasa  
Finland
- Opponent Professor Arild Aspelund  
Department of Industrial Economics and Technology Management  
Norwegian University of Science and Technology (NTNU)  
Norway

ISBN 978-952-335-101-1  
ISBN 978-952-335-102-8 (PDF)  
ISSN-L 1456-4491  
ISSN 1456-4491

Lappeenrannan teknillinen yliopisto  
Yliopistopaino 2017

## **Abstract**

**Jie Chen**

**Institutions, Social Entrepreneurship, and Internationalization**

Lappeenranta 2017

64 pages

Acta Universitatis Lappeenrantaensis 753

Diss. Lappeenranta University of Technology

ISBN 978-952-335-101-1, ISBN 978-952-335-102-8 (PDF), ISSN-L 1456-4491,

ISSN 1456-4491

The dissertation is aimed at investigating the complex and understudied relationships between the home country institutional environment, social entrepreneurship activities, and the likelihood of entrepreneurial internationalization. By employing both quantitative and qualitative methods, the dissertation has reported the following conclusions for the first time in the literature. Social value orientation of ventures has been found to have a positive effect on the likelihood of internationalization for ventures. Social value orientation of ventures has been found to have a negative moderating role on the home country institutions–likelihood of internationalization relationship. The conduct of certain types of social interventions has been found to improve or reduce the likelihood of internationalization for the organizations in which social entrepreneurship activities take place. The findings of the dissertation can provide implications to both international entrepreneurship and social entrepreneurship research and public policy.

Keywords: internationalization, international entrepreneurship, institutions, social entrepreneurship



## **Acknowledgements**

This work was carried out in the School of Business and Management at Lappeenranta University of Technology, Finland, between 2013 and 2017.

First, I would like to thank my supervisors, Professor Sami Saarenketo and Professor Kaisu Puumalainen. Professor Sami Saarenketo introduced me to the field of international entrepreneurship and inspired me to generate a rudimentary research idea that has finally led to this doctoral dissertation. Both professors have contributed extensively through the research process, while at the same time have provided me sufficient freedom for me to pursue my own research interests. Professor Kaisu Puumalainen has supported me especially in terms of methodological issues.

Second, I would like to express my gratitude to the pre-examiners of the doctoral dissertation, Professor Arild Aspelund and Professor Jorma Larimo. Their comments helped a lot in terms of finalizing the dissertation by providing valuable comments on the manuscript and suggestions for its improvement.

Third, I would like to thank my colleagues and co-workers at Lappeenranta University of Technology, Finland for creating a positive and supportive atmosphere for me to conduct research and complete my doctoral studies.

Four, I would like to thank the editors and anonymous reviewers for the four publications that are included in the dissertation. Some of your valuable comments indeed broaden the horizons of my co-authors and me towards the understudied research area on which the dissertation is focused.

Finally, I would like to express my gratitude to the Finnish Cultural Foundation and the KAUTE Foundation for providing generous financial support when I was finalizing the dissertation.

Jie Chen  
June 2017  
Lappeenranta, Finland



# Contents

Abstract

Acknowledgements

Contents

<b>List of publications</b>	<b>9</b>
<b>1 Introduction</b>	<b>13</b>
1.1 Research Background .....	13
1.2 Research Questions and the Positioning of This Study .....	14
1.3 Key Concepts .....	17
1.3.1 Institutions.....	17
1.3.2 Social Entrepreneurship .....	18
1.3.3 The Internationalization and International Entrepreneurship .....	20
1.3.4 A Summary of Key Concepts .....	22
<b>2 Theoretical Background</b>	<b>23</b>
2.1 Social Entrepreneurship and International Entrepreneurship .....	23
2.2 Institutions and International Entrepreneurship .....	26
2.3 Institutions and Social entrepreneurship .....	27
<b>3 Research Design and Methodology</b>	<b>29</b>
3.1 Research Design.....	29
3.2 Data .....	34
3.3 Methods .....	35
3.4 Key Variables.....	36
<b>4 Summary of the publications and review of results</b>	<b>39</b>
4.1 Publication I. The internationalization of ventures—the roles of a nation’s formal and informal institutions and the venture’s value orientation. ....	39
4.1.1 Background and Objectives .....	39
4.1.2 Main Findings .....	40
4.1.3 Contributions.....	41
4.2 Publication II. Internationalization and value orientation of entrepreneurial ventures—a Latin American perspective. ....	41
4.2.1 Background and Objectives .....	41
4.2.2 Main Findings .....	42
4.2.3 Contributions.....	43
4.3 Publication III. Internationalization, value orientation, entrepreneurial motive and institutions: a cross-country empirical study.....	43
4.3.1 Background and Objectives .....	43

4.3.2	Main Findings .....	44
4.3.3	Contributions.....	44
4.4	Publication IV. The Internationalization of Socially Oriented Organizations	44
4.4.1	Background and Objectives .....	44
4.4.2	Main Findings .....	45
4.4.3	Contributions.....	45
<b>5</b>	<b>Discussion and Conclusions</b>	<b>47</b>
5.1	Answering the Research Questions.....	47
5.2	Theoretical Implications for IE.....	48
5.3	Theoretical Implications for SE.....	49
5.4	Managerial and Policy Implications.....	49
5.5	Limitations and Future Research .....	50
	<b>Reference</b>	<b>53</b>
	<b>Publications</b>	

## List of publications

This thesis is based on the following papers. The rights have been granted by publishers to include the papers in dissertation.

- I. Chen, J., Puumalainen, K. and Saarenketo, S. (2017). The internationalization of ventures—the roles of a nation’s formal and informal institutions and the venture’s value orientation. *Proceedings of the Academy of International Business – UK & Ireland Conference*, 6-8 April 2017.
- II. Chen, J., Saarenketo, S., & Puumalainen, K. (2016). Internationalization and value orientation of entrepreneurial ventures—a Latin American perspective. *Journal of International Entrepreneurship*, 14(1), pp. 32-51.
- III. Chen, J., Saarenketo, S., & Puumalainen, K. (2015). Internationalization, value orientation, entrepreneurial motive and institutions: a cross-country empirical study. *Proceedings of the European International Business Academy Annual Conference*, 1-3 December 2015.
- IV. Chen, J., Saarenketo, S., & Puumalainen, K. (2017). Chapter 9. The internationalization of socially oriented organizations. In K. Ibeh, P. E. Tolentino, O. E. M. Janne, and X. Liu (Eds.) *Growth Frontiers in International Business*, Basingstoke: Palgrave Macmillan, pp. 167-193.

## Author's contribution

The four publications are co-authored by Professor Saarenketo, Professor Puumalainen and me. I am the first and corresponding author in the four publications. Professor Saarenketo and Professor Puumalainen have contributed extensively to the development of the publications, especially by continuously challenging and refining the research ideas and statistical models. Both professors have contributed significantly to helping me deal with the past and ongoing peer-review process for the publications. Professor Puumalainen contributed the initial ideas to construct the theoretical model and some of the key variables in Publication I.



**List of Abbreviations**

GEM	Global Entrepreneurship Monitor
IE	international entrepreneurship
INS	institutions
INT	internationalization
SE	social entrepreneurship
SI	social interventions
VO	value orientation (of organizations)



# 1 Introduction

## 1.1 Research Background

The global business environment has experienced significant changes over the past quarter century, and is different from the environment when many international entrepreneurship (IE) theories were introduced. Many national economies, including some of the largest ones (e.g. China, India, Brazil, Russia, Mexico, South Korea, Turkey, Indonesia, and Poland), have experienced market liberalization and have been integrated into the worldwide economy (Aulakh & Kotabe, 2008; Kiss et al., 2012). Taking account of the changes of the global business environment, characterized by market liberalization and globalization (Stiglitz, 2000), IE scholars would be careful to apply the IE theories that are mostly based on the empirical evidences in the context of advanced economies to the other contexts. The difference between the institutional context of advanced economies and the other institutional contexts, such as the context of emerging economies and that of the least developed economies, should be considered in the current IE research.

On the other hand, the world economy has also experienced solid growth over the past quarter century, but the growth has evidently not eradicated social problems, such as global poverty, income inequality, endemic disease, homelessness, famine and pollution (Alvarez et al., 2015; OECD, 2011; World Bank, 2012; Zahra et al., 2008). The public addresses more concerns to the unsolved social and environmental issues. Consequently, the public evaluates an organization's contribution to the society by not only its financial performance but also its performance in the social and environmental domains. Social and environmental damages caused by organizations, such as economic recession, unemployment, disposition to crimes, civil disorder, environmental pollution and waste of non-renewable resources, are considered as social and environmental costs with negative effects (Teegen et al., 2004).

At the same time, value creation within organizations has also changed, in line with the changes in the evaluation standard for organizational performance, as indicated by the notion of "triple bottom line" (Norman & MacDonald, 2004). The focus has shifted to the creation of blends of economic, social (societal) and environmental values (Emerson, 2003) within organizations, instead of a traditional exclusive focus on the creation of economic value. Social entrepreneurship (SE) emerged in this background as a solution to create blends of economic, social (societal) and environmental values, address persistent social problems, and positively contribute to the overall well-being of the society (or the community) (Alvarez et al., 2015; Stiglitz, 2006, 2010; Yunus, 2007; Zahra et al., 2009, 2014, 2016), instead of causing social and environmental damages with negative effects.

The internationalization of firms is widely discussed and is one of the main themes of IE (Jones et al., 2011). Firms are traditionally regarded as belonging to the private sector in line with the post-war organization ontology and as being exclusively profit-oriented

(Casson, 1982). However, the diversification of organizational value creation and the emergence of SE have blurred the boundaries imposed by the post-war organization ontology and has endowed organizations with different value orientations, from profit-oriented to socially oriented (Peredo & McLean, 2006; Chen, 2012; Munoz, 2010; Santos, 2012; Zahra et al., 2009, 2014). Despite being capable of tackling social problems and making an impact at the global level (Bosma & Levie, 2010; Lepoutre et al., 2013; Munoz, 2010; Stephan et al., 2015; Stiglitz, 2006, 2010; Zahra et al., 2014), the internationalization of organizations in which SE activities take place is not within the classic research realm of IE and has rarely been discussed in the IE literature until recently. It is questionable that the IE theories for the internationalization of exclusively profit-oriented firms can perfectly explain the internationalization of organizations in which SE activities take place.

## 1.2 Research Questions and the Positioning of This Study

There is an increasing theoretical demand for a broader vision of the IE field beyond the traditional economic thinking, because of the limiting assumptions and definitions adopted in the field and inspired by the recent theoretical development in the fields of social entrepreneurship, sustainability, and not-for-profit management (Zahra et al., 2014). Until recently, much of the current IE research has been primarily based on assumptions of economic opportunity recognition, evaluation, and exploitation (Oviatt & McDougall, 2005). The current research framework cannot perfectly accommodate the changes of the global business environment, such as the shift of evaluation standard for organizational performance and the diversification of value creation within the organizations that are capable of internationalizing their operations. The field of IE research, including the definition, assumptions, and boundaries of IE at the firm and international policy levels, can be updated, revised, and further extended. A broader vision needs to be proposed for the IE field to affect the global sustainable well-being and consider financial, social, and environmental wealth creation at the same time (Zahra et al., 2014).

Besides the theoretical demand for a broader vision beyond the traditional economic thinking for the IE field, the current IE research has long ignored and cannot perfectly explain the internationalization of organizations other than the profit-oriented firms (Alvarez et al., 2015; Doh & Lucea, 2013; Zahra et al., 2014), including the internationalization of non-profit organizations (Ritvala et al., 2017) and socially oriented firms (sometimes referred to as nonprofit firms) (Weisbrod, 2000). There is a gap between the propensity of the phenomenon of the internationalization of organizations in which SE activities take place in reality and the lack of relevant empirical evidence of the internationalization of these organizations in the IE theories (Zahra et al., 2014). The gap between reality and IE theories fosters the need to study the internationalization of organizations in which SE activities take place from the IE perspectives.

In sum, due to the theoretical and practical limitations for the current IE research, a broader vision for the IE field is needed to incorporate issues such as SE activities and active social value creation in the IE discussion. The dissertation aims to contribute some pivotal empirical evidence to the broader vision for the IE field, by focusing on studying how SE activities would influence the entrepreneurial internationalization of organizations.

Additionally, the current IE studies, especially the studies of the internationalization, cover discussion in a wide range of institutional contexts (Kiss et al., 2012). The internationalization of organizations is subject to the influence of the institutional context and thus displays different patterns (Baker et al., 2005; Thomas & Mueller, 2000; Zahra et al., 2005). SE activities evidentially differ across different institutional contexts and also display different patterns (Stephan et al., 2015). Hence in this dissertation, it aims to test how the SE activities in an organization and the diversification of institutional context influences the entrepreneurial internationalization of organizations, especially how they influence the organizations' entrepreneurial decision making to internationalize or not.

*RQ: How do social entrepreneurship and the institutional context influence the likelihood of internationalization for organizations?*

Three sub-questions have arisen in the quest of answering the main research question in this dissertation. The first sub-question simply differentiates the value orientation of organizations. Publication I, II, and III contribute to providing answers to the first sub-question.

*Q1. How does the social value orientation of an organization influence its likelihood of internationalization?*

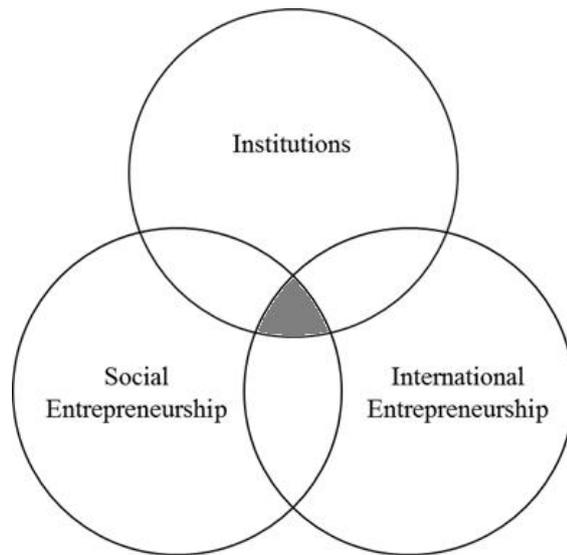
Organizations in which SE activities take place can aim to create social value of different nature, benefit people in different ways, and thus differ from each other. The "social nature" of organizations in which SE activities take place are defined and categorized in this dissertation by the types of social interventions that the organizations undertake or by their organizational forms and social business models. The second sub-question focuses on studying how the "social nature" of the organizations, especially the types of social interventions that the organizations undertake influences the likelihood of internationalization for organizations. Publication IV contributes to providing answers to the second sub-question.

*Q2. How do the types of social interventions that an organization undertakes influence its likelihood of internationalization?*

The dissertation focuses on studying how the institutional environment influences an organization's entrepreneurial decision making to internationalize or not. The dissertation mainly focuses on the role of the home country institutional environment. It is believed that the home country institutional environment plays a leading role on the entrepreneurial

decision-making process in terms of internationalizing the operations or not, while the role of the host country institutional environment increases as the organization initiates the internationalization process and diversifies into the international markets (Zahra et al., 2005). All the four publications contribute to providing answers to the third sub-question.

*Q3. How does the home country institutional environment influence the likelihood of internationalization for organizations?*



**Figure 1** The positioning of this study

This dissertation is located at the nexus of the research of institutions, the research of social entrepreneurship, and the research of the internationalization and international entrepreneurship. Institutional theory and institution-based view were introduced in the field of organization science (Selznick, 1949, 1957; Parsons, 1960) and is now commonly adopted in the international business research to explain the cross-country difference of organizational behavior (Peng et al., 2008). Institutional theory and institution-based view were chosen and used in this dissertation, with respect to the diversification of institutional context in the current IE research as one of the changes of the global business environment.

Social entrepreneurship (SE) and social value creation are relatively new concepts in the IE research and have not been extensively discussed in the IE literature before the start of this dissertation (Zahra et al., 2014). Inspired by the development of SE as a new research field (Dees, 1998; Emerson & Twersky, 1996; Mair & Marti, 2006) and other relevant theories of psychology, sociology, and not-for-profit management, the dissertation focuses on how the development of the emerging field of SE extends the research realm

of IE, and changes and implements existing IE theories, especially the theories of the entrepreneurial internationalization (Zahra et al., 2014). SE activities can be found in a wide range of organizations, either as the major or minor business activities (Zahra et al., 2016). In addition, some entrepreneurial opportunities aiming at social change (e.g. to fill the global poverty gap) or environmental sustainability (e.g. to fight against climate change and energy depletion) are inherently of an international nature (Zahra et al., 2008, 2014). Thus, organizations in which those opportunities are exploited are likely to actively create social value, positively contribute to the social wealth, and at the same time, undertake cross-border activities. There is still a gap between the field of SE and the field of IE, despite the inherent connection between the two fields (Zahra et al., 2014). The gap fosters the need to study how the development of SE will inspire the field of IE.

The internationalization of firms is one of the key issues of classic IE studies (Jones et al., 2011). Firms can display different value orientations, with some of them undertake SE activities and aim to pursue social missions as their organizational goals (Chen, 2012; Munoz, 2010; Zahra et al., 2008, 2014). Yet, how firms with different value orientations differ in terms of their entrepreneurial internationalization has not been extensively discussed in the IE literature. Additionally, the internationalization of some other forms of organizations, such as that of nonprofit organizations, has not been covered in the classic IE discussion of the internationalization (Alvarez et al., 2015). It fosters the need to test whether the existing perspectives and theories regarding the internationalization of firms can apply to a wider range of organizations that are capable of internationalizing their operations.

The relevant key concepts of the research of institutions, the research of social entrepreneurship, and the research of the internationalization and international entrepreneurship are summarized as follows.

## **1.3 Key Concepts**

### **1.3.1 Institutions**

Institutions refer to the regulative, normative, and cognitive elements that are deeply embedded in the social structure (North, 1990; Scott, 1995). Institutions act as authoritative guidelines that regulate and constrain individuals' actions (Powell & DiMaggio, 1991) to provide stability and meaning to social behavior (Scott, 2005). Institutions are traditionally divided into formal and informal institutions (North, 1990; Scott, 1995, 2005): Formal institutions refer to the objective constraints and incentives arising from formal laws, regulations, policies, and other written materials that regulate and constrain individual and organizational actions in an explicit way. Informal institutions refer to the slowly changing, culturally transmitted, and socially constructed informal rules and procedures that regulate and constrain individual and organizational

actions in a more implicit way. Institution-based perspectives hold the viewpoint that individual and organizational behaviors in an institutional context are not totally random, but follow certain pattern (Scott, 2005). The pattern of organizational behaviors, such as the internationalization of organizations, are subject to direct influence by the formal and informal institutions (Thomas & Mueller, 2000).

Institution-based view is widely adopted in the international business studies (Peng et al., 2008, 2009). In the international context, it is common to differentiate the influence of home country institutions and that of host country institutions to facilitate the discussion involving organizations with cross-border activities (Zahra et al., 2005). Although both the home country institutional environment (Marano et al., 2016; Wu & Chen, 2014) and the host country institutional environment (Buckley et al., 2007; Hoskisson et al., 2000; Peng, 2003) are known to shape the behaviors of the organizations that internationalize, this dissertation focuses mainly on the influence of the home country institutional environment on the likelihood of internationalization for organizations.

### 1.3.2 Social Entrepreneurship

Social entrepreneurship (SE) aims to contribute to the well-being of disadvantaged individuals (often referred to as beneficiaries in the social context) (Bruce, 1995; Gonzalez et al., 2002; Martin & Osberg, 2007) and ultimately to the overall well-being of the society (Kroeger & Weber, 2015; Stiglitz, 2010; Zahra et al., 2009, 2014, 2016). The term “social”, inherited from the concept of social benefits (Gonzalez et al. 2002), was used in the field of SE to generalize for value other than economic profit for the entrepreneur (Patzelt & Shepherd, 2011; Shepherd & Patzelt, 2011; Zahra et al., 2014). The new broad concept of social value in this dissertation includes both non-economic gains to the society and community (often referred to as societal value or a narrow definition of social value) and non-economic gains to the environment (often referred to as environmental value) (Patzelt and Shepherd 2011).

Many types of organizations in which SE activities take place create blends of social and economic value (Emerson, 2003). The boundary between different types of organizations, imposed by the post-war organization ontology, has been blurred. For example, traditionally regarded as exclusively creating economic value, many firms now face the changes in the evaluation standard for organizational performance, thus implement their organizational goals and aim to create blends of social and economic value (Chen, 2012; Munoz, 2010; Zahra et al., 2008, 2014). On the contrary, traditionally regarded as exclusively creating social value, many nonprofit organizations now also face market pressure and competition for limited resources, develop profit-generating activities to reimburse parts of the operating costs, and also aim to create blends of social and economic value (Alexander & Weiner, 1998; Andreasen & Kotler, 2003; Goerke, 2003). Despite sharing the similarity of creating blends of social and economic value, different organizations still prioritize social value creation and economic value creation differently.

---

Some organizations prioritize economic value creation over social value creation, and some other organizations prioritize social value creation over economic value creation. The difference in the priority of economic value–social value creation as the organizational goal endows organizations with different value orientations. In this dissertation, organizations that prioritize social value creation over economic value creation are regarded as socially oriented; organizations that prioritize economic value creation over social value creation are regarded as profit oriented.

In addition to using the socially oriented–profit-oriented dichotomy, organizations in which SE activities take place are further categorized by differentiating their social nature in this dissertation. Similar to the other types of value, social value is intangible (Di Domenico et al., 2010). Scholars usually measure or categorize the output of value that is created in an organization. For example, the output of economic value that is created in a firm is the profit that can be withdrawn from the firm. The output of social value is referred to as social interventions that focus on the eventual changes in well-being of the beneficiary group (Kroeger & Weber, 2015). For example, a microfinance institute in Bangladesh helped women at the bottom of the pyramid (the beneficiary group) by providing microfinance and investment lessons to help them break the vicious cycle of poverty. In this case, the microfinance institute conducted microfinance interventions that improved the financial situation and investment skills of the beneficiary group by providing the beneficiary group micro-credits and investment lessons (Yunus, 2007; examples given in Kroeger & Weber, 2015).

The social nature of organizations that create social value is differentiated according to the types of social interventions undertaken by the organizations in this dissertation. Social interventions are not as homogeneous as economic profit, which can be easily measured by monetary unit (Di Domenico et al., 2010). The realization of social value of different nature creates different types of social interventions (Kroeger & Weber, 2015). Social interventions are heterogeneous (Cummins, 1996) and highly context dependent (Zahra et al., 2008). Social interventions can have different beneficiary groups, even within the same community. Similar beneficiary groups in different institutional contexts can have different social demands. Social demands in one community (e.g. women's limited access to gym and other sport facilities in an Islamic community) could become nonexistent in another community within a different context (e.g. a Nordic community). It is thus challenging to categorize and measure different and unrelated interventions that serve different beneficiary groups in different institutional contexts (Austin et al., 2006; Dacin et al., 2010; Kroeger & Weber, 2015; Mair & Marti, 2006; Zahra et al., 2009).

Some scholars of psychology and sociology hold the viewpoint that the overall well-being of a community (or a society) is a function of satisfactions in multiple fictive life domains (Cummins, 1996; Diener, 1984; Hsieh, 2003). For instance, the overall well-being can be a function of life satisfactions in the seven domains of community integration, education, equality, financial situation, health, housing, and safety (Cummins, 1996). The idea of multiple-domain life satisfaction is later widely adopted by the scholars of SE and non-for-profit management (Diener et al., 2013; Kroeger & Weber, 2015) and practitioners

(e.g. the Office for National Statistics of the UK). In this dissertation, social interventions are categorized in line with the categories of fictive life domains. Each type of social interventions is corresponding to the improvement of beneficiaries' satisfaction in each fictive life domain. The uniform understandings of how to divide life domains, which can also be fit to the current global socio-economic environment and be applicable to a wide range of institutional contexts, are still missing in the literature. Due to the lack of uniform understandings, an exploratory method was employed to define the categories of life domains, which were later used to categorize the types of social interventions. Eight types of social interventions have been found to be conducted by socially oriented organizations in this dissertation (Table 1).

**Table 1** Eight types of social interventions

Code	Descriptions
DIS	To assist disadvantaged people, such as people with disabilities, disadvantaged ethnic or religious groups and women and children on patriarchal cultures
EMP	To provide employment and growth opportunities and to improve employment conditions
EDU	To provide education, from formal education to work-related informal education
ENV	To preserve global and communal environment
HEA	To solve physical and mental health issues
HMN	To maintain equality, harmony and community integration and to reduce crimes in the community (or society)
POV	To fight against regional poverty and to support regional development, to provide microfinance to break the vicious cycle of poverty, and to eradicate global poverty gap
RES	To provide physical resources (e.g. electricity, fuel, clean water, housing, etc.) to people who previously had no access to

### 1.3.3 The Internationalization and International Entrepreneurship

The phenomenon of the internationalization of firms can be traced back to the 17th century, marked by the emergence of firms that pursued macro-level international trade, such as the British East India Company (Etemad, 2013). Early-stage studies of the internationalization of firms are one of the cornerstones of modern IB studies (Hymer, 1960). Early-stage studies of the internationalization of firms largely adopted classic economic theory and focused on from taking a combination of ownership, location and internationalization advantages (Dunning, 1980) to minimizing the transaction costs (Buckley & Casson, 1976).

Incremental model of internationalization, represented by the Uppsala Model was introduced later and was widely adopted and developed in the international business studies to explain the internationalization of firms (Johanson & Vahlne, 1977, 2009). Incremental model of internationalization suggested that the internationalization of firms is an incremental and linear process in which the firms learn and acquire knowledge of foreign markets, build relationship and trust with foreign partners, react to the obstacles

and market pressure, and finally increase commitment and intensify international involvement through various stages.

The research field of international entrepreneurship (IE) emerged as an early focus on the phenomenon of born globals (Knight & Cavusgil, 1996, 2004) and International New Ventures (Oviatt & McDougall, 1994), presented an alternative path of internationalization that challenged the path as suggested by the incremental model, and focused mostly on the small- and medium-sized enterprises (SMEs). The field of IE has later went beyond the age and size of international ventures, transformed to an opportunity-centered research paradigm and discussed about international entrepreneurial behaviors in a wide range of organizations and contexts (Jones et al., 2011). These entrepreneurial ventures in which IE activities take place, whether profit-oriented or socially oriented, can be small or be part of large enterprises. The extended definition of IE applies to young and rapidly internationalizing firms, as well as established companies expanding in pursuit of entrepreneurial opportunities (Coviello et al., 2011; Oviatt & McDougall, 2005).

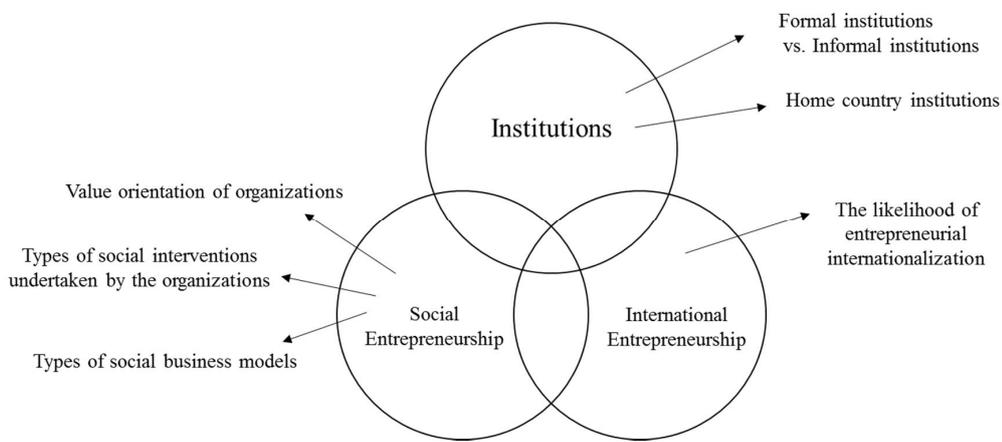
Inspired by the development of the field of entrepreneurship as an opportunity-centered research paradigm (Shane & Venkataraman, 2000), IE has been defined as “the discovery, enactment, evaluation, and exploitation of opportunities across national borders to create future goods and service (Oviatt & McDougall, 2005).” IE is “positioned at the nexus of internationalization and entrepreneurship where entrepreneurial behavior involves cross-border business activity, or is compared across countries (Jones et al., 2011).” The research domain of IE can be further divided into three sub-domains: entrepreneurial internationalization (Type A), international comparison of entrepreneurship (Type B), and comparative entrepreneurial internationalization (Type C) (Jones et al., 2011). The sub-domain of entrepreneurial internationalization (Type A) focuses on studying the internationalization of firms from the entrepreneurship perspective. The sub-domain of international comparison of entrepreneurship (Type B) focuses on comparing entrepreneurship across the countries, usually without any discussion about the internationalization. The sub-domain of comparative entrepreneurial internationalization (Type C) is a hybrid, focusing on the cross-country comparison of entrepreneurial internationalization. This dissertation is located in the sub-domain of comparative entrepreneurial internationalization (Type C).

The decision to internationalization and its antecedents are one of the fundamental questions in the studies of the internationalization and have been widely discussed in the IE literature (Type A and Type C) (Jones et al., 2011). IE scholars are interested in the antecedents to the entrepreneurial internationalization process, or in other words, what are the key factors that result in the entrepreneurial decision making to internationalize. Factors in different levels have been reported to influence the entrepreneurial decision-making process in terms of internationalizing the operations, such as the formal and informal institutional environment (Zahra et al., 2005) and identity, knowledge, and networks of the entrepreneur (Chetty & Campbell-Hunt, 2004). These factors influence how the entrepreneur perceives competition and opportunities in the international markets

and therefore shape the entrepreneur's motivation to internationalize the operations in his/her organization (Sarasvathy et al., 2014). Due to the limited knowledge on how the SE activities in an organization influence its internationalization prior to this dissertation, hence in this dissertation, it focuses on the how the SE activities and the institutional context predict an organization's likelihood of internationalization, or in other words, how they predict the organization's decision regarding whether to internationalize or not.

### 1.3.4 A Summary of Key Concepts

The key concepts are summarized and illustrated in Figure 2.



**Figure 2** A summary of key concepts

## 2 Theoretical Background

The dissertation has been mainly inspired by the development of three different research domains, including the research domain of institutional theory and institution-based view, that of international entrepreneurship, and that of social entrepreneurship. In this part of the dissertation, I will summarize the theories and perspectives regarding the intersection between any two of the three research domains in the literature.

### 2.1 Social Entrepreneurship and International Entrepreneurship

The field of IE has been primarily based on the assumptions of economic opportunity recognition, evaluation, and exploitation (Oviatt & McDougall, 2005). The development of the emerging field of SE can expand assumptions beyond traditional economic thinking and thus extend the research realm of IE (Zahra et al., 2014): For example, first, IE opportunity recognition, evaluation, and exploitation should be determined not only by the potential financial wealth to be created, but also by the social and environmental wealth to be created. Hence the potential viability of IE opportunities should be determined by both economic and social cost/benefit analysis (Zahra et al., 2009, 2014). Second, pursuing social missions is not a major cost item as the traditional economic thinking, but can be instead a profitable endeavor that calls for and promotes IE activities. Third, the contributions of IE activities should be evaluated by not only its financial returns, but instead by composite measures that capture different types of values, such as the global sustainable well-being (Stiglitz, 2010). Despite the inherent connection between the fields of IE and SE, the theoretical perspectives regarding the intersection between the two fields (e.g. Zahra et al., 2014) still lack empirical support. This dissertation is aimed at providing empirical evidence to test and validate those theoretical perspectives and contributing to the knowledge regarding the intersection between the fields of IE and SE.

Empirically tested conclusions concerning how the SE activities in an entrepreneurial organization will influence its entrepreneurial internationalization, especially its likelihood of entrepreneurial internationalization have been missing in the literature (Zahra et al., 2014). But some relevant works in the SE literature still shed light on this understudied research question. For example, three types of social entrepreneurs have been identified based on how the social entrepreneurs discover social opportunities, determine their impact on the broader social system, and assemble the resources needed to pursue these opportunities. Social entrepreneurs of different types can have diverse motives and aim to make social impacts in different scales and scopes, from addressing local needs and maintaining the social harmony in the local community to introducing revolutionary change to the social system. In line with the social missions of different scales and scopes, the resources required to pursue the social missions also differ (Zahra et al., 2009). The different resource requirements that are needed to pursue social missions might be related to the difference in the capability of geographic expansion for the organizations in which the social missions are pursued, as it is easier to mobilize and

transfer some required resources, such as financial resources from one place to another, than to mobilize and transfer the other required resources, such as tangible goods and equipment.

In this dissertation, the first question that arises in the quest of understanding how the development of SE will change the field of IE is how the entrepreneurial ventures with different value orientations differ in terms of their entrepreneurial internationalization, especially their likelihood of entrepreneurial internationalization. In accordance to the expanded set of assumptions as mentioned at the beginning of this chapter, entrepreneurial ventures can show different value orientations, distinguished by how the venture prioritizes its financial and social missions. For instance, socially oriented ventures “pursue financial profitability in order to make a sustainable social impact,” and profit-oriented ventures “may also have a social impact, but do not invest social impact capabilities as a core business” (Zahra et al., 2014). Mixed conclusions can be generated based on the existing SE theories.

On the one hand, the major challenges for the internationalization of socially oriented ventures include that institutional failure is common in the host countries of socially oriented ventures and ready market in which successful SE experience can be copied is rare (Zahra et al., 2008). The success of a socially oriented venture depends heavily on the social entrepreneur’s capability to mobilize financial and human resources and to rapidly learn the idiosyncratic knowledge regarding the social problems and the socio-economic, demographic, and historical reasons behind the problems. It is difficult for the social entrepreneurs who have the capability to mobilize the scattered and localized human resources and own the local and tacit knowledge of the social problems and the socio-economic context of the problems to transfer their social impact capabilities from one location to another new location (Zahra et al., 2009). The limited transferability of the social impact capabilities that are critical for the success of a socially oriented venture will limit the venture’s capabilities to geographically expand its operations to be nationwide, or even beyond the national border to be international.

On the other hand, a contradictory conclusion can be generated by examining the nature of social entrepreneurial opportunities. Social opportunities aiming at social change (e.g. to fill the global poverty gap) or environmental sustainability (e.g. to fight against climate change and energy depletion) are inherently of a global nature (Stiglitz, 2006; Zahra et al., 2008, 2014). Social oriented ventures in which these social opportunities are exploited will naturally involve international activities. In addition, socially oriented ventures can leverage the advantages of innovation and use the same socially significant and innovative goods or service to address the locally scattered social problems of similar nature (e.g. air and water pollution) (Zahra et al., 2014). Furthermore, some social entrepreneurs (e.g. the examples of Social Engineers in Zahra et al., 2009) can alternatively choose to bring systemic change, rip apart the current social system, and replace with a new one. Socially oriented ventures established by these social entrepreneurs typically make social impact that is large in scale and nationwide to global in scope. In sum, some features of SE activities will support the entrepreneurial

internationalization of the ventures, while some other features will discourage the entrepreneurial internationalization. Generalized conclusions for the relationship between the value orientation of a venture and its likelihood of internationalization cannot be obtained directly from the literature. The value orientation–likelihood of internationalization should be tested in different institutional contexts.

Organizations in which SE activities take place can make social impact to benefit different people by increasing their life satisfaction in different life domains (Kroeger & Weber, 2015). Thus, socially oriented organizations are endowed with different social nature, distinguished by the types of social interventions undertaken by the organizations. The second sub-question in this dissertation focuses on how the social nature of a socially oriented organization will influence its likelihood of entrepreneurial internationalization. The SE literature does not provide direct answers to the sub-question, but still sheds some light on it. Socially oriented organizations differ according to the types of social interventions they undertake, which then affect their likelihood of internationalization, as different types of social interventions tend to have different resource requirements: The delivery of some social interventions relies heavily on financial resources or knowledge-intensive intangible resources or tacit knowledge of the local socio-economic context and networks (Zahra et al., 2009). When a social entrepreneur tried to copy successful SE experience from one location to another unknown location, mobilizing and transferring financial resources or knowledge-based resources to the new location tends to be less challenging than obtaining relevant tacit knowledge and localized human resources. For example, undertaking social interventions to eradicate an epidemic in a developing country may heavily rely on knowledge-intensive resources (e.g. low-cost medicine or medical treatment) that can only be found in a developed country. A socially oriented organization that conducts this kind of social interventions in a developing country is highly likely to have border-crossing activities, given the need to leverage knowledge-intensive resources located in a developed country to meet identified needs in a developing country. On the contrary, undertaking social interventions to make females feel safer to walk alone after dark in a community would require deep understanding of the social, economic, demographic and historical reasons behind this type of crime, in addition to relationship building with the local police, other public actors, residents in the community or even potential female attackers. A socially oriented organization that conducts social interventions to make females feel safer to walk alone after dark is more likely to stay within that community than expand internationally, since the organization cannot easily mobilize and transfer the required resources (such as localized human resources and embeddedness in the local networks) from one community (or society) to another. Yet, the relationship between the social nature of a socially oriented organization and its likelihood of internationalization has not been systematically studied and should be tested in different institutional and industrial contexts.

## 2.2 Institutions and International Entrepreneurship

The influence of the institutional environment on the entrepreneurial internationalization has been extensively discussed in the IE literature, mostly used to explain the cross-country differences in entrepreneurial internationalization (Jones et al., 2011). Both the institutional environments in the home country and in the host country have significant impacts on the international entrepreneurial process, especially the entrepreneurial decision making process in terms of internationalizing the operations or not, since both the home country and host country institutional environments explicitly or implicitly influence how the entrepreneur perceives opportunities in the international markets, and therefore shape the entrepreneur's motivation to internationalize his or her venture's operations (Zahra et al., 2005). In this dissertation, it focuses on the influence of the home country institutional environment on the likelihood of entrepreneurial internationalization, notwithstanding the importance of the influence of the host country institutional environment (Buckley et al., 2007; Hoskisson et al., 2000; Peng, 2003). Discussion of the influence of both the home country and host country institutional environments on the internationalization in the IE literature mostly has not involved discussion on the issues, such as SE activities and active social wealth creation. The home country institutional environment plays a leading role on the entrepreneurial decision-making in terms of internationalizing or not, while the role of the host country institutional environment gains a rising importance as the venture initiates the internationalization process and diversifies into the international markets (Zahra et al., 2005). Hence it is better to first clarify the influence of the home country institutional environment on the likelihood of internationalization for the ventures in which SE activities take place, before discussing the more complex influence of the host country institutional environment that plays a more important role in shaping the behaviors of the international ventures in the international markets, such as their market selection and entry mode choice (Aspelund & Moen, 2005; Lopez et al., 2009; Stray et al., 2001).

Institutions are traditionally divided into formal and informal institutions (North, 1990; Scott, 1995, 2005). Both the home country formal and informal institutional environments have proven to influence the entrepreneurial internationalization, but mixed conclusions have been generated. For example, there have been conflicting perspectives on the role of home country formal institutions on the entrepreneurial internationalization (Marano et al., 2016; Stephan et al., 2015), such as the institutional-support perspective and the institutional-void perspective. The institutional-support perspective suggests that better-developed formal institutions in the home country reduce a venture's transaction costs by limiting opportunistic behaviors and uncertainty in market transactions (Wan & Hoskisson, 2003). Better-developed home country formal institutions also produce strong national economy that can provide more tangible and intangible resource support for the venture to develop strategic resources and skills, and thus competitive advantages that enable the venture's foreign operations (Kirca et al., 2011). On the contrary, the institutional-void perspective suggests that less-developed home country formal institutions stimulate the venture to develop coping skills towards resource-scare environments and to fill institutional voids, which the venture can leverage to cross the

internationalization barriers and enable its foreign operations (Khanna & Palepu, 2013; Luo & Tung, 2007).

On the other hand, the role of home country informal institutions on the entrepreneurial internationalization has been less frequently discussed in the IE literature, since it is ideal to discuss the role of informal institutions across the cultural borders, rather than across the political and administrative borders that define the home/host country (Leung et al., 2005). Yet, a country's informal institutional environment can still be measured by the national average value within each country, such as the Hofstede cultural dimensions (Hofstede, 1980, 1991), the World Value Survey data, or the Global Leadership and Organizational Behavior Effectiveness (GLOBE) data. The characteristics of a country's informal institutional environment might be linked with the likelihood of entrepreneurial internationalization for ventures within the country. For example, high power distance in a country makes the people (e.g. the potential entrepreneurs) less risk-averse when facing the uncertain and risky environments (Hofstede, 1991) in the international markets and thus increases their likelihood in terms of exploring opportunities beyond the national border and internationalizing the operations of their ventures. But the relationship between a country's informal institutional environment and the likelihood of internationalization still needs to be tested empirically in a wide range of institutional contexts.

### **2.3 Institutions and Social entrepreneurship**

The relationship between a country's institutional environment and national prevalence of SE activities have been discussed in the SE literature, especially in the Global Entrepreneurship Monitor, a cross-country population-representative survey of entrepreneurship and its relevant studies (Bosma & Levie, 2010; Lepoutre et al., 2013). Better-developed formal regulative institutions have been found to be positively related to the likelihood of individuals engaging in SE (Stephan et al., 2015), since better-developed formal regulative institutions can provide tangible and intangible resource support for social entrepreneurs and thus can enhance SE (Evans, 1996; Sullivan, 2007; Zahra & Wright, 2011). Informal cognitive institutions (e.g. post-materialist cultural values) and informal normative institutions (e.g. socially supportive cultural norms, or weak-tie social capital) have also been found to be related to the likelihood of individuals engaging in SE (Stephan et al., 2015), since 1) post-materialist cultural values are related to pro-environmental attitudes, volunteering, and political engagement (Bekkers, 2005; Franzen & Meyer, 2010) and can stimulate SE motive; and 2) weak-tie social capital at the national level facilitates interaction and cooperation even among strangers and encourages friendliness, supportiveness, and helpfulness, and thus a socially supportive culture (Stephan & Uhlaner, 2010) and can also stimulate SE motive. In addition, national cultures with high power distance have been found to discourage both SE activities and profit-oriented entrepreneurial activities (Puumalainen et al., 2015), since high power

distance implies that people have less desire for independence and thus are less likely to be involved in the entrepreneurial activities (Hofstede, 1980, 1991), no matter with or without social missions.

## 3 Research Design and Methodology

### 3.1 Research Design

The dissertation is aimed at investigating the complex relationships between the institutional (INS) environment, social entrepreneurship (SE) activities, and the likelihood of entrepreneurial internationalization (INT) for organizations in the international business context. Social entrepreneurship is a relatively new concept to the IE field and has been seldom discussed in the IE literature until recently (Zahra et al., 2014). With respect to the research traditions of IE, the dependent variable of all the four publications is the likelihood of entrepreneurial internationalization for organizations.

Publication I is aimed at testing how a series of potential national-, organization-, and individual-level predictors influence the organization's likelihood of internationalization. Due to the dearth of knowledge and relevant empirical evidence for the complex relationships, the initial idea is to dig into the existing cross-country data sets and explore the potential relationships among the three factors, especially between SE activities and the likelihood of internationalization. Inspired by the research traditions and theories of comparative international entrepreneurship, especially those for the cross-country comparison of entrepreneurial processes (Baker et al., 2005), the behaviors of organizations, such as their internationalization are controlled by predictors in multiple levels: national-level predictors, such as a nation's formal and informal institutions (Aidis et al., 2012; Autio & Acs, 2010; Baker et al., 2005; Busenitz et al., 2000; Estrin et al., 2013; Zahra et al., 2005); organization-level predictors, such as innovation orientation (Boter & Holmquist, 1996) and entrepreneurial orientation (Hansen et al., 2011; Slevin & Terjesen, 2011) of organizations; and individual-level predictors, such as the gender, age, education and experience of the entrepreneur (Aidis et al., 2012; Estrin et al., 2013; Van Stel et al., 2007).

The findings of Publication I have confirmed the relationship between home country institutions and an organization's likelihood of internationalization, as well as the relationship between an organization's value orientation and its likelihood of internationalization, respectively. Entrepreneurial ventures from countries with better-developed formal institutions, higher power distance, and higher individualistic and feminine cultural level are shown to be more likely to be international. Socially oriented ventures are shown to be more likely to be international than profit-oriented ventures are. The relationship between an organization's value orientation and its likelihood of internationalization has been reported in the IE literature for the first time.

After confirming that an organization's value orientation is related to its likelihood of internationalization, Publication II further compared how an organization's value orientation and its likelihood of internationalization differ in different contexts, especially between the context of emerging economies and the context of advanced economies. The context of emerging economies attracted the attention of IB scholars, since emerging

economies, especially Brazil, China, and India, had reported robust and significant growth during the 2008-2009 Global Financial Crisis, when the advanced economies struggled to recover from the financial crisis (Khanna & Palepu, 2013; Zahra et al., 2011). Ventures from countries with better-developed formal institutions are found to be more likely to be international, which is consistent with the findings in Publication I. Additionally, ventures from countries with better-developed formal institutions are also found to be more likely to be socially oriented. The empirically tested relationship between a nation's formal institutions and the organization's social value orientation has been reported in the literature for the first time. Based on the national- and individual-level data collected in the year 2009, the findings of Publication II have provided a global view of ventures' value orientation and internationalization during the Crisis. The findings of Publication II have also contributed empirical evidence in the special context of Latin American emerging economies in the IE and SE literature (Carneiro & Brenes, 2014).

Publication I and II only tested the relationships between any two out of the three key factors (the institutional environment, SE activities, and the likelihood of entrepreneurial internationalization for organizations) in this dissertation. Publication III was thus aimed at testing the potential interaction effects between the institutional environment, SE activities, and the likelihood of internationalization. In Publication III, better-developed home country formal institutions are found to have a supportive impact on the venture's likelihood of internationalization, which is consistent with the findings in Publication I and II. The venture's social value orientation is further found to negatively moderate the positive home country formal institutions–likelihood of internationalization relationship. The negative moderating effects can be explained as follows: Socially oriented ventures in the better-developed home country institutional environment are less likely to develop coping skills against uncertain and risky institutional environments, which are common in their host countries. The coping skills are key competitive advantages for socially oriented ventures that enable their operations (and active social wealth creation) in the host country. The negative moderating effects of social value orientation of ventures on the home country formal institutions–likelihood of internationalization relationship has also been reported in the IB literature for the first time.

Publication I, II, and III have similar methodological design and thus share the same inherent shortcoming: They only used the socially oriented–profit-oriented dichotomy to define the value orientation of an organization, rather than differentiating the nature of social benefits undertaken by each organization. For example, organizations that tackle social issues of food security, education, infant-maternal mortality, climate change, or defense of those at the margins can all differ from each other in terms of the likelihood of internationalization. It fosters the need to differentiate the social nature of the organizations in which SE activities take place when studying the complex relationships between the institutional environment, SE activities, and the likelihood of internationalization.

Different from Publication I, II, and III, Publication IV alternatively used individual-level data of real-life social entrepreneurs who have created socially oriented organization, with the textual information regarding the social issues tackled by each socially oriented organization, and the socially significant products, services or solutions that each organization provides. The textual information was coded into quantitative data and used in a sequential statistical analysis.

The findings of Publication IV have confirmed that the conduct of certain type(s) of social interventions can either increase or reduce an organization's likelihood of internationalization. The findings of Publication IV have also confirmed the relationship between home country institutions and an organization's likelihood of internationalization. The findings in Publication IV are consistent with the findings in Publication I, II, and III, which are based on a different data source.

The research design of this dissertation is illustrated in Figure 3. The methods and data in the four publications are summarized in Table 2.



**Table 2** A summary of the methods and data used in the four publications

<i>Pub.</i>	<i>Aims</i>	<i>Methods</i>	<i>Data</i>
<b>I.</b>	<p>To examine how a series of potential national-, organization-, and individual-level factors predict the likelihood of entrepreneurial internationalization for organizations;</p> <p>To test the relationship between home country formal and informal institution and the likelihood of internationalization;</p> <p>To test the relationship between value orientation of ventures (socially-oriented—profit-oriented dichotomy was used) and the likelihood of internationalization</p>	Quantitative (a binary logistic regression)	Individual-level data adapted from Global Entrepreneur Monitor (GEM) Adult Population Survey (APS) 2009 data set; National-level data collected from database of the UN and the World Bank; Hofstede's cultural dimensions (Publication I only)
<b>II.</b>	<p>To test the relationship between home country formal institutions and the likelihood of internationalization;</p> <p>To test the relationship between home country formal institutions and the value orientation of ventures;</p> <p>To enrich the empirical evidence of the internationalization and value orientation of ventures in the special context of Latin American emerging countries;</p> <p>To provide a global view of the internationalization and value orientation of ventures during the 2008—2009 Global Financial Crisis;</p>	Quantitative (six binary logistic regressions)	
<b>III.</b>	<p>To test the relationship between home country formal institutions and the likelihood of internationalization;</p> <p>To test the interaction effects between home country formal institution, social value orientation of ventures, and the likelihood of internationalization</p>	Quantitative (two binary logistic regressions and three parallel robustness check models)	
<b>IV.</b>	<p>To test the relationship between home country formal institutions and the likelihood of internationalization;</p> <p>To explore the potential types of social interventions that can be undertaken by the socially oriented organizations;</p> <p>To test the relationship between the conduct of certain type of social interventions and the likelihood of internationalization;</p> <p>To test the relationship between the organizational form of socially oriented organization (socially oriented ventures—nonprofit organizations with profit-generating activities dichotomy was used) and the likelihood of internationalization</p>	<p>Mixed:</p> <p>Qualitative (4-round coding of textual information);</p> <p>Quantitative (a binary logistic regression)</p>	Individual-level data coded from the textual information in the Social Entrepreneur Database by the Schwab Foundation and other supplementary textual documents; National-level data collected from database of the UN and the World Bank

## 3.2 Data

Publication I, II, and III merged individual-level data adapted from the GEM APS 2009 data set and national-level data collected from a series of publicly available data sets with institutional indicators for each organization's home country.

Global Entrepreneurship Monitor (GEM) Adult Population Survey (APS) data set collected in the year 2009 was chosen as the individual-level data for Publication I, II, and III. The GEM APS 2009 data set is a large population-representative survey, with at least 2,000 randomly chosen individuals were interviewed over the phone or face-to-face where low telephone density could create a bias in each of the 54 countries. A special data-collection protocol was used to avoid selectivity bias, standardize the procedures, and assure comparability across countries (Lepoutre et al., 2013). The GEM APS 2009 data set is a unique data set for this dissertation, since it is the only available international comparative data set that 1) contains information on the individual organization's value orientation (relevant questions were only included in the survey in the year 2009); 2) measures the individual organization's internationalization behaviors; and 3) includes large representative samples of randomly chosen organizations in 54 countries with diverse formal and informal institutional environments. Publication I also has some inherent shortcomings: 1) the number of non-economically-sustainable nonprofit organizations only counts for less than 1.5% of the number of economically sustainable firms (entrepreneurial ventures). Nonprofit organizations and firms have not been compared directly due to the huge difference of sample size between the two categories; 2) the GEM APS 2009 data did not differentiate the social nature of the organizations, such as providing information on the social interventions undertaken by each organization; and 3) the GEM methodology has inherent shortcomings and widespread criticism, such as using single-item questions and dichotomous yes/no questions.

Different from Publication I, II, and III, Publication IV merged individual-level data coded from the Social Entrepreneur Database by the Schwab Foundation (hereinafter referred to as "the Schwab Database") and national-level data collected from a series of publicly available data sets with institutional indicators for each organization's home country. The Schwab Database includes real-life social entrepreneurs who have created socially oriented organizations tackling different forms of social issues in a wide range of institutional contexts. The Schwab Database provides an overview of the spectrum of SE activities, which has been often overlooked in country-specific studies. The Schwab Database provides detailed descriptions for the social issues tackled by each socially oriented organization, and the socially significant products, services or solutions that each organization provides. The Schwab Database also outlines the educational and experiential background of the entrepreneur for each case.

The Schwab Database only includes textual information. The Schwab Database and other supplementary textual documents (e.g. terms such as vision, mission, and activities in the official websites of the focal socially oriented organizations) were coded into quantitative data used in a sequential statistical analysis. The coding processes include four different

rounds, following different mechanisms (e.g. back and forth; reverse alphabetic orders) and with the codes being compared after each round to minimize the subjective bias. The details of the coding methodology can be found in Publication IV.

### 3.3 Methods

Quantitative methods were used in the four publications. Publication I, II, and III only used the quantitative methods. Binary logistic regressions were used in Publication I and II. A multinomial logistic regression was used in Publication III. Publication IV used a mixed method, including a qualitative part (coding textual data into quantitative data and identifying the eight types of social interventions) and a quantitative part (analyzing the quantitative data by a binary logistic regression).

The dissertation heavily adopted secondary data analysis by the quantitative methods. The reasons are as follows: First, there had been very limited knowledge on how SE activities in an organization would influence the internationalization of the organization in the literature prior to the start of my dissertation work, from both the theoretical and empirical perspectives. On the one hand, it was difficult to construct a perfect theoretical framework to test at the very beginning of the dissertation work due to the limited knowledge. Alternatively, the dissertation included several exploratory studies, for example, to load a series of variables in multiple levels into the models and to explore the potential relationships and interactions between them (e.g. in Publication I and III). Occasionally, a pair of competing hypotheses was used in case that a convincing prediction could not be made based on the existing knowledge (e.g. in Publication I).

On the other hand, it was challenging to accurately define and reliably construct variables that were related to the issues such as SE activities and active social value creation in the IE context. It was also questionable to use the concepts in the IE field, which were mostly defined in line with traditional economic thinking, such as “firms,” “customers,” and “internationalization of the firm” directly in the social context. Hence it was not practical to clearly define all the relevant variables and their boundaries beforehand and collect my own primary quantitative data accordingly to test the theoretical framework. Alternatively, my dissertation used multiple parallel boundaries to define some of the key concepts, including the venture’s internationalization and the venture’s value orientation and to check the robustness of the models (e.g. Publication II and III).

Second, the dissertation was aimed at generalizing across countries and generating conclusions that were valid in a wide range of contexts. For example, Publication I, II, and III were based on individual-level data collected in 54 countries and Publication IV was based on individual-level data collected in 63 countries. It was very difficult and almost impractical for me to collect primary individual-level data with comparable geographic and institutional diversity during my doctoral studies. What is more, the variables that are related to SE activities and active social value creation and their relevant

relationships are highly context dependent, as the social issues and unsatisfied social needs differ wildly across different contexts, for example, considering how different unsatisfied social needs could be between in Finland and in a Sub-Saharan country. Thus, empirical studies in a single-country context or in a cross-country setting covering countries with similar institutional contexts, such as a multiple case study with cases in Finland and/or other Nordic countries, cannot deliver results which have generalizability of the same level as the results of this dissertation.

### 3.4 Key Variables

The dependent variable in all the four publications is the likelihood of internationalization for organizations, measuring whether an organization is international or domestic. The dependent variable is set to be dichotomous in all the four publications. The first boundary that differentiates between international organizations and domestic organizations measures whether the organization has customers beyond its national border or not (as in Publication I, II, and III) or whether the organization has activities beyond its national border or not (as in Publication IV). In the Publication II, and III, the second boundary has been used to differentiate between international organizations and domestic organizations and to check the robustness of the models due to the theoretical debates on how to define an international organization in the IE literature (Hennart, 2014; Sullivan, 1994). The second boundary measures whether the organization has at least 25% of the customers beyond its national border or not, with respect to the IE research traditions (Knight, 1997).

An important independent variable in Publication I, II, and III is the value orientation of the entrepreneurial ventures. This independent variable is set to be dichotomous and measures whether the venture creates more non-economic value (the total of social value and environmental value) than economic value as its organizational goal or not. Due to the theoretical debates on the borderline between socially oriented ventures and profit-oriented ventures (Austin et al., 2006), two alternative boundaries (60%/40% non-economic value/economic value division and 40%/60% non-economic value/economic value division) have been used in Publication III to check the robustness of the models.

In Publication IV, a set of eight binary independent variables has been used to indicate whether an organization conducts each of the eight types of social interventions (Table 1) or not, respectively.

There are nine different measures that have been used to measure the home country institutional environment, with five measures for formal institutions and four measure for informal institutions. Extracted from the publicly available cross-country data sets developed by the World Bank or the United Nations, the five measures for the home country formal institutional environment are the Gross National Income (GNI) per capita adjusted in US dollars, the Human Development Index (HDI), and three relevant

Worldwide Governance Indicators (WGIs) (government effectiveness (GE), regulatory quality (RQ), and the rule of law (RL)). The five measures for the home country formal institutional environment correlate with each other strongly, thus implying problems of multicollinearity. A principle component score of the five measures has been used instead of the five measures, indicating the development level of home country formal institutions. On the other hand, extracted from the Hofstede's cultural dimensions, the four measure for the home country informal institutional environment are Power Distance Index (PDI), Individualism Index (IDV), Masculinity Index (MAS), and Uncertainty Avoidance Index (AVI).

The variables in the statistical analysis in the four publications are summarized in Table 3.

**Table 3** A summary of the variables in the statistical analysis in the four publications

<i>Variables</i>	<i>Source</i>	<i>Role</i>	<i>Publications</i>
the likelihood of internationalization	GEM, the Schwab Database	Dependent variable	I, II, III, IV
the value orientation (of entrepreneurial ventures)	GEM	Independent variable	I, II, III
the types of social interventions	the Schwab Database	a series of eight independent variables	IV
social organizational form (social business model)	the Schwab Database	Independent variable	IV
Gross National Income per capital adjusted in US dollars	the World Bank database	Independent variable	I, III, IV
Human Development Index	the UN Development Programme database	Independent variable	I, III, IV
Worldwide Governance Indicators: government effectiveness	the Worldwide Governance Indicators developed by the World Bank Group	Independent variables	I, III, IV
Worldwide Governance Indicators: regulatory quality			
Worldwide Governance Indicators: the rule of law			
Hofstede cultural dimensions: power distance	Hofstede cultural dimensions	Independent variables	I
Hofstede cultural dimensions: individualism versus collectivism			
Hofstede cultural dimensions: masculinity versus femininity			
Hofstede cultural dimensions: uncertainty avoidance			
the age of the organization	GEM, the Schwab Database	Control variable	I, III, IV
the gender of the entrepreneur	GEM, the Schwab Database	Control variable	I, II, III, IV
the age of the entrepreneur	GEM	Control variable	I, II, III
the entrepreneurial motive of the entrepreneur	GEM	Control variable	I, III
the entrepreneurial experience of the entrepreneur	GEM	Control variable	II

## **4 Summary of the publications and review of results**

The results of the four publications that are included in this dissertation are summarized one-by-one below. .

### **4.1 Publication I. The internationalization of ventures—the roles of a nation’s formal and informal institutions and the venture’s value orientation.**

#### **4.1.1 Background and Objectives**

Prior to this paper, there is a dearth of empirical evidence in the IE literature regarding the relationship between SE activities and the internationalization. Whether the SE activities in a venture would have an impact on its internationalization is still unknown. It is an exploratory study based on the secondary cross-country data, focusing on obtaining general conclusions on the complex and previously understudied relationship between the institutional environment, SE activities, and the internationalization.

Publication I is inspired by the theories and research traditions of comparative international entrepreneurship (Jones et al., 2011; Terjesen et al., 2016). The Comparative Discovery, Evaluation, and Exploitation (CDEE) framework is proposed to put the opportunity-centered entrepreneurship research paradigm in the international context and to facilitate the cross-country comparison (Baker et al., 2005). Within the CDEE framework, the first stage of the entrepreneurial process is the Discovery stage. The associated “who” and “what” elements in the Discovery stage are explained by examining how a nation divides and stratifies its labor. Division and stratification of labor can be measured by the individual-level predictors, such as the gender, age, education, and experience of the entrepreneur (Aidis et al., 2012; Estrin et al., 2013; Van Stel et al., 2007). The second stage is the Evaluation stage. In this stage, how entrepreneurial opportunities are evaluated by individuals is explained by examining the how the national institutional structure shapes individual entrepreneur’s opportunity cost assessment (Aidis et al., 2012; Autio & Acs, 2010; Baker et al., 2005; Busenitz et al., 2000; Estrin et al., 2013; Zahra et al., 2005). The third stage is the Exploitation stage. In this stage, it focuses on how resource availability and specificity influence how opportunities are exploited. The Exploitation stage is examined under the corporate context and therefore can be influenced by the firm-level predictors (Baker et al., 2005), such as entrepreneurial orientation (Hansen et al., 2011; Slevin & Terjesen, 2011) and firm innovativeness (Boter & Holmquist, 1996).

Inspired by the CDEE framework, it is believed that the entrepreneurial ventures’ behaviors, including their entrepreneurial internationalization, can be influenced by a series of national-, firm-, and individual-level predictors. Publication I is aimed at testing how a series of potential national-, firm-, and individual-level predictors influence the entrepreneurial venture’s likelihood of internationalization.

Formal and informal institutions in the venture's home country were chosen as the potential national-level predictors.

*H1. A nation's formal and informal institutions have a significant impact on the venture's likelihood of internationalization.*

The value orientation of the venture was chosen as one of the potential firm-level predictors. Due to the dearth of knowledge on how SE activities in a venture influences its internationalization, uniform understandings regarding the relationship between a venture's value orientation and its likelihood of internationalization were missing in the literature. Instead, contradictory conclusions could be generated from the literature (Zahra et al., 2009). As a result, a pair of competing hypotheses was used to predict the unclear relationship between a venture's value orientation and its likelihood of internationalization.

*H2a. Socially oriented ventures are less likely to be international than profit-oriented ventures are.*

*H2b. Socially oriented ventures are more likely to be international than profit-oriented ventures are.*

The age of the venture was chosen as one of the potential firm-level predictors. The gender, age, and entrepreneurial motive of the entrepreneur were chosen as potential individual-level predictors. Those four predictors were selected as control variables in this paper.

#### 4.1.2 Main Findings

The results of this paper show that ventures from countries with better-developed formal institutions are more likely to be international. In addition, ventures from countries that display higher power distance, higher individualistic cultural level, and higher feminine cultural level are shown to be more likely to be international. The uncertainty avoidance index of the venture's home country is not critical in predicting the venture's likelihood of internationalization.

What is more, socially oriented ventures are shown to be more likely to be international than profit-oriented ventures are. Early-stage ventures are shown to be more likely to be international than established ventures are. Male entrepreneurs are shown to be more likely to establish international ventures than female entrepreneurs are. Opportunity-driven entrepreneurs are shown to be more likely to establish international ventures than necessity-driven entrepreneurs are. The age of the entrepreneur is not critical in predicting the venture's likelihood of internationalization.

## **4.2 Publication II. Internationalization and value orientation of entrepreneurial ventures—a Latin American perspective.**

---

### **4.1.3 Contributions**

The role of the venture's social value orientation on the venture's likelihood of internationalization was not clear before this study and contradictory conclusions were supported in the literature. Out of a pair of competing hypotheses, the venture's social value orientation has been found to positively support the internationalization of ventures. By generalizing across countries, the venture's value orientation–likelihood of internationalization relationship has been reported in this IE literature for the first time. This exploratory study has confirmed the existence of the relationship between SE activities and the likelihood of internationalization and has inspired the other publications, in which either more complex relationships were tested or the social nature of organizations was further differentiated. The relationship between SE activities and the likelihood of internationalization is the key relationship to be tested through the publications and is thus the main relationship of this dissertation.

## **4.2 Publication II. Internationalization and value orientation of entrepreneurial ventures—a Latin American perspective.**

### **4.2.1 Background and Objectives**

IB researchers became interested in the context of emerging economies, especially after the 2008–2009 Global Financial Crisis. Emerging economies had reported robust and significant growth during the period when the advanced economies struggled to recover from the Crisis (Khanna & Palepu, 2013). Ventures from emerging economies are going international, prospecting for and exploiting opportunities outside their national borders (Zahra et al., 2011). However, most existing theories of the internationalization of ventures from emerging economies are mostly frequently based on the empirical evidence in the rapidly growing Chinese market or in the newly liberalizing Indian market or in the Central and Eastern European (CEE) markets that have largely achieved industrialization in the central planning era (Kiss et al., 2012). There is a dearth of empirical evidence of the internationalization of ventures from Latin American emerging economies (Ciravegna et al., 2014; Pérez-Batres et al., 2010), reflected by the fact that less than 4% of publications in major IB Journals are from Latin American authors or about a Latin American company (Biggemann, 2013).

The main difference between emerging economies and advanced economies is how well an economy helps buyers and sellers come together (Hoskisson et al., 2000; Khanna & Palepu, 1997, 2013; Peng, 2003, 2008, 2009). An ideal economy provides a range of institutions to facilitate the functioning of markets, such as legal protection for property rights, good enforcement of commercial laws, transparent judicial and litigation systems, developed factor markets, and efficient market intermediaries (Peng, 2003). But, emerging economies fall short in a number of ways. These institutional voids make an

economy emerging and become a prime source of high transactions costs and operating challenges (Khanna & Palepu, 2013). Different emerging economies may fall short in a different combination of institutions and therefore differ from each other. It is unclear whether the existing theories of the internationalization of ventures from emerging economies, which is often based on the empirical evidence of China, India, and CEE countries, are applicable to the context of Latin American emerging economies.

Publication II is aimed at enriching empirical evidence on both the phenomenon of the internationalization of ventures, and that of the emergence of SE activities within ventures in the special context of Latin American emerging economies in which both phenomena were underexplored. Thus, Publication II differentiated ventures by two dimensions: the dimension of internationalization and the dimension of value orientation.

On each dimension, ventures from all the emerging economies were first compared to the ventures from the advanced economies.

*H1. Entrepreneurial ventures from advanced economies are more likely to be international than those from emerging economies.*

*H3. Entrepreneurial ventures from advanced economies are less likely to be socially oriented than those from emerging economies.*

Then, on each dimension, ventures from Latin American emerging economies were then compared to the ventures from non-Latin American emerging economies, assuming that ventures from Latin American emerging economies did not differ from those from the other emerging economies.

*H2. Entrepreneurial ventures from Latin American emerging economies are as likely to be international as those from non-Latin American emerging economies.*

*H4. Entrepreneurial ventures from Latin American emerging economies are as likely to be socially oriented as those from non-Latin American emerging economies.*

#### 4.2.2 Main Findings

On the dimension of internationalization, ventures from advanced economies are shown to be more likely to be international than those from emerging economies. Ventures from Latin American emerging economies are shown to be as likely to be international as those from the other emerging economies.

On the dimension of value orientation, ventures from advanced economies are shown not to be significantly different from those from emerging economies in terms of value orientation. Ventures from Latin American emerging economies are shown to be more likely to be socially oriented than those from the other emerging economies.

### **4.3 Publication III. Internationalization, value orientation, entrepreneurial motive and institutions: a cross-country empirical study.** 43

---

#### **4.2.3 Contributions**

The likelihood of internationalization and the value orientation of ventures were compared in three different types of institutional contexts, including 1) in the context of advanced economies, in which most general IE and SE theories were tested, 2) in the context of Asian and Central and Eastern European emerging economies, in which most theories of emerging economies were tested, and 3) in the context of Latin American emerging economies that was underexplored in both the IE and SE literature. The findings of Publication II enrich the empirical evidence of the internationalization and the value orientation of ventures in the special context of Latin American emerging economies. The findings of Publication II also provide a global view of the internationalization and the value orientation of ventures during the 2008–2009 Global Financial Crisis.

Besides the contribution to enrich the empirical evidence in the IE and SE literature, the relationship between home country institutions and the value orientation of ventures has been reported in the literature for the first time.

### **4.3 Publication III. Internationalization, value orientation, entrepreneurial motive and institutions: a cross-country empirical study.**

#### **4.3.1 Background and Objectives**

The dissertation is aimed at testing the complex relationships between the institutional environment (INS), SE activities (SE), and the likelihood of entrepreneurial internationalization (INT). Publication I and II only tested the relationship between two of the three main factors, with Publication I testing the relationship between INS and INT and that between SE and INT and Publication II testing the relationship between INS and INT and that between INS and SE, respectively. Publication III was thus aimed at testing the potential interaction effects between the institutional environment (INS), SE activities (SE), and the likelihood of entrepreneurial internationalization (INT). There are eight hypotheses to test in Publication III. Hypotheses H1, H2, H4, and the pair of competing hypotheses H6 and H7, are aimed at testing how the value orientation of the venture, the entrepreneurial motive of the entrepreneur, the age of the venture, and the home country institutional environment predict the likelihood of internationalization for the venture, respectively. In addition, hypotheses H3, H4, and H8 are aimed at testing how the entrepreneurial motive of the entrepreneur, the age of the venture, and the home country institutional environment moderate the value orientation–likelihood of internationalization relationship, respectively.

### 4.3.2 Main Findings

Better-developed home country formal institutions are found to have a supportive impact on the likelihood of internationalization for ventures. The finding supports the institutional-support perspective, which suggests that better-developed home country formal institutions can provide stronger resource support and reduce the uncertainty around market transactions.

The supportive impact is found to be weaker for socially oriented ventures than for profit-oriented ventures. The social value orientation of the venture has a negative moderating role on the positive relationship between the home country formal institutional development level and the likelihood of internationalization for the venture. The negative moderating role can be explained as follows: Socially oriented ventures embedded in better-developed home country formal institutions are less likely to develop coping skills against the uncertain and risky host country institutional environment. These coping skills are critical competitive advantages for socially oriented ventures since the ventures can deploy the coping skills to fill the institutional voids, cross the internationalization barriers, and enable operations in host countries with deep social problems.

### 4.3.3 Contributions

Publication III tested the interactions between the institutional environment, SE activities, and the likelihood of entrepreneurial internationalization. The interaction effects have not been tested in the prior studies, including Publication I and II. The moderating role of SE activities on the institutions–internationalization relationship has been reported in the IE literature for the first time.

## 4.4 Publication IV. The Internationalization of Socially Oriented Organizations

### 4.4.1 Background and Objectives

Publication IV started with comparing socially oriented entrepreneurial ventures and nonprofit organizations with profit-generating activities in terms of their likelihood of internationalization. SE activities take place and play a leading role in both forms of socially oriented organizations.

*H1: Social ventures are more likely to internationalize than nonprofit organizations.*

#### **4.4 Publication IV. The Internationalization of Socially Oriented Organizations 45**

The first three publications included in the dissertations did not differentiate the social nature of the socially oriented organizations in which SE activities take place. In other words, these three publications did not differentiate the social impacts made by the socially oriented organizations, nor differentiate how people were benefited by the social impact. Hence one of the most important contributions that Publication IV aims to make is to categorize the types of social interventions that can be undertaken by socially oriented organizations by employing an exploratory method and then to discuss how the types of social interventions that an socially oriented organization conducts are related to its likelihood of internationalization.

*H2: Socially oriented organizations that conduct different types of social interventions differ on the likelihood of internationalization.*

The role of home country formal institutions on the likelihood of internationalization for the socially oriented organizations was also tested in Publication IV, with respect to the IE traditions.

*H3: Socially oriented organizations from economies with stronger institutions are more likely to internationalize.*

#### **4.4.2 Main Findings**

Socially oriented organizations that conduct social interventions to improve beneficiaries' satisfaction with employment opportunities and employment conditions are shown to be less likely to be international than socially oriented organizations that do not. Socially oriented organizations that conduct social interventions to improve beneficiaries' satisfaction with formal and informal education, natural and communal environment, physical and mental health, or access to physical resources such as clean water, energy and housing are shown to be more likely to be international than socially oriented organization that do not.

In addition, nonprofit organizations are found not to differ significantly from socially oriented ventures in terms of the likelihood of internationalization. Better-developed formal institutions in the home country provide better institutional support to the internationalization of socially oriented organizations.

#### **4.4.3 Contributions**

Socially oriented organizations in which SE activities take place have been categorized by their social nature in Publication IV. The relationship between the social nature and the likelihood of internationalization of socially oriented organizations has been reported in the literature for the first time. How socially oriented organizations are categorized by their social nature can be used in the future research.

Nonprofit organizations with profit-generating activities are also included in the discussion as they are also a form of socially oriented organizations in which SE activities take place and play a leading role and they can also undergo the entrepreneurial internationalization process. Although nonprofit organizations with profit-generating activities have not been found to differ from socially oriented ventures in terms of the likelihood of internationalization in this paper, it still fosters the need to compare the entrepreneurial internationalization process and patterns between nonprofit organizations and socially oriented ventures in the future research.

The findings of Publication IV also help reveal the nature of the internationalization of socially oriented organizations in which SE activities take place. Socially oriented organizations internationalize when conducting social interventions whose delivery requires cross-border resource combination. In most cases, the requirement for cross-border resource combination arises because the targeted beneficiaries and at least some of the necessary resources for social interventions are not located in the same country.

---

## 5 Discussion and Conclusions

### 5.1 Answering the Research Questions

The main research question was formulated as follows: *How do social entrepreneurship and the institutional context influence the likelihood of internationalization for organizations?* The four publications included in the dissertation are all aimed at investigating the complex relationships between the institutional environment, SE activities, and the likelihood of internationalization and at answering the main research question, either by testing the direct relationships between any two of the three factors (Publication I, II, and IV) or by testing the interactions between the three factors (Publication III).

The first sub-question was formulated as follows: *How does the social value orientation of an organization influence its likelihood of internationalization?* Publication I, II, and III are aimed at answering the first sub-question. The main findings are as follows: First, social value orientation of an entrepreneurial venture has a positive effect on its likelihood of internationalization; Second, social value orientation of ventures has a negative moderating role on the home country institutions–likelihood of internationalization relationship. The supportive effect of home country institutions on the likelihood of internationalization is weaker for socially oriented ventures than for profit-oriented ventures.

The second sub-question was formulated as follows: *How do the types of social interventions that an organization undertakes influence its likelihood of internationalization?* Publication IV is aimed at answering the second sub-question. The main findings are as follows: Organizations in which SE activities take place and play a leading role aim to make different social impacts and benefit people in different ways. The differences in their social impacts endow these socially oriented organizations with different social nature. The social nature of a socially oriented organization is defined by the types of social interventions that the organization undertakes. Eight types of social interventions have been identified in this dissertation by employing an exploratory method. The conduct of certain types of social interventions have been found to improve or reduce the likelihood of internationalization for the socially oriented organizations.

The third sub-question was formulated as follows: *How does the home country institutional environment influence the likelihood of internationalization for organizations?* All the four publications contribute to answering the third sub-question and testing the home country institutions–likelihood of internationalization relationship based on two different individual-level data sources, the GEM APS 2009 data set and the Schwab Database. The same conclusion has been generated from the two different individual-level data sources: Better-developed home country formal institutions have a supportive effect on the likelihood of internationalization for organizations, as better-

developed home country formal institutions can provide better institutional support (e.g. tangible and intangible resource support) to the internationalization of organizations

## 5.2 Theoretical Implications for IE

SE is a relatively new concept to the field of IE, although many organizations in which SE activities take place have long started to internationalize their operations. Yet, discussion of entrepreneurial internationalization in the IE literature traditionally does not involve the issues such as SE and active social wealth creation. There is a gap between the propensity of the phenomenon of the internationalization of organizations in which SE activities take place and the limited knowledge of their entrepreneurial internationalization in the IE literature.

This dissertation has bridged the gap by enhancing the theoretical understandings on how the SE activities in an entrepreneurial organization influence its internationalization, especially its entrepreneurial decision-making in terms of internationalizing its operations or not. First, the dissertation has investigated how the value orientation of an entrepreneurial venture, or in other words, whether SE activities play a leading role or a supporting role within the venture predicts its likelihood of internationalization. Second, the dissertation also differentiates socially oriented organizations that conduct different types of social interventions and have different social nature. The dissertation has investigated how the social nature of an organization in which SE activities take place predicts its likelihood of internationalization.

Besides that, the findings of this dissertation foster the need to rethink and challenge the prevailing assumptions for IE, such as how to define an IE opportunity and how to determine the viability and success of IE activities, as most existing IE theories are mostly based on the empirical evidence of the internationalization of profit-oriented ventures.

Additionally, the findings of this dissertation also help reveal the nature of the internationalization of organizations in which SE activities take place by digging into the real-life cases of socially oriented organizations and rationalizing the reasons behind the conclusions regarding the relationship between the social nature and the likelihood of internationalization of socially oriented organizations. The international nature of a social entrepreneurial opportunity may not be much different from the international nature of a financial entrepreneurial opportunity, as the exploitation of both types of opportunities requires cross-border resource combination (Cavusgil & Knight, 2015). In the cases of financial opportunities, the requirement for cross-border resource combination arises when the market demand and some of the necessary resources are not located in the same country (Di Gregorio et al., 2008). On the contrary, in the cases of social opportunities, the requirement for cross-border resource combination arises because the beneficiaries that are targeted in the social mission and at least some of the necessary resources required for the social mission are not located in the same country.

Last but not least, the relationship between home country institutions and entrepreneurial internationalization has been extensively discussed in the IE literature and has supported conflicting perspectives, such as the institutional-support perspective and the institutional-void perspective. In this dissertation, the relationship between home country institutions and the likelihood of entrepreneurial internationalization has been tested based on two different data sources, with one covering samples from 54 countries and the other covering samples from 63 countries. The findings from both data sources conclude that better-developed home country institutions can provide better institutional support to the entrepreneurial internationalization and support the institutional-support perspective.

### **5.3 Theoretical Implications for SE**

The prevailing SE research paradigms often seek to generalize across the SE activities that make diverse social impacts and benefit different people and focus on the common factors across the different SE processes, such as the SE motives. The social nature of the organizations in which SE activities take place is often considered to be part of the context and is dropped in these SE research paradigms (Arend, 2013; Miller et al., 2012). Yet, this dissertation concludes that the social nature of these socially oriented organizations is related to the entrepreneurial internationalization of these organizations. In addition, the dissertation has identified eight types of social interventions that can be undertaken by the socially oriented organizations. The typology of socially oriented organizations creates an alternative SE research paradigm that can facilitate the discussion and comparison of the entrepreneurial internationalization in the field of SE.

In addition, the dissertation also includes nonprofit organizations with profit-generating activities into the discussion of SE. SE activities can also take place and play a leading role in the nonprofit organizations with profit-generating activities, although these nonprofit organizations with profit-generating activities have different social business models (nonprofit model vs. business-like model) from the socially oriented ventures (or more commonly referred to as social enterprises in the SE literature).

### **5.4 Managerial and Policy Implications**

There have been many misconceptions about the organizations in which SE activities take place in the last two decades. Some misconceptions are frequently adopted by policy makers as well. First, one of the common misconceptions is that organizations in which SE activities take place are regarded as typically community-based (Shaw & Carter, 2007; Van Slyke & Newman, 2006; Wallace, 1999). For example, policy makers have failed to realize that some socially oriented organizations can also expand beyond the community to become nationwide in nature, or they can even cross national borders to become

international. Second, policies for the development and internationalization of entrepreneurial ventures are designed for profit-oriented ventures. There are no special policies for the development and internationalization of socially oriented ventures. Third, in some countries, such as the UK, socially oriented ventures are supported by the same policies that are in place for nonprofit organizations and charities (Shaw & Carter, 2007). Nonprofit organizations and socially oriented ventures may require different resources (both tangible and intangible) and support from public institutions for their continuing operations and expansion, although they are found not to differ from each other in terms of the likelihood of internationalization in the dissertation. Four, the public policies that either support social entrepreneurship or support the development of nonprofit organizations rarely differentiate the social nature of the organizations.

The findings of this dissertation could inspire policy makers to notice the emerging phenomenon of the internationalization of organizations in which SE activities take place, review their current policies relating to the internationalization of these organizations, or design new policies to support the development and internationalization of these organizations.

## 5.5 Limitations and Future Research

The dissertation has shortcomings from both the theoretical and methodological perspectives.

On the one hand, some of the relevant concepts in the fields of international business and IE were not included into the discussion in the dissertation. The dissertation focuses mainly on how the home country institutional environment and SE activities predict an organization's entrepreneurial decision making to internationalize or not. First, the dissertation does not discuss how the institutional environment and SE activities would influence the rest of the internationalization process after the organization decides to internationalize its operations. It fosters the need to study how the SE activities in an organization influence its internationalization process and patterns in the future research, especially how SE activities influence the behavior of the organization in the international markets after it initiates the internationalization process. Sample research questions for the future research are as follows: How SE activities in an organization influence its choice of international markets? How SE activities in an organization influence its choice of entry mode for each international market?

Second, both the home country and the host country institutional environments play a critical role in the internationalization process of an organization. This dissertation focuses mainly on the role of the home country institutional environment. The role of the host country institutional environment increases as the organization initiates the internationalization process and diversifies into the international markets. The role of the

host country institutional environment should also be included in the discussion in the future.

On the other hand, the dissertation dominantly employed secondary data analysis by the quantitative methods, despite my limited effects to conduct case studies and collect primary qualitative data in the first half of my doctoral studies. Especially, in Publication IV, qualitative data were even coded, transformed, and analyzed by a quantitative method. One of the major inherent shortcomings for the secondary data analysis by the quantitative methods is that the contextual richness of the individual cases is significantly reduced when the individual-level data were collected using single-item questions and dichotomous yes/no questions. For example, it was almost impossible to build a process model for the internationalization of a socially-oriented organization by secondary data analysis and quantitative methods. In the future, it can focus more on conducting cross-country multiple case studies and constructing process models for the internationalization of organizations in which SE activities take place and play a leading role.



## Reference

- Abdel-Khalek, A. M. (2006). Measuring happiness with a single-item scale. *Social Behavior and Personality: an international journal*, 34(2), 139–150.
- Agarwal, S., & Ramaswami, S. N. (1992). Choice of foreign market entry mode: Impact of ownership, location and internalization factors. *Journal of International Business Studies*, 23(1), 1–27
- Ahlstrom, D. (2010). Innovation and growth: How business contributes to society. *Academy of Management Perspectives*, 24(3), 11–24.
- Aidis, R., Estrin, S., & Mickiewicz, T. M. (2012). Size matters: entrepreneurial entry and government. *Small Business Economics*, 39(1), 119–139.
- Alexander, J. A., & Weiner, B. J. (1998). The adoption of the corporate governance model by nonprofit organizations. *Nonprofit Management and Leadership*, 8(3), 223–242.
- Alvarez, S. A., Barney, J. B., & Newman, A. M. B. (2015). The poverty problem and the industrialization solution. *Asia Pacific Journal of Management*, 32(1), 23–37.
- Andreasen, A. R., & Kotler, P. T. (2003). *Strategic marketing for non-profit organizations* (6th ed.). Upper Saddle River, NJ: Prentice-Hall.
- Arend, R. J. (2013). A heart-mind-opportunity nexus: Distinguishing social entrepreneurship for entrepreneurs. *Academy of Management Review*, 38(2), 313–315.
- Aspelund, A., & Moen, Ø. (2005). Small international firms: typology, performance and implications. *Management International Review*, 45(3), 37–57.
- Aulakh, P. S., & Kotabe, M. (2008). Institutional changes and organizational transformation in developing economies. *Journal of International Management*, 14(3), 209–216.
- Austin, J., Stevenson, H., & Wei-Skillern, J. (2006). Social and commercial entrepreneurship: Same, different, or both? *Entrepreneurship Theory and Practice*, 30(1), 1–22.

- Autio, E., & Acs, Z. (2010). Intellectual property protection and the formation of entrepreneurial growth aspirations. *Strategic Entrepreneurship Journal*, 4(3), 234–251.
- Baker, T., Gedajlovic, E., & Lubatkin, M. (2005). A framework for comparing entrepreneurship processes across nations. *Journal of International Business Studies*, 36(5), 492–504.
- Bekkers, R. (2005). Participation in voluntary associations: Relations with resources, personality, and political values. *Political Psychology*, 26(3), 439–454.
- Berry, H., Guillén, M. F., & Zhou, N. (2010). An institutional approach to cross-national distance. *Journal of International Business Studies*, 41(9), 1460–1480.
- Biggemann, S. (2013). *Collaborative research and publishing from Latin America*. São Paulo, Brazil: International B2B Research Workshop
- Bosma, N. S., & Levie, J. (2010). *Global Entrepreneurship Monitor 2009 Executive Report*. London: Global Entrepreneurship Research Association.
- Boter, H., & Holmquist, C. (1996). Industry characteristics and internationalization processes in small firms. *Journal of Business Venturing*, 11(6), 471–487.
- Bruce, I. (1995). Do not-for-profits value their customers and their needs? *International Marketing Review*, 12(4), 77–84.
- Buckley, P. J., & Casson, M. (1976). *The Future of the Multinational Enterprise. The Future of the Multinational Enterprise*. London: Palgrave Macmillan.
- Buckley, P. J., Clegg, L. J., Cross, A. R., Liu, X., Voss, H., & Zheng, P. (2007). The determinants of Chinese outward foreign direct investment. *Journal of International Business Studies*, 38(4), 499–518.
- Busenitz, L. W., Gomez, C., & Spencer, J. W. (2000). Country institutional profiles: Unlocking entrepreneurial phenomena. *Academy of Management Journal*, 43(5), 994–1003.
- Capar, N., & Kotabe, M. (2003). The relationship between international diversification and performance in service firms. *Journal of International Business Studies*, 34(4), 345–355.

- Carneiro, J., & Brenes, E. R. (2014). Latin American firms competing in the global economy. *Journal of Business Research*, 67(5), 831–836.
- Casson, M. (1982). *The entrepreneur: An economic theory*. Totowa, NJ: Rowman & Littlefield.
- Chetty, S., & Campbell-Hunt, C. (2004). A strategic approach to internationalization: a traditional versus a “born-global” approach. *Journal of International Marketing*, 12(1), 57–81.
- Chen, S. (2012). Creating sustainable international social ventures. *Thunderbird International Business Review*, 54(1), 131–142.
- Ciravegna, L., Lopez, L., & Kundu, S. (2014). Country of origin and network effects on internationalization: A comparative study of SMEs from an emerging and developed economy. *Journal of Business Research*, 67(5), 916–923.
- Coviello, N. E., McDougall, P. P., & Oviatt, B. M. (2011). The emergence, advance and future of international entrepreneurship research—An introduction to the special forum. *Journal of Business Venturing*, 26(6), 625–631.
- Cummins, R. A. (1996). The domains of life satisfaction: An attempt to order chaos. *Social Indicators Research*, 38(3), 303–328.
- Dacin, P. A., Dacin, M. T., & Matear, M. (2010). Social entrepreneurship: Why we don’t need a new theory and how we move forward from here. *Academy of Management Perspectives*, 24(3), 37–57.
- Dees, J. G. (1998). Enterprising nonprofits. *Harvard Business Review*, 76, 55–67.
- Di Domenico, M.-L., Haugh, H., & Tracey, P. (2010). Social bricolage: Theorizing social value creation in social enterprises. *Entrepreneurship Theory and Practice*, 34(4), 681–703.
- Diener, E. (1984). Subjective well-being. *Psychological Bulletin*, 95(3), 542–575.
- Diener, E. D., Emmons, R. A., Larsen, R. J., & Griffin, S. (1985). The satisfaction with life scale. *Journal of Personality Assessment*, 49(1), 71–75.

- Diener, E., Inglehart, R., & Tay, L. (2013). Theory and validity of life satisfaction scales. *Social Indicators Research*, *112*(3), 497–527.
- Doh, J. P., & Lucea, R. (2013). So close yet so far: Integrating global strategy and nonmarket research. *Global Strategy Journal*, *3*(3), 171–194.
- Dunning, J. H. (1980). Toward an eclectic theory of international production: Some empirical tests. *Journal of International Business Studies*, *11*(1), 9–31.
- Emerson, J., & Twersky, F. (1996). *New social entrepreneurs: The success, challenge and lessons of non-profit enterprise creation*. San Francisco: Roberts Foundation.
- Emerson, J. (2003). The blended value proposition: Integrating social and financial returns. *California Management Review*, *45*(4), 35–51.
- Estrin, S., Baghdasaryan, D., & Meyer, K. E. (2009). The impact of institutional and human resource distance on international entry strategies. *Journal of Management Studies*, *46*(7), 1171–1196.
- Estrin, S., Mickiewicz, T., & Stephan, U. (2013). Entrepreneurship, social capital, and institutions: Social and commercial entrepreneurship across nations. *Entrepreneurship Theory and Practice*, *37*(3), 479–504.
- Etemad, H. (2013). *The Process of Internationalization in Emerging SMEs and Emerging Economics*. Cheltenham, UK: Edward Elgar.
- Evans, P. (1996). Government action, social capital and development: reviewing the evidence on synergy. *World Development*, *24*(6), 1119–1132.
- Franzen, A., & Meyer, R. (2010). Environmental attitudes in cross-national perspective: A multilevel analysis of the ISSP 1993 and 2000. *European Sociological Review*, *26*(2), 219–234.
- Geringer, J. M., Beamish, P. W., & DaCosta, R. C. (1989). Diversification strategy and internationalization: Implications for MNE performance. *Strategic Management Journal*, *10*(2), 109–119.
- Goerke, J. (2003). Taking the quantum leap: Nonprofits are now in business. An Australian perspective. *International Journal of Nonprofit and Voluntary Sector Marketing*, *8*(4), 317–327.

- Gonzalez, L. I. A., Vijande, M. L. S., & Casielles, R. V. (2002). The market orientation concept in the private nonprofit organisation domain. *International Journal of Nonprofit and Voluntary Sector Marketing*, 7(1), 55–67.
- Grant, R. M. (1987). Multinationality and performance among British manufacturing companies. *Journal of International Business Studies*, 18(3), 79–89.
- Habib, M. M., & Victor, B. (1991). Strategy, structure, and performance of US manufacturing and service MNCs: A comparative analysis. *Strategic Management Journal*, 12(8), 589–606.
- Hansen, J. D., Deitz, G. D., Tokman, M., Marino, L. D., & Weaver, K. M. (2011). Cross-national invariance of the entrepreneurial orientation scale. *Journal of Business Venturing*, 26(1), 61–78.
- Hoskisson, R. E., Eden, L., Lau, C. M., & Wright, M. (2000). Strategy in emerging economies. *Academy of Management Journal*, 43(3), 249–267.
- Hsieh, C. M. (2003). Counting importance: The case of life satisfaction and relative domain importance. *Social Indicators Research*, 61(2), 227–240.
- Hymer, S. H. (1960). *The International Operations of National Firms: A Study of Direct Foreign Investment*. Cambridge, MA: MIT Press.
- Johanson, J., & Vahlne, J. E. (1977). The internationalization process of the firm—a model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*, 8(1), 23–32.
- Johanson, J., & Vahlne, J. E. (2009). The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. *Journal of International Business Studies*, 40(9), 1411–1431.
- Jones, M. V., Coviello, N., & Tang, Y. K. (2011). International entrepreneurship research (1989–2009): a domain ontology and thematic analysis. *Journal of Business Venturing*, 26(6), 632–659.
- Khanna, T., & Palepu, K. (2013). *Winning in emerging markets: A road map for strategy and execution*. Boston: Harvard Business Press.

- Kirca, A. H., Hult, G. T. M., Roth, K., Cavusgil, S. T., Perry, M. Z., Akdeniz, M. B., Deligonul, S. Z., Mena, J. A., Pollitte, W. A., Hoppner, J. J., & Miller, J. C. (2011). Firm-specific assets, multinationality, and financial performance: A meta-analytic review and theoretical integration. *Academy of Management Journal*, 54(1), 47–72.
- Kiss, A. N., Danis, W. M., & Cavusgil, S. T. (2012). International entrepreneurship research in emerging economies: A critical review and research agenda. *Journal of Business Venturing*, 27(2), 266–290.
- Knight, G. A., & Cavusgil, S. T. (1996). The Born Global firm: A challenge to traditional internationalization theory. *Advances in International Marketing*, 8, 11–26.
- Knight, G. A., & Cavusgil, S. T. (2004). Innovation, organizational capabilities, and the born-global firm. *Journal of International Business Studies*, 35(2), 124–141.
- Kroeger, A., & Weber, C. (2015). Developing a conceptual framework for comparing social value creation. *Academy of Management Review*, 40(1), 43–70.
- Lepoutre, J., Justo, R., Terjesen, S., & Bosma, N. (2013). Designing a global standardized methodology for measuring social entrepreneurship activity: the Global Entrepreneurship Monitor social entrepreneurship study. *Small Business Economics*, 40(3), 693–714.
- Leung, K., Bhagat, R. S., Buchan, N. R., Erez, M., & Gibson, C. B. (2005). Culture and international business: Recent advances and their implications for future research. *Journal of International Business Studies*, 36(4), 357–378.
- Lopez, L. E., Kundu, S. K., & Ciravegna, L. (2009). Born global or born regional? Evidence from an exploratory study in the Costa Rican software industry. *Journal of International Business Studies*, 40(7), 1228–1238.
- Luo, Y., & Tung, R. L. (2007). International expansion of emerging market enterprises: A springboard perspective. *Journal of International Business Studies*, 38(4), 481–498.
- Mair, J., & Marti, I. (2006). Social entrepreneurship research: A source of explanation, prediction, and delight. *Journal of World Business*, 41(1), 36–44.
- Marano, V., Arregle, J., Hitt, M. A., & Spadafora, E. (2016). Home Country Institutions and the Internationalization-Performance Relationship: A Meta-Analytic Review. *Journal of Management*, 42(5), 1075–1110.

- Martin, R. L., & Osberg, S. (2007). Social entrepreneurship: The case for definition. *Stanford Social Innovation Review*, 5(2), 28–39.
- Miller, T. L., Grimes, M. G., McMullen, J. S., & Vogus, T. J. (2012). Venturing for others with heart and head: How compassion encourages social entrepreneurship. *Academy of Management Review*, 37(4), 616–640.
- Munoz, J. M. (2010). *International Social Entrepreneurship: Pathways to Personal and Corporate Impact*. New York: Business Expert Press.
- Norman, W., & MacDonald, C. (2004). Getting to the bottom of “triple bottom line”. *Business Ethics Quarterly*, 14(2), 243–262.
- North, D. C. (1990). *Institutions, institutional change, and economic performance*. New York, NY: Cambridge University Press.
- OECD. (2011). *Divided we stand: Why inequality keeps rising*. Paris: OECD Publishing.
- Oviatt, B. M., & McDougall, P. P. (1994). Toward a theory of international new ventures. *Journal of International Business Studies*, 25(1), 45–64.
- Oviatt, B. M., & McDougall, P. P. (2005). Defining international entrepreneurship and modeling the speed of internationalization. *Entrepreneurship Theory and Practice*, 29(5), 537–554.
- Parsons, T. (1960). *Structure and Process in Modern Societies*. New York: Free Press.
- Patzelt, H., & Shepherd, D. A. (2011). Recognizing opportunities for sustainable development. *Entrepreneurship Theory and Practice*, 35(4), 631–652.
- Peng, M. W. (2003). Institutional transitions and strategic choices. *Academy of Management Review*, 28(2), 275–296.
- Peng, M. W., Wang, D. Y., & Jiang, Y. (2008). An institution-based view of international business strategy: A focus on emerging economies. *Journal of International Business Studies*, 39(5), 920–936.
- Peng, M. W., Sun, S. L., Pinkham, B., & Chen, H. (2009). The Institution-Based View as a Third Leg for a Strategy Tripod. *Academy of Management Perspectives*, 23(3), 63–81.

- Peredo, A. M., & McLean, M. (2006). Social entrepreneurship: A critical review of the concept. *Journal of World Business, 41*(1), 56–65.
- Perez-Batres, L. A., Pisani, M. J., & Doh, J. P. (2010). A perspective on international business scholarship: Is it regional or global? *Multinational Business Review, 18*(1), 73–88.
- Powell, W. W., & DiMaggio, P. J. (1991). *The new institutionalism in organizational analysis*. Chicago: University of Chicago Press.
- Puumalainen, K., Sjögrén, H., Syrjä, P., & Barraket, J. (2015). Comparing social entrepreneurship across nations: An exploratory study of institutional effects. *Canadian Journal of Administrative Sciences, 32*(4), 276–287.
- Ritvala, T., Piekkari, R., Franck, H., & Granqvist, N. (2017). The International Expansion of an Art Museum: Guggenheim's Global–Local Contexts. In K. Ibeh, P. E. Tolentino, O. E. M. Janne, and X. Liu (Eds.) *Growth Frontiers in International Business* (pp. 145-166). Basingstoke: Palgrave Macmillan.
- Ruigrok, W., & Wagner, H. (2003). Internationalization and performance: An organizational learning perspective. *Management International Review, 43*(1), 63–83.
- Sarasvathy, S., Kumar, K., York, J. G., & Bhagavatula, S. (2014). An effectual approach to international entrepreneurship: overlaps, challenges, and provocative possibilities. *Entrepreneurship Theory and Practice, 38*(1), 71–93.
- Santos, F. M. (2012). A positive theory of social entrepreneurship. *Journal of Business Ethics, 111*(3), 335–351.
- Scott, W. R. (1983). The organization of societal sectors. In J. W. Meyer, & W. R. Scott (Eds.), *Organizational environments: Ritual and rationality* (pp. 129-153). Beverly Hills, CA: Sage.
- Scott, W. R. (1995). *Institutions and Organizations*. Thousand Oaks, CA: Sage.
- Scott, W. R. (2005). Institutional theory: Contributing to a theoretical research program. In K. G. Smith, & M. A. Hitt (Eds), *Great minds in management: The process of theory development* (pp. 460-485). Oxford: Oxford University Press.

- Selznick, P. (1949). *TVA and the grass roots: A study of politics and organization* (Vol. 3). Berkeley, CA: University of California Press.
- Selznick, P. (1957). *Leadership in administration*. New York: Row, Peterson and Co.
- Shane, S., & Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *Academy of Management Review*, 25(1), 217–226.
- Shaw, E., & Carter, S. (2007). Social entrepreneurship: Theoretical antecedents and empirical analysis of entrepreneurial processes and outcomes. *Journal of Small Business and Enterprise Development*, 14(3), 418–434.
- Shepherd, D. A., & Patzelt, H. (2011). The new field of sustainable entrepreneurship: Studying entrepreneurial action linking “what is to be sustained” with “what is to be developed”. *Entrepreneurship Theory and Practice*, 35(1), 137–163.
- Slevin, D. P., & Terjesen, S. A. (2011). Entrepreneurial orientation: Reviewing three papers and implications for further theoretical and methodological development. *Entrepreneurship Theory and Practice*, 35(5), 973–987.
- Stephan, U., & Uhlaner, L. M. (2010). Performance-based vs socially supportive culture: A cross-national study of descriptive norms and entrepreneurship. *Journal of International Business Studies*, 41(8), 1347–1364.
- Stephan, U., Uhlaner, L. M., & Stride, C. (2015). Institutions and social entrepreneurship: The role of institutional voids, institutional support, and institutional configurations. *Journal of International Business Studies*, 46(3), 308–331.
- Stiglitz, J. E. (2000). Capital market liberalization, economic growth, and instability. *World Development*, 28(6), 1075–1086.
- Stiglitz, J. E. (2006). *Making globalization work*. New York: W.W. Norton & Company.
- Stiglitz, J. E. (2010). *Freefall: America, free markets and the sinking of the world economy*. New York: W.W. Norton & Company.
- Stray, S., Bridgewater, S., & Murray, G. (2001). The internationalisation process of small, technology-based firms: market selection, mode choice and degree of internationalisation. *Journal of Global Marketing*, 15(1), 7–29.

- Sullivan, D. (1994). Measuring the degree of internationalization of a firm. *Journal of International Business Studies*, 25(2), 325–342.
- Sullivan, D. M. (2007). Stimulating social entrepreneurship: Can support from cities make a difference? *Academy of Management Perspectives*, 21(1), 77–78.
- Teegen, H., Doh, J. P., & Vachani, S. (2004). The importance of nongovernmental organizations (NGOs) in global governance and value creation: An international business research agenda. *Journal of International Business Studies*, 35(6), 463–483.
- Terjesen, S., Hessels, J., & Li, D. (2016). Comparative International Entrepreneurship A Review and Research Agenda. *Journal of Management*, 42(1), 299–344.
- Thomas, A. S., & Mueller, S. L. (2000). A case for comparative entrepreneurship: Assessing the relevance of culture. *Journal of International Business Studies*, 31(2), 287–301.
- Van Slyke, D. M., & Newman, H. K. (2006). Venture philanthropy and social entrepreneurship in community redevelopment. *Nonprofit Management and Leadership*, 16(3), 345–368.
- Van Stel, A., Storey, D. J., & Thurik, A. R. (2007). The effect of business regulations on nascent and young business entrepreneurship. *Small Business Economics*, 28(2-3), 171–186.
- Wallace, S. L. (1999). Social entrepreneurship: The role of social purpose enterprises in facilitating community economic development. *Journal of Developmental Entrepreneurship*, 4(2), 153–174.
- Wan, W. P., & Hoskisson, R. E. (2003). Home country environments, corporate diversification strategies, and firm performance. *Academy of Management Journal*, 46(1), 27–45.
- Weisbrod, B. A. (2000). *To profit or not to profit: The commercial transformation of the nonprofit sector*. Cambridge: Cambridge University Press.
- World Bank. (2012). *World Bank sees progress against extreme poverty, but flags vulnerabilities*. Washington, DC: World Bank Press Release, February 29, 2012.

- Wu, J., & Chen, X. (2014). Home country institutional environments and foreign expansion of emerging market firms. *International Business Review*, 23(5), 862–872.
- Xu, D., & Shenkar, O. (2002). Note: Institutional distance and the multinational enterprise. *Academy of Management Review*, 27(4), 608–618.
- Yunus, M. (2007). *Creating a world without poverty: Social business and the future of capitalism*. New York: Public Affairs.
- Zahra, S. A., Abdel-Gawad, S. G., & Tsang, E. W. (2011). Emerging multinationals venturing into developed economies: Implications for learning, unlearning, and entrepreneurial capability. *Journal of Management Inquiry*, 20(3), 323–330.
- Zahra, S. A., Gedajlovic, E., Neubaum, D. O., & Shulman, J. M. (2009). A typology of social entrepreneurs: Motives, search processes and ethical challenges. *Journal of Business Venturing*, 24(5), 519–532.
- Zahra, S. A., Ireland, R. D., & Hitt, M. A. (2000). International expansion by new venture firms: International diversity, mode of market entry, technological learning, and performance. *Academy of Management Journal*, 43(5), 925–950.
- Zahra, S. A., Korri, J. S., & Yu, J. (2005). Cognition and international entrepreneurship: Implications for research on international opportunity recognition and exploitation. *International Business Review*, 14(2), 129–146.
- Zahra, S. A., Newey, L. R., & Li, Y. (2014). On the frontiers: The implications of social entrepreneurship for international entrepreneurship. *Entrepreneurship Theory and Practice*, 38(1), 137–158.
- Zahra, S. A., Rawhouser, H. N., Bhawe, N., Neubaum, D. O., & Hayton, J. C. (2008). Globalization of social entrepreneurship opportunities. *Strategic Entrepreneurship Journal*, 2(2), 117–131.
- Zahra, S. A., & Wright, M. (2011). Entrepreneurship's next act. *Academy of Management Perspectives*, 25(4), 67–83.
- Zahra, S. A., & Wright, M. (2016). Understanding the social role of entrepreneurship. *Journal of Management Studies*, 53(4), 610–629.



## **Publication I**

Chen, J., Puumalainen, K. and Saarenketo, S.

**The internationalization of ventures—the roles of a nation's formal and informal institutions and the venture's value orientation.**

Reprinted with permission from

*Proceedings of the Academy of International Business – UK & Ireland Conference*

© 2017, AIB UKI



## **The internationalization of ventures – the roles of a nation’s formal and informal institutions and the venture’s value orientation**

We examined how a series of national-, firm-, and individual-level predictors influenced the venture’s likelihood of internationalization based on a data set that was adapted from the Global Entrepreneurship Monitor (GEM) data in the year 2009, covering 10,920 individual ventures in 54 countries. Ventures from countries with better-developed formal institutions, higher power distance, and higher individualistic and feminine cultural level are shown to be more likely to be international. Socially oriented ventures are shown to be more likely to be international than profit-oriented ventures are. Early-stage ventures are shown to be more likely to be international than established ventures are. Male entrepreneurs are shown to be more likely to establish international ventures than female entrepreneurs are. Opportunity-driven entrepreneurs are shown to be more likely to establish international ventures than necessity-driven entrepreneurs are. The findings of this paper provide a general guideline to predict a venture’s likelihood of internationalization.

**Keywords:** internationalization, social value orientation, formal institutions, informal institutions, Global Entrepreneurship Monitor

## **1. Introduction**

The global business environments have changed in the new millennium. The trends of market liberalization and globalization have prevailed worldwide (Stiglitz, 2000). More national economies are involved in the global business nowadays. It is questionable whether the international business (IB) theories, which have been based on the empirical evidence in the context of advanced economies, are applicable to a wider range of contexts beyond that of advanced economies. At the same time, the public evaluates a firm's contribution to the society not only by its financial performance, but also by its performance on the social and environmental aspects. The shift of evaluation criteria for the performance of firms is represented by the notion of triple bottom line (Norman & MacDonald, 2004). In line with the shift of evaluation criteria for the performance of firms, value creation in firms has changed accordingly: The focus has shifted to the creation of blends of economic value, social (societal) value and environmental value (Emerson, 2003), instead of the more traditional exclusive focus on the creation of economic value. The diversification of organizational value creation has blurred the boundaries imposed by the post-war organization ontology and has endowed entrepreneurial ventures with different value orientations, from profit-oriented to socially oriented (Peredo & McLean, 2006; Zahra et al., 2014). Thus, it fosters the need to conduct IB research and to test IB theories, such as to study the predictors of the entrepreneurial venture's likelihood of internationalization, in a wide range of institutional contexts.

A commonly accepted entrepreneurship framework generalizes the entrepreneurial process as the discovery, evaluation and exploitation of entrepreneurial opportunities (Shane & Venkataraman, 2000). A modified version of the entrepreneurship framework, the Comparative Discovery, Evaluation and Exploitation (CDEE) framework, was proposed later by putting the framework in the international context and enriching the framework with issues central to comparative international entrepreneurship (Baker et al., 2005). The core assumption of the CDEE framework is that the character of opportunities and individuals who discover, evaluate and exploit the opportunities are influenced by a nation's institutional context. Within the CDEE framework, the first stage of the entrepreneurial process is the *Discovery* stage. The associated "who" and "what" elements in the *Discovery* stage are explained by examining how a nation divides and stratifies its labor. Division and stratification of labor can be measured by the individual-level predictors, such as the gender, age, education, and experience of the entrepreneur (Estrin et al., 2013; Aidis et al., 2012; Van Stel et al., 2007). The second stage is the *Evaluation* stage. In this stage, how entrepreneurial opportunities are evaluated by individuals is explained by examining how the national institutional structure shapes individual entrepreneur's opportunity cost assessment (Baker et al., 2005; Busenitz et al., 2000; Zahra et al., 2005; Estrin et al., 2013; Aidis et al., 2012; Autio & Acs, 2010). The third stage is the *Exploitation* stage. In this stage, it focuses on how resource availability and specificity influence how opportunities are exploited. The *Exploitation* stage is examined under the corporate context and thus can be influenced by the firm-level predictors (Baker et al., 2005), such as entrepreneurial orientation (Hansen et al., 2011; Slevin & Terjesen, 2011) and firm innovativeness (Boter & Holmquist, 1996).

Hence we believe that in the cross-country comparison of international entrepreneurial processes, we must take account of national-, firm-, and individual-level predictors. In this paper, within the entrepreneurial ventures' international entrepreneurial processes, we focus on the entrepreneurial decision-making process, especially the entrepreneurial ventures' decision making in terms of internationalizing their operations. In this paper, we will test how the national-, firm-, and individual-level predictors influence an entrepreneurial venture's likelihood of internationalization.

After analyzing 10,920 individual ventures across 54 countries, we had the following findings: Ventures from countries with better-developed formal institutions are more likely to be international. Ventures from countries that display higher power distance and are culturally more individualistic and feminine are more likely to be international. Socially oriented ventures are more likely to be international than profit-oriented ventures are. Early-stage ventures are more likely to be international than established ventures are. Male entrepreneurs are more likely to establish international ventures than female entrepreneurs are. Opportunity-driven entrepreneurs are more likely to establish international ventures than necessity-driven entrepreneurs are.

## **2. Theoretical Framework and Hypothesis Development**

### *2.1 A nation's formal and informal institutions and the venture's likelihood of internationalization*

A nation's institutional environment is composed of formal and informal institutions that exert normative pressure for the structures and practices of social actors (North, 1990; Scott, 1995, 2005). Organizational legitimacy represents the end results of evaluation by social actors, who

compare the organization's practices with the existing norms within the organization (Scott & Meyer, 1983; Scott, 1995). However, organizational legitimacy in an international context is more complex, since the organization would face institutional pressures from both the home country and the host country (Zahra et al., 2005). The internationalization process can be regarded as the process that the organization gains legitimacy from the relevant social actors and conforms to the relevant institutional norms. Notwithstanding the importance of the impacts of the host country institutions on the venture's international entrepreneurial process, especially on its decision making in terms of market selection and entry mode choice (Aspelund & Moen, 2005; Lopez et al., 2009; Stray et al., 2001), this paper focuses on the impacts of the home country institutions on the venture's international entrepreneurial process, especially on how the home country institutions influence the venture's decision making in terms of internationalizing its operations.

Institutions are traditionally divided into formal institutions and informal institutions (North, 1990; Scott, 1995, 2005). Formal institutions refer to the objective constraints and incentives arising from the formal laws, regulations, policies, and other written materials that regulate and constrain individual and organizational actions in an explicit way. Informal institutions refer to the slowly changing, culturally transmitted, and socially constructed informal rules and procedures that regulate and constrain individual and organizational actions in a more implicit way. Both the formal institutional environment and the informal institutional environment (sometimes referred to as the "cultural environment" in the IB literature) have impacts on the international entrepreneurial process (Zahra et al., 2005). On the one hand, better-developed home country formal institutions reduce the venture's transaction costs by limiting opportunistic behaviors and uncertainty in market transactions (Wan & Hoskisson, 2003). Better-developed home country

formal institutions also produce strong national economies that can provide more tangible and intangible resource support for the ventures to develop strategic resources and skills, and thus competitive advantages that enable their foreign operations (Kirca et al., 2011). Thus, we believe that better-developed home country formal institutions would support the internationalization of ventures, including the internationalization of socially oriented ventures.

On the other hand, the impacts of a nation's informal institutions on the international entrepreneurial process are less clear. Yet the impacts of a nation's informal institutions on the entrepreneurial activities in general are commonly discussed in the GEM and relevant research: Some national cultures encourage entrepreneurship by recognizing starting a business as a desirable career, while some of the other national cultures discourage entrepreneurship, represented by the "fear of failure" that may hold back people who recognize the opportunities (Bosma & Levie, 2010). There are also empirical studies that used the Hofstede's cultural dimensions (Hofstede, 1980, 1991) and compared the Hofstede's cultural dimensions between the national average value and the average value for the group of entrepreneurs (Del Junco & Brás-dos-Santos, 2009; Gupta & Fernandez, 2009): For example, the entrepreneurs show a lower Power Distance Index (PDI) than the national average, which implies stronger desire for independence, which is one of the main reasons why entrepreneurs started their businesses. The entrepreneurs also show a lower Masculinity Index (MAI) than the national average and display a higher feminine cultural level. The low MAI implies that the entrepreneurs are more likely to resolve conflicts via compromise and negotiation and to develop human relationships and networks, which are one of the key competitive advantages to enable the venture's internationalization (Coviello &

Munro, 1995, 1997). However, how a nation's informal institutions shape the entrepreneur's decision making in terms of internationalizing their operations has not been fully understood.

**H1. A nation's formal and informal institutions have a significant impact on predicting the venture's likelihood of internationalization.**

## *2.2 The venture's value orientation and its likelihood of internationalization*

The academic discussion on value creation in organizations has changed recently: the focus has shifted to the creation of blends of economic value, social (societal) value and environmental value (Emerson, 2003), instead of the more traditional exclusive focus on the creation of economic value. This shift corresponds to the notion of the "triple bottom line" (Norman & MacDonald, 2004) as the standard through which to evaluate the performance of ventures and the development of "global sustainable well-being" (Stiglitz, 2010). Entrepreneurial ventures are traditionally regarded as belonging to the private sector in line with the post-war organization ontology and as being profit-oriented (Casson, 1982). However, there is an emerging group of entrepreneurial ventures in which entrepreneurial activities focus on blended value creation (Emerson, 2003) and contribute to the overall well-being of society (or of a community) (Zahra et al., 2009). Those ventures are thus called socially oriented ventures or social ventures (Munoz, 2010; Zahra et al., 2014). The diversification of organizational value creation has blurred the boundaries imposed by the post-war organization ontology and has endowed entrepreneurial ventures with different value orientations, from profit-oriented to socially oriented (Peredo & McLean, 2006). In this paper, value other than that of a financial reward for the entrepreneur—including non-economic gains for the society and the community and non-economic gains for the environment (Patzelt & Shepherd, 2011)—is defined as "non-economic value." Ventures with different value orientations can show

a spectrum of economic value creation and non-economic value creation in different proportions, from the exclusive creation of economic value to the dominant creation of non-economic value.

Empirically tested conclusions concerning the relationship between the venture's value orientation and its likelihood of internationalization are missing in the existing literature. We can generate contradictory conclusions based on the existing theories. On the one hand, the internationalization of socially oriented ventures is subject to heavy and different influences from a nation's formal and informal institutions when compared to the internationalization of profit-oriented ventures (Zahra et al., 2008). Institutional failure and institutional voids are common, especially in the countries with higher levels of social problems and unsatisfied social demands (Lepoutre et al., 2013). Ready markets to which successful social entrepreneurship experience can be simply copied rarely exist (Zahra et al. 2008). One of the major challenges for the success of socially oriented ventures depends on the entrepreneur's capability of mobilizing financial and human resources and rapid learning of the idiosyncratic local and tactic knowledge regarding the social problems in a certain place. Those entrepreneurs who have obtained the required knowledge and have succeeded in combining existing resources to solve social problems (e.g. the examples of Social Bricoleurs in Zahra et al., 2009) cannot simply copy their successful experience in a different place and have limited capabilities of geographically expanding the operations of their socially oriented ventures to be nationwide, or further beyond the national border to be international.

**Hypothesis 2a. Socially oriented ventures are less likely to be international than profit-oriented ventures are.**

On the other hand, we can get an opposite conclusion after examining the nature of social entrepreneurial opportunities. Some entrepreneurial opportunities aiming at social change (e.g. to fill the global poverty gap) or environmental sustainability (e.g. to fight against climate change and energy depletion) are inherently of global nature (Zahra et al., 2008, 2014). Socially oriented ventures in which those social entrepreneurial opportunities are exploited will naturally involve international activities, even at the early stage. For example, some locally scattered social problems (e.g. air pollution and water degradation) can be solved by the same socially innovative product or service (Zahra et al., 2014). More similar to the internationalization of profit-oriented ventures, the internationalization of the socially oriented ventures that tackle those locally scattered social problems can leverage the advantages of social innovation and diversify into international markets (e.g. the examples of Social Constructionists in Zahra et al., 2009). Additionally, some entrepreneurs are alternatively motivated to bring systemic changes to the social structure and replace the current social system with a more effective one (e.g. the examples of Social Engineers in Zahra et al., 2009). The internationalization of profit-oriented ventures is typically driven by profit or a new growth opportunity (Sapienza et al., 2006). Profit-oriented ventures quit the international markets and thus de-internationalize when the profit or the growth opportunity no longer exists. Unlike the profit-oriented ventures, socially oriented ventures created by the entrepreneurs who are motivated to create new and more effective social systems are not profit-driven and can alternatively diversify into the international markets which suffer from the deeper social problems, are less alluring in terms of the profit or the growth opportunity, and have been long ignored by the profit-oriented ventures.

**Hypothesis 2b. Socially oriented ventures are more likely to be international than profit-oriented entrepreneurial ventures are.**

### *2.3 Firm- and individual-level control variables and the venture's likelihood of internationalization*

The age of the venture has long been regarded as a firm-level predictor for the venture's likelihood of internationalization (Knight, 1997; Zahra & Garvis, 2000). There are competing theories on how early-stage ventures and established ventures differ in terms of their likelihood of internationalization: On the one hand, the traditional incremental model of internationalization (Johanson & Vahlne, 1977, 2009) suggests that established ventures are more likely to be international than early-stage ventures are, as the established ventures are expected to have deeper commitment and international involvement through learning and acquiring knowledge of the foreign markets and building relationship and trust with foreign partners for a longer time period. On the other hand, international entrepreneurship scholars suggest that some early-stage ventures can alternatively achieve the internationalization earlier than established ventures can, as represented by the phenomenon of International New Ventures (Oviatt & McDougall, 1994, 2005). Thus, the effects of the age of the venture are controlled in this paper by differentiating early-stage ventures from established ventures.

The gender and the age of the entrepreneur are common individual-level control variables that are used in cross-country entrepreneurship studies (Estrin et al., 2013; Lloyd-Reason & Mughan, 2002; Van Stel et al., 2007). The gender and the age of the entrepreneur are regarded as potential individual-level predictors for the venture's likelihood of internationalization in this paper. Female entrepreneurs have been shown to be more risk-averse than male entrepreneurs (Brindley, 2005). Thus, female entrepreneurs are predicted to be less likely to internationalize the operations of their

ventures than male entrepreneurs, as female entrepreneurs are less willing to deal with the uncertain and risky environments in the international markets (Aragon-Correa & Sharma, 2003). Younger entrepreneurs have been shown to be less likely to create international ventures (Kropp et al., 2008).

Additionally, the entrepreneurial motive of the entrepreneur is also a common individual-level control variable in the GEM and its relevant cross-country entrepreneurship studies (Acs et al., 2008; Williams, 2009). Opportunity-driven entrepreneurship (when the entrepreneur exploited the perceived opportunity and was “pulled into” entrepreneurship through his or her desire for independence or to own a business) is distinguished against the necessity-driven entrepreneurship (when the entrepreneur did not have other satisfactory options for work, needed to adopt entrepreneurship as a survival skill, and was “pushed into” entrepreneurship). Despite the lack of empirical evidence, the entrepreneurial motive of the entrepreneur may also be related to the venture’s likelihood of internationalization. Necessity-driven entrepreneurs often fight for survival and suffer from a lack of financial resources (Acs et al., 2008; Williams 2009) and thus are predicted to be less likely to internationalize their operations. It is necessary to control for the effects of the entrepreneurial motive in this study due to its possible relationship with the venture’s likelihood of internationalization.

### **3. Methodology**

#### *3.1 Data*

To test our hypotheses, our data set should cover a large variety of countries with different development levels with respect to institutions and should also include firm-level data for the internationalization and the value orientation of the entrepreneurial venture, and individual-level data for the gender, the age, and the entrepreneurial motive of the entrepreneur. Thus, we merged a data set of firm- and individual-level data collected by the Global Entrepreneurship Monitor (GEM) with a special focus on social entrepreneurship, with a variety of publicly available national-level indicators for formal and informal institutions.

Firm- and individual-level data were adapted from the GEM Adult Population Survey (APS) data set collected in the year 2009. The GEM APS 2009 data set is a large population-representative survey. In each of the 54 countries, at least 2,000 randomly chosen individuals were interviewed over the phone or face-to-face where low telephone density could create a bias. A special data-collection protocol was used to avoid selectivity bias, standardize the procedures, and assure comparability across countries (Lepoutre et al., 2013). The GEM APS 2009 data set is a unique data set for this study, since it is the only available international comparative data set that 1) contains information on the individual venture's value orientation; and 2) includes large representative samples of randomly chosen individuals in 54 countries with diverse formal and informal institutional environments. Thus, the GEM APS 2009 data set was chosen in this study despite the inherent shortcomings and widespread criticism of GEM, including 1) a loss of the contextual richness of individual cases through using single-item questions and dichotomous

yes/no questions, and 2) a lack of appropriate measures for the key variables, such as the individual venture's degree of internationalization.

In this study, organizations that had self-identified as having a particularly social, environmental, or community objective and that had market-based income for less than 5% of total revenue were considered nonprofit organizations (Lepoutre et al., 2013) and were excluded from the study. After excluding the entrepreneurs in the nonprofit organizations, we identified 24,483 current individual entrepreneurs from 54 countries (Table 1) from the GEM APS 2009 data set. After further taking account of the missing values, 10,920 individual entrepreneurs from 54 countries were selected and used in the regression model.

--- Table 1 ---

*3.2 Dependent variable: international ventures vs. domestic ventures*

The GEM APS 2009 data set included a variable for the *proportion of customers who normally live outside the home country*. This ordinal variable consists of the following categories: more than 90%, more than 75%, more than 50%, more than 25%, more than 10%, 10% or less, or none. We noted the controversy surrounding how to measure the degree of internationalization reliably (Sullivan, 1994). Knight (1997) differentiated international ventures from domestic ventures by using a boundary of 25% of the sales in foreign markets within three years as his definition for born globals. Due to the limitation of the GEM APS 2009 data set, the unit of measurement is the number of customers in this study, instead of the amount of sales (as used by Knight, 1997). If a venture has 25% or more of its customers outside its home country, it is defined as an international venture; if a venture has less than 25% of its customers outside its home country, it is defined as a

domestic venture. The variable “INT” was created and set to be dichotomous, with a value of 1 when the venture was an international venture and a value of 0 when it was a domestic venture.

### *3.3 Independent variables*

#### *3.3.1 A nation’s formal and informal institutions*

We measured a nation’s formal institutions from the perspectives of national economy development, human development, and governance. The measure used for national economy development was the Gross National Income (GNI) per capita adjusted in US dollars for the year 2009, and the data were collected from the World Bank database (<https://data.worldbank.org>). The measure used for human development was the Human Development Index (HDI) for the year 2009, and the data were collected from the United Nations Development Programme database (<http://hdr.undp.org/en/composite/HDI>). The HDI measures the average achievements in a national economy for three basic dimensions of human development: a long and healthy life, access to knowledge, and a decent standard of living. The measures used for governance were adopted from the Worldwide Governance Indicators (WGIs) developed by the World Bank Group (<http://info.worldbank.org/governance/wgi/index.aspx#home>). Three relevant dimensions out of the total of six WGI dimensions were selected and the scores for the year 2009 were used. The three measures were government effectiveness (GE), regulatory quality (RQ), and the rule of law (RL). GE measures the quality of public services, civil services, and policy formulation and implementation. RQ measures the ability for the government to formulate and implement sound policies to permit and promote private sector development. RL measures the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.

We measured a nation's informal institutions by adopting the Hofstede's cultural dimensions. (Hofstede, 1980, 1991). Four out of the six Hofstede's cultural dimensions were selected. They were Power Distance Index (PDI), Individualism Index (IDV), Masculinity Index (MAS), and Uncertainty Avoidance Index (AVI). The other two dimensions, Long-term Orientation Index (LTO) and Indulgence versus Restraint Index (IVR) were not selected due to the large amount of missing values.

The five national-level measures for formal institutions correlated with each other strongly (the Pearson correlation coefficients range from 0.757 to 0.973, as shown in Table 2), thus implying problems of multicollinearity. A principal component score of the five national-level measures for formal institutions was used instead of the five national-level measures. In the principal component analysis of the five national-level measures, a single component emerged, with an eigenvalue of 4.47, explaining 89.4% of the variance. The component loadings were all in excess of 0.828. The principal component score of the five national-level measures for formal institutions was used as a continuous independent variable "INS" in the regression model, replacing the five continuous variables "GNI," "HDI," "GE," "RQ," and "RL."

--- Table 2 ---

### 3.3.2 The venture's value orientation: socially oriented vs. profit-oriented

The GEM 2009 data set included questions on the organizational goals to generate *economic value*, *social value*, and *environmental value*. Entrepreneurs were asked to allocate a total of 100 points

across these three categories. There has been a longstanding debate regarding what constitutes the borderline between socially oriented ventures and profit-oriented ventures (Austin et al., 2006). A commonly accepted criterion for differentiating socially oriented ventures from profit-oriented ventures is still missing in the literature (Arend, 2013). Despite the debate over what an acceptable borderline is, we set a “50%/50%” boundary for the economic value–non-economic value created within a venture, which was consistent with the literature (Lyon & Sepulveda, 2009). If a venture aims to create more non-economic value (the total of social value and environmental value) than economic value as its organizational goal, it is defined as socially oriented; if a venture aims to create more or equal economic value than non-economic value as its organizational goal, it is defined as profit-oriented. The variable “VO” was created and set to be dichotomous, with a value of 1 when it was profit-oriented and a value of 0 when the venture was socially oriented.

### *3.4 Control variables*

#### *3.4.1 The age of the venture: early-stage ventures vs. established ventures*

The effects of the age of the venture were controlled in this paper by differentiating early-stage ventures from established ventures. A binary control variable “VA” was created, with a value of 1 when it was an established venture and a value of 0 when the venture was an early-stage venture.

#### *3.4.2 The gender and the age of the entrepreneur*

The effects of the gender and the age of the entrepreneur were controlled in this paper. A binary control variable “SEX” was created, with a value of 1 when the entrepreneur was male and with a value of 0 when the entrepreneur was female. A continuous control variable “AGE” was also created, indicating the actual age of the entrepreneur (in years).

### 3.4.3 The entrepreneurial motive of the entrepreneur

The GEM APS 2009 data set differentiated entrepreneurial motives as a solo opportunity motive, a solo necessity motive, and a mixture of both opportunity and necessity motives. Due to the complexity embedded in the entrepreneurs who are driven by a mixed motive (Williams, 2009), we only differentiated between solo opportunity-driven entrepreneurs and solo necessity-driven entrepreneurs in this paper. A binary control variable “EM” was created, with a value of 1 when the entrepreneur was necessity-driven and a value of 0 when the entrepreneur was opportunity-driven.

### 3.5 Model

A binary logistic regression model was designed, testing the effects between the national-, firm-, and individual-level predictors and the venture’s likelihood of internationalization. The binary variable “INT” was the dependent variable, indicating whether the venture was international or domestic. The continuous variable “INS”—with the value of the principal component score for the five measures for formal institutions “GNI,” “HDI,” “GE,” “RQ,” and “RL”—was selected as an independent variable measuring the nation’s formal institutions. The four measures adopted from Hofstede’s cultural dimensions “PDI,” “IDV,” “MAS,” and “UAI” were selected as four independent variables measuring the nation’s informal institutions. The binary variable “VO” was also selected as an independent variable, indicating whether the venture was socially oriented or profit-oriented. The continuous variable “AGE” and the binary variables “VA,” “SEX,” and “EM” were selected as control variables. The descriptive statistics of the variables in the regression model are shown in Table 3.

--- Table 3 ---

#### 4. Results

The results from the binary logistic regression are shown in Table 4. The significance of the chi-square test was smaller than 0.001, showing that the model was a significant fit for the data. In addition, we found that the control variables “VA,” “SEX,” and “EM” were significant in determining the venture’s likelihood of internationalization. Early-stage ventures are more likely to be international than established ventures are. Male entrepreneurs are more likely to establish international ventures than female entrepreneurs are. Opportunity-driven entrepreneurs are more likely to establish international ventures than necessity-driven entrepreneurs were. The control variable “AGE” was not statistically significant in determining the venture’s likelihood of internationalization.

We found that ventures from the countries with better-developed formal institutions were more likely to be international (the regression coefficient for INS:  $B = 0.227$ ). We found that ventures from the countries that displayed higher power distance and higher individualistic and feminine culture level were more likely to be international (the regression coefficients for PDI, IDV, and MAS:  $B = 0.011, 0.009, \text{ and } -0.006$ , respectively). **H1** is supported. In addition, we found that socially oriented ventures were more likely to be international than profit-oriented ventures were (the regression coefficient for VO:  $B = 0.261$ ). Thus, **H2b** is supported out the pair of competing hypotheses.

--- Table 4 ---

## **5. Discussion**

### *5.1 A nation's formal institutions and its likelihood of internationalization*

In this paper, ventures from countries with better-developed formal institutions are shown to be more likely to be international. There have been debates regarding the role that home country formal institutions play in terms of the behaviors of ventures, such as the internationalization of ventures (Marano et al., 2016; Stephan et al., 2015). On the one hand, the institutional-support perspective suggests that better-developed home country formal institutions have a supportive impact on the internationalization of ventures, since better-developed home country formal institutions can provide stronger resource support and reduce the uncertainty around market transactions (Kirca et al., 2011). On the other hand, the institutional-void perspective suggests that better-developed home country formal institutions have a constraining impact on the internationalization of ventures. Less-developed home country formal institutions could stimulate the ventures to develop coping skills that the ventures can deploy and thus enable themselves to fill the institutional voids in the host country and cross the internationalization barriers (Luo & Tung, 2007). The findings in this paper support the institutional-support perspective.

### *5.2 A nation's informal institutions and its likelihood of internationalization*

In this paper, ventures from the countries that display higher power distance are shown to be more likely to be international. Although higher power distance in the home country implies that people have less desire for independence and thus are less likely to be involved in the entrepreneurial activities (Hofstede, 1980, 1991), higher power distance can alternative make people less risk-

averse (Hofstede, 1991) when facing the uncertain and risky environments in the international markets and thus increase their likelihood in terms of exploring opportunities beyond the national border.

Second, ventures from the countries with higher individualistic cultural level are shown to be more likely to be international. Individualism is the opposite of collectivism. Collectivism refers to a society in which people are integrated from birth onwards into socially strong, cohesive groups, which continue to protect them throughout their lifetime in exchange for faithfulness and loyalty (Hofstede, 1980). The high individualistic culture level in the home country implies that people have time to themselves and freedom to plan their own work (Hofstede, 1991) and thus are also more willing to explore opportunities beyond the naturally gained, strong and cohesive networks in the home country.

Third, ventures from the countries with higher feminine cultural level are shown to be more likely to be international. The high feminine culture level in the home country implies that conflict resolution is often achieved via compromise and negotiation, which enables people to develop the capability of building human relationships and networks. The capability of building networks is one of the key competitive advantages for the entrepreneurs to enable the internationalization of their ventures (Coviello & Munro, 1995, 1997).

### *5.3 The venture's social value orientation and its likelihood of internationalization*

In this paper, socially oriented ventures are shown to be more likely to be international than profit-oriented ventures are. On the contrary, studies on the internationalization of socially oriented

ventures have long been ignored in the IB literature when compared to the studies on the internationalization of profit-oriented ventures. There is a gap between the propensity of the phenomenon of the internationalization of socially oriented ventures and the lack of relevant research on the phenomenon in the IB literature. The findings in this paper will hopefully prompt more research on the internationalization of socially oriented ventures in the IB field to fill the gap. More empirical evidence is needed to compare the internationalization of socially oriented ventures and the internationalization of profit-oriented ventures to achieve better theoretical understandings regarding the phenomenon of the internationalization of socially oriented ventures.

#### *5.4 The age of the venture and the gender and the entrepreneurial motive of the entrepreneur and the venture's likelihood of internationalization*

In this paper, early-stage ventures are shown to be more likely to be international than established ventures are. Some entrepreneurial ventures indeed can achieve the internationalization at the early stage. However, some key firm-level information is missing from the GEM data, such as: When did the venture initially achieve the internationalization? What are the international markets of the venture and when and how did the venture enter each of the international markets? Thus, we failed to get more conclusions regarding the venture's internationalization pattern and pathway in this study.

In addition, the gender and the entrepreneurial motive of the entrepreneurial are shown to predict the venture's likelihood of internationalization. Female entrepreneurs are shown to be less likely to internationalize the operations of their ventures than male entrepreneurs are. Female entrepreneurs' limited capability of internationalizing the operations of their ventures compared to

the male counterpart may partially reflect the women's disadvantage in business (Loscocco et al., 1991).

Opportunity-driven entrepreneurs are shown to be more likely to establish international ventures than necessity-driven entrepreneurs are. This empirically verified relationship between the entrepreneurial motive of the entrepreneur and the venture's likelihood of internationalization is reported in the literature for the first time. The relationship can be explained as follows: Necessity-driven entrepreneurs, who start businesses up because they feel that they have no other choice, usually suffer from a lack of financial resources and they struggle for survival. It is commonplace for necessity-driven entrepreneurs not to have any extra financial resources to enable them to explore opportunities beyond their own communities (or further beyond their national borders).

## **6. Conclusion**

In this paper, we empirically tested the impacts of potential national-, firm-, and individual-level predictors on the venture's likelihood of internationalization based on a data set covering 10,920 individual ventures across 54 countries. On the national level, better-developed formal institutions at home are found to support the internationalization of ventures. Higher power distance, and higher individualistic and feminine cultural level at home are also found to support the internationalization of ventures. On the firm level, the venture's social value orientation is found to positively support the internationalization of ventures. Early-stage ventures are found to be more likely to be international than established ventures are. On the individual level, male entrepreneurs

are found to be more likely to establish international ventures than female entrepreneurs are. Opportunity-driven entrepreneurs are found to be more likely to establish international ventures than necessity-driven entrepreneurs are.

The findings of this paper provide a general guideline to predict a venture's likelihood of internationalization. Policy makers can learn that ventures of different types differ in terms of the likelihood of internationalization and need different types of policies to support their development, and if applicable, to their internationalization. Policy makers can use the predictors that are covered in this paper to categorize the entrepreneurial ventures and thus to develop policies for the ventures of each category.

#### **Reference:**

- Acs, Z. J., Desai, S., & Hessels, J. (2008). Entrepreneurship, economic development and institutions. *Small Business Economics*, 31(3), 219-234.
- Aidis, R., Estrin, S., & Mickiewicz, T. M. (2012). Size matters: entrepreneurial entry and government. *Small Business Economics*, 39(1), 119-139.
- Aragon-Correa, J. A., & Sharma, S. (2003). A contingent resource-based view of proactive corporate environmental strategy. *Academy of Management Review*, 28(1), 71-88.
- Arend, R. J. (2013). A heart-mind-opportunity nexus: Distinguishing social entrepreneurship for entrepreneurs. *Academy of Management Review*, 38(2), 313-315.
- Aspelund, A., & Moen, Ø. (2005). Small international firms: Typology, performance and implications. *Management International Review*, 45(3), 37-57.
- Austin, J., Stevenson, H., & Wei-Skillern, J. (2006). Social and commercial entrepreneurship: same, different, or both?. *Entrepreneurship Theory and Practice*, 30(1), 1-22.
- Autio, E., & Acs, Z. (2010). Intellectual property protection and the formation of entrepreneurial growth aspirations. *Strategic Entrepreneurship Journal*, 4(3), 234-251.
- Baker, T., Gedajlovic, E., & Lubatkin, M. (2005). A framework for comparing entrepreneurship processes across nations. *Journal of International Business Studies*, 36(5), 492-504.
- Bosma, N. S., & Levie, J. (2010). *Global Entrepreneurship Monitor 2009 Executive Report*. London: Global Entrepreneurship Research Association.

- Boter, H., & Holmquist, C. (1996). Industry characteristics and internationalization processes in small firms. *Journal of Business Venturing*, 11(6), 471-487.
- Brindley, C. (2005). Barriers to women achieving their entrepreneurial potential: Women and risk. *International Journal of Entrepreneurial Behavior & Research*, 11(2), 144-161.
- Busenitz, L. W., Gomez, C., & Spencer, J. W. (2000). Country institutional profiles: Unlocking entrepreneurial phenomena. *Academy of Management Journal*, 43(5), 994-1003.
- Casson, M. (1982). *The entrepreneur: An economic theory*. Totowa, NJ: Rowman & Littlefield.
- Coviello, N. E., & Munro, H. J. (1995). Growing the entrepreneurial firm: networking for international market development. *European Journal of Marketing*, 29(7), 49-61.
- Coviello, N., & Munro, H. (1997). Network relationships and the internationalisation process of small software firms. *International Business Review*, 6(4), 361-386.
- Del Junco, J. G., & Brás-dos-Santos, J. M. (2009). How different are the entrepreneurs in the European Union internal market? - An exploratory cross-cultural analysis of German, Italian and Spanish entrepreneurs. *Journal of International Entrepreneurship*, 7(2), 135-162.
- Emerson, J. (2003). The blended value proposition: Integrating social and financial returns. *California Management Review*, 45(4), 35-51.
- Estrin, S., Mickiewicz, T., & Stephan, U. (2013). Entrepreneurship, social capital, and institutions: Social and commercial entrepreneurship across nations. *Entrepreneurship Theory and Practice*, 37(3), 479-504.
- Gupta, V., & Fernandez, C. (2009). Cross-cultural similarities and differences in characteristics attributed to Entrepreneurs: a three-nation study. *Journal of Leadership and Organizational Studies*, 15(3), 304-318.
- Hansen, J. D., Deitz, G. D., Tokman, M., Marino, L. D., & Weaver, K. M. (2011). Cross-national invariance of the entrepreneurial orientation scale. *Journal of Business Venturing*, 26(1), 61-78.
- Hofstede, G. (1980). *Culture's consequences: international differences in work-related values*. Beverly Hills, CA: Sage.
- Hofstede, G. (1991). *Cultures and organization: Software of mind*. London: McGraw Hill.
- Johanson, J., & Vahlne, J.-E. (1977). The internationalization process of the firm – a model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*, 8(1), 23-32.
- Johanson, J., & Vahlne, J.-E. (2009). The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. *Journal of International Business Studies*, 40(9), 1411-1431.
- Kirca, A. H., Hult, G. T. M., Roth, K., Cavusgil, S. T., Perry, M. Z., Akdeniz, M. B., Deligonul, S. Z., Mena, J. A., Pollitte, W. A., Hoppner, J. J., & Miller, J. C. (2011). Firm-specific assets, multinationality, and financial performance: A meta-analytic review and theoretical integration. *Academy of Management Journal*, 54(1), 47-72.
- Knight, G. (1997). *Emerging paradigm for international marketing: the Born Global firm*. Lansing, MI: Michigan State University.

- Kropp, F., Lindsay, N. J., & Shoham, A. (2008). Entrepreneurial orientation and international entrepreneurial business venture startup. *International Journal of Entrepreneurial Behavior & Research*, 14(2), 102-117.
- Lepoutre, J., Justo, R., Terjesen, S., & Bosma, N. (2013). Designing a global standardized methodology for measuring social entrepreneurship activity: the Global Entrepreneurship Monitor social entrepreneurship study. *Small Business Economics*, 40(3), 693-714.
- Lloyd-Reason, L., & Mughan, T. (2002). Strategies for internationalisation within SMEs: the key role of the owner-manager. *Journal of Small Business and Enterprise Development*, 9(2), 120-129.
- Lopez, L. E., Kundu, S. K., & Ciravegna, L. (2009). Born global or born regional? Evidence from an exploratory study in the Costa Rican software industry. *Journal of International Business Studies*, 40(7), 1228-1238.
- Loscocco, K. A., Robinson, J., Hall, R. H., & Allen, J. K. (1991). Gender and small business success: An inquiry into women's relative disadvantage. *Social Forces*, 70(1), 65-85.
- Luo, Y., & Tung, R. L. (2007). International expansion of emerging market enterprises: A springboard perspective. *Journal of International Business Studies*, 38(4), 481-498.
- Lyon, F., & Sepulveda, L. (2009). Mapping social enterprises: past approaches, challenges and future directions. *Social Enterprise Journal*, 5(1), 83-94.
- Marano, V., Arregle, J., Hitt, M. A., & Spadafora, E. (2016). Home Country Institutions and the Internationalization-Performance Relationship: A Meta-Analytic Review. *Journal of Management*, 42(5), 1075-1110.
- Munoz, J. M. (2010). *International Social Entrepreneurship: Pathways to Personal and Corporate Impact*. New York: Business Expert Press.
- Norman, W., & MacDonald, C. (2004). Getting to the bottom of "triple bottom line". *Business Ethics Quarterly*, 14(2), 243-262.
- North, D. C. (1990). *Institutions, institutional change, and economic performance*. New York, NY: Cambridge University Press.
- Oviatt, B. M., & McDougall, P. P. (1994). Toward a Theory of International New Ventures. *Journal of International Business Studies*, 25(1), 45-64.
- Oviatt, B. M., & McDougall, P. P. (2005). Defining international entrepreneurship and modeling the speed of internationalization. *Entrepreneurship Theory and Practice*, 29(5), 537-554.
- Patzelt, H., & Shepherd, D. A. (2011). Recognizing opportunities for sustainable development. *Entrepreneurship Theory and Practice*, 35(4), 631-652.
- Peredo, A. M., & McLean, M. (2006). Social entrepreneurship: A critical review of the concept. *Journal of World Business*, 41(1), 56-65.
- Sapienza, H. J., Autio, E., George, G., & Zahra, S. A. (2006). A capabilities perspective on the effects of early internationalization on firm survival and growth. *Academy of Management Review*, 31(4), 914-933.
- Scott, W. R. (1983). The organization of societal sectors. In J. W. Meyer, & W. R. Scott (Eds.), *Organizational environments: Ritual and rationality* (pp. 129-153). Beverly Hills, CA: Sage.

- Scott, W. R. (1995). *Institutions and Organizations*. Thousand Oaks, CA: Sage.
- Scott, W. R. (2005). Institutional theory: Contributing to a theoretical research program. In K. G. Smith, & M. A. Hitt (Eds), *Great minds in management: The process of theory development* (pp. 460-485). Oxford: Oxford University Press.
- Shane, S., & Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *Academy of Management Review*, 25(1), 217-226.
- Slevin, D. P., & Terjesen, S. A. (2011). Entrepreneurial orientation: Reviewing three papers and implications for further theoretical and methodological development. *Entrepreneurship Theory and Practice*, 35(5), 973-987.
- Stephan, U., Uhlaner, L. M., & Stride, C. (2015). Institutions and social entrepreneurship: The role of institutional voids, institutional support, and institutional configurations. *Journal of International Business Studies*, 46(3), 308-331.
- Stiglitz, J. E. (2000). Capital market liberalization, economic growth, and instability. *World Development*, 28(6), 1075-1086.
- Stiglitz, J. E. (2010) *Freefall: America free markets and the sinking of the world economy*. New York, NY: WW Norton Company.
- Stray, S., Bridgewater, S., Murray, G., (2001). The internationalization process of small, technology-based firms: market selection, mode choice and degree. *Journal of Global Marketing*, 15(1), 7-29.
- Sullivan, D. (1994). Measuring the degree of internationalization of a firm. *Journal of International Business Studies*, 25(2), 325-342.
- Van Stel, A., Storey, D. J., & Thurik, A. R. (2007). The effect of business regulations on nascent and young business entrepreneurship. *Small Business Economics*, 28(2-3), 171-186.
- Wan, W. P., & Hoskisson, R. E. (2003). Home country environments, corporate diversification strategies, and firm performance. *Academy of Management Journal*, 46(1), 27-45.
- Williams, C. C. (2009). The motives of off-the-book entrepreneurs: necessity- or opportunity-driven? *International Entrepreneurship and Management Journal*, 5(2), 203-217.
- Wu, J., & Chen, X. (2014). Home country institutional environments and foreign expansion of emerging market firms. *International Business Review*, 23(5), 862-872.
- Zahra, S. A., & Garvis, D. M. (2000). International corporate entrepreneurship and firm performance: The moderating effect of international environmental hostility. *Journal of Business Venturing*, 15(5), 469-492.
- Zahra, S. A., Korri, J. S., & Yu, J. (2005). Cognition and international entrepreneurship: implications for research on international opportunity recognition and exploitation. *International Business Review*, 14(2), 129-146.
- Zahra, S. A., Rawhouser, H. N., Bhawe, N., Neubaum, D. O., & Hayton, J. C. (2008). Globalization of social entrepreneurship opportunities. *Strategic Entrepreneurship Journal*, 2(2), 117-131.

Zahra, S. A., Gedajlovic, E., Neubaum, D. O., & Shulman, J. M. (2009). A typology of social entrepreneurs: Motives, search processes and ethical challenges. *Journal of Business Venturing*, 24(5), 519–532.

Zahra, S. A., Newey, L. R., & Li, Y. (2014). On the frontiers: The implications of social entrepreneurship for international entrepreneurship. *Entrepreneurship Theory and Practice*, 38(1), 137–158.

**Table 1.** List of the 54 countries in the data set

Home country (N = 54)	Algeria, Argentina, Belgium, Bosnia and Herzegovina, Brazil, Chile, China, Colombia, Croatia, Denmark, Dominican Republic, Ecuador, Finland, France, Germany, Greece, Guatemala, Hong Kong, Hungary, Iceland, Iran, Israel, Italy, Jamaica, Japan, Jordan, Korea (Rep.), Latvia, Lebanon, Malaysia, Morocco, Netherlands, Norway, Panama, Peru, Romania, Russia, Saudi Arabia, Serbia, Slovenia, South Africa, Spain, Switzerland, Syria, Tonga, Tunisia, Uganda, United Kingdom, United Arab Emirates, United States, Uruguay, Venezuela, West Bank and Gaza Strip, and Yemen
--------------------------	--

**Table 2.** Correlation Matrix

	GNI	HDI	GE	RQ	RL	PDI	IDV	MAS	UAI	VO	VA	SEX	AGE	EM
GNI	1.000													
HDI	0.875	1.000												
GE	0.842	0.852	1.000											
RQ	0.757	0.795	0.917	1.000										
RL	0.836	0.869	0.973	0.942	1.000									
PDI	-0.700	-0.685	-0.719	-0.662	-0.716	1.000								
IDV	0.720	0.676	0.698	0.682	0.744	-0.818	1.000							
MAS	-0.150	-0.172	-0.225	-0.215	-0.249	0.064	0.038	1.000						
UAI	-0.053	0.047	-0.141	-0.030	-0.062	0.293	-0.325	-0.314	1.000					
VO	-0.092	-0.089	-0.115	-0.093	-0.107	0.094	-0.076	0.038	0.030	1.000				
VA	0.117	0.126	0.103	0.101	0.110	-0.075	0.075	-0.013	0.038	0.018	1.000			
SEX	0.021	0.036	0.028	0.022	0.042	-0.008	0.040	-0.026	0.025	0.023	0.071	1.000		
AGE	0.230	0.259	0.246	0.228	0.246	-0.224	0.206	-0.007	-0.030	-0.031	0.297	0.032	1.000	
EM	-0.234	-0.196	-0.203	-0.216	-0.219	0.152	-0.226	0.096	-0.007	-0.001	0.011	-0.048	0.011	1.000

**Table 3.** Descriptive statistics and definitions of measures

Variable	Definition	Mean	SD
<i>National-level Measures</i>			
GNI	Gross National Income per capital adjusted in US dollars, year 2009	23616.96	18059.95
HDI	Human Development Index, year 2009	0.81	0.08
GE	Worldwide Governance Indicators: government effectiveness, year 2009	0.70	0.82
RQ	Worldwide Governance Indicators: regulatory quality, year 2009	0.68	0.92
RL	Worldwide Governance Indicators: the rule of law, year 2009	0.62	0.99
INS	The principal component score of the five national-level measures for formal institutions GNI, HDI, GE, RQ and RL	0.00	1.00
PDI	Hofstede's cultural dimensions: power distance	56.90	18.80
IDV	Hofstede's cultural dimensions: individualism versus collectivism	48.86	25.42
MAS	Hofstede's cultural dimensions: masculinity versus femininity	51.23	17.64
UAI	Hofstede's cultural dimensions: uncertainty avoidance	64.54	23.57
<i>Firm-level Measures</i>			
INT*	The internationalization of the venture: 1 = international, 0 = domestic	0.10	0.30
VO	The value orientation of the venture: 1 = profit-oriented, 0 = socially oriented	0.79	0.41
VA	The age of the venture: 1 = established, 0 = early-stage	0.69	0.46
<i>Individual-level Measures</i>			
SEX	The gender of the entrepreneur: 1 = male, 0 = female	0.62	0.49
AGE	The age of the entrepreneur (in years)	43.04	12.44
EM	The entrepreneurial motive of the entrepreneur: 1 = necessity-driven, 0 = opportunity-driven	0.39	0.49

\* Dependent variable

**Table 4.** Results of binary logistic regression

International <sup>§</sup>	B
INS	0.227 <sup>***</sup> (0.058)
PDI	0.011 <sup>**</sup> (0.003)
IDV	0.009 <sup>**</sup> (0.003)
MAS	-0.006 <sup>**</sup> (0.002)
UAI	0.001 (0.002)
socially oriented (VO) <sup>a</sup>	0.261 <sup>***</sup> (0.073)
early-stage (VA) <sup>b</sup>	0.156 <sup>*</sup> (0.071)
male (SEX) <sup>c</sup>	0.188 <sup>**</sup> (0.068)
AGE	-0.004 (0.003)
opportunity-driven (EM) <sup>d</sup>	0.352 <sup>***</sup> (0.074)
<i>Model fit</i>	
N	10920
Deviance (-2 log likelihood)	5739.830
$\chi^2$	158.644 <sup>***</sup>
df	10
Nagelkerke pseudo R <sup>2</sup>	0.030

§ The reference group is to be domestic.

a The category of profit-oriented ventures is set to zero because it is redundant.

b The category of established ventures is set to zero because it is redundant.

c The category of female entrepreneurs is set to zero because it is redundant.

d The category of necessity-driven entrepreneurs is set to zero because it is redundant

Standard errors in parentheses.

\*\*\*  $p < 0.001$ , \*\*  $p < 0.01$ , \*  $p < 0.05$

## **Publication II**

Chen, J., Saarenketo, S., & Puumalainen, K.

**Internationalization and value orientation of entrepreneurial ventures—a Latin  
American perspective**

Reprinted with permission from

*Journal of International Entrepreneurship*

© 2016, Publisher



## Internationalization and value orientation of entrepreneurial ventures—a Latin American perspective

Jie Chen<sup>1</sup> · Sami Saarenketo<sup>1</sup> · Kaisu Puumalainen<sup>1</sup>

Published online: 3 March 2016  
© Springer Science+Business Media New York 2016

**Abstract** Entrepreneurial ventures from Latin American emerging economies are underexplored on the current international entrepreneurship literature. This paper is aimed to contribute empirical evidence on entrepreneurial ventures from Latin American emerging economies and their internationalization and value orientation. Based on the 2009 Global Entrepreneurship Monitor data, we found that institutional voids on Latin American emerging economies were a double-edge sword: on one hand, inefficient and unregulated markets make ventures from Latin American emerging economies encounter the liability of their country of origin; on the other hand, less active governments and absence of influential NGOs alternatively trigger more social entrepreneurial opportunities, with some of them across the national border. Some entrepreneurs from Latin American emerging economies have been active in exploiting those international social opportunities. International social entrepreneurship can be regarded as an alternative solution to social problems which governments, NGOs, or for-profit ventures fail to tackle on Latin American emerging economies.

**Keywords** Internationalization · Social entrepreneurship · Emerging economies · Latin America

---

✉ Jie Chen  
jie.chen@lut.fi

Sami Saarenketo  
sami.saarenketo@lut.fi

Kaisu Puumalainen  
kaisu.puumalainen@lut.fi

<sup>1</sup> School of Business and Management, Lappeenranta University of Technology, Lappeenranta, Finland

## Introduction

International business researchers became interested on the emerging economies, especially after the 2008–2009 Global Financial Crisis. Emerging economies, especially Brazil, China, and India, had reported robust and significant growth during the period when the advanced economies struggled to recover from the financial crisis (Khanna and Palepu 2013). Ventures from emerging economies are going international, prospecting for and exploiting opportunities outside their national borders (Zahra et al. 2011). However, existing literature on internationalization of ventures from emerging economies is more frequently based on empirical evidence in the rapid growing Chinese market or the newly liberalizing Indian market (Kiss et al. 2012). There is a dearth of empirical evidence on internationalization of ventures from Latin American emerging economies, reflected by the fact that less than 4 % of publications in major IB Journals are from Latin American authors or about a Latin American company (Biggemann 2013). Empirical evidence on internationalization of ventures from Latin American emerging economies were scarce and shallow (Pérez-Batres et al. 2010; Ciravegna et al. 2014).

On the other hand, academic discussion on value creation in organizations has changed and diversified: organizations pursue blends of economic value, social value and environmental value, instead of the traditional exclusive focus on economic value, represented by Emerson's blended value proposition (Emerson 2003) and Porter's shared value (Porter and Kramer 2011). Ventures are not exclusively driven by profit-making, but have different value orientations, from profit-oriented (prominently driven by creation of economic value) to socially oriented (prominently driven by creation of social value or environmental value) (Zahra et al. 2014).

Definition of international entrepreneurship (IE) nowadays has gone beyond the focus on the international new venture (INV) phenomenon in the early days. The essence of IE is recognition, formation, evaluation, and exploitation of opportunities across the national border on a global context (Oviatt and McDougall 2005). IE activities can exist in different types of international ventures which differ on age and size (Coviello et al. 2011). International ventures can be small or part of large enterprises, or can be young and rapidly internationalizing INVs or established companies expanding in pursuit of entrepreneurial opportunities (Coviello et al. 2011; Oviatt and McDougall 2005). In addition, international ventures can also have different value orientations (Zahra et al. 2014) or are from advanced or emerging economies (Kiss et al. 2012). In this paper, we differentiated ventures by two dimensions: the dimension of internationalization (international or domestic) and the dimension of value orientation (profit-oriented or socially oriented). We were aimed to measure how the type of institutional context of venture's home country (e.g., context of advanced or emerging economies) predicts venture type, either on the dimension of internationalization or on the dimension of value orientation, while controlling for individual-level variables, including gender, age, and experience of entrepreneur. In addition, we were aimed to test whether the context of Latin American emerging economies is the same as the context of non-Latin American emerging economies on term of predicting venture type, due to the dearth of empirical evidence on ventures from Latin American emerging economies on the existing literature of emerging economies.

This paper is aimed to enrich empirical evidence on entrepreneurial ventures from Latin American emerging economies, with a focus on their internationalization and value orientation. Based on a dataset adopted from the Global Entrepreneurship Monitor (GEM) Adult Population Survey in 2009, covering 7204 individual-level cases in 54 countries, we found that ventures from Latin American emerging economies were less likely to be international than ventures from advanced economies, but did not differ significantly from ventures from non-Latin American emerging economies on term of likelihood of internationalization. We also found that ventures from Latin American emerging economies were more likely to be socially oriented than those from non-Latin American emerging economies. Female entrepreneurs are less likely to establish international ventures than male entrepreneurs.

## Key concepts

### Emerging economies and Latin America

Hoskisson et al. (2000) defined emerging economies as those newly industrializing countries which had gone through a liberalization process and had adopted market-based policies. Khanna and Palepu (1997, 2013) pointed out that the main difference between emerging economies and advanced economies was how well an economy helped buyers and sellers come together. An ideal economy provides a range of institutions to facilitate the functioning of markets, such as legal protection for property rights, good enforcement of commercial laws, transparent judicial and litigation systems, developed factor markets, and efficient market intermediaries (North 1990; Peng 2003). But, emerging economies fall short in a number of ways. These institutional voids make an economy emerging and become a prime source of high transactions costs and operating challenges (Khanna and Palepu 2013). In this paper, we used International Monetary Fund's (2012) list of advanced and emerging economies.<sup>1</sup> Seven of the 25 emerging economies (Argentina, Brazil, Chile, Colombia, Mexico, Peru, and Venezuela) were located in the statistical country group of Latin America and the Caribbean (LAC), which was used by most intergovernmental organizations, such as the UN and the World Bank, as one of the standardized country groups.

### Internationalization of ventures from Latin American emerging economies

Ventures from Latin American emerging economies started to internationalize significantly from 1970s. In the next two decades, most ventures on the Latin American emerging economies internationalized to the "natural markets" with geographic proximity, the same linguistic sphere and common historic links, such as other Latin American emerging economies, Spain and Hispanic communities in the USA (Casanova 2009). Most Latin American ventures are still following this regional (not global) pattern of internationalization: concentrating on exploiting opportunities on the

<sup>1</sup> Twenty-five emerging economies listed by International Monetary Fund are Argentina, Brazil, Bulgaria, Chile, China, Colombia, Estonia, Hungary, India, Indonesia, Latvia, Lithuania, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Romania, Russia, South Africa, Thailand, Turkey, Ukraine, and Venezuela.

neighboring countries (Carneiro and Brenes 2014). From 1990s, some regional-based Latin American multinational enterprises (MNCs) started to expand beyond the natural markets, diversified their ownership, geographic reach, and annual revenues and became globally famous (Casanova 2009). But, the general pattern is to internationalize first to Latin American markets and then take the leap into the global markets (Carneiro and Brenes 2014). International ventures from Latin American emerging economies also vary in size, from large-sized MNCs (Casanova 2009) to small- or medium-sized mMNCs (micromultinational) (Dimitratos et al. 2014). But, internationalization of ventures from Latin American emerging economies and internationalization of ventures from other non-Latin American emerging economies have not been systematically compared. Existing theories regarding internationalization of ventures from emerging economies are mostly based on empirical evidence on other non-Latin American emerging economies and might not apply to Latin American emerging economies.

### **Value orientation of ventures from Latin American emerging economies**

The academic discussion on value creation in organizations has been changed recently: the focus has shifted to blends of economic value, social (societal) value, and environmental value (Emerson 2003), instead of traditional exclusive focus on economic value. It is corresponding to the notion of “triple bottom line” (Norman and MacDonald 2004) as the standard to evaluate performance of ventures and development of “global sustainable well-being” (Stiglitz 2010). Entrepreneurial activities focusing on blended value creation (Emerson 2003) and contributing to overall well-being of the society (or the community) (Zahra et al. 2009) are called “social entrepreneurship.” Value other than financial rewards for the entrepreneur, including noneconomic gains to the society and community and noneconomic gains to the environment (Patzelt and Shepherd 2011) is defined as “noneconomic value” in this paper. Unified understandings on the concept of social entrepreneurship and the borderline between social ventures and for-profit ventures are still missing on social entrepreneurship (SE) literature (Miller et al. 2012; Arend 2013; Zahra et al. 2009). This paper differentiates social ventures and for-profit ventures based on priority of economic value creation or noneconomic value creation on the venture’s organizational goal. Ventures prominently driven by creation of noneconomic value were defined to be socially oriented and were named as social ventures in this paper, while ventures prominently driven by creation of economic value were defined to be profit-oriented and were named as for-profit ventures in this paper.

Cross-country comparison of social entrepreneurial activities has been reported on the existing literature of SE (Lepoutre et al. 2013). But, these empirical works did not directly measure value orientations of venture nor compare them between on advanced economies and on emerging economies. In addition, empirical evidence of value orientations of venture on the special context of Latin American emerging economies is almost missing on the existing literature. Whether value orientations of venture from Latin American emerging economies are different from value orientations of venture from other non-Latin American emerging economies is still unknown.

### Two dimensions of venture typology: internationalization and value orientation

IE scholars noticed the issue of venture types dated back to the early stage of this field. The earliest themes discussing the issue of venture types represent the foundations of international entrepreneurship (Jones et al. 2011). McDougall (1989) first distinguished between international new ventures and domestic new ventures. Oviatt and McDougall (1994) later refined the concept of INVs and conceptualized INVs into four types: export/import start-ups, multinational traders, geographically focused start-ups, and global start-ups. Some of the other IE scholars alternatively labeled those new ventures achieving early and rapid internationalization as born global firms (BGs) (Knight and Cavusgil 1996), defined as new ventures with at least 25 % of sales in foreign markets within 3 years (Knight 1997). Knight and Cavusgil (2005) later classified BGs into four variants based on technology and competitive strategies, international entrepreneurial orientation, and performance. Aspelund and Moen (2005) compared BGs with other small firms, including early internationals, late internationals, and late globals. Lopez et al. (2009) compared BGs with born regionals. However, none of the existing theories of venture types on the field of IE have embraced the issue of value orientation in the theories.

On the contrary, value orientation is one of the key concepts on the field of SE. But, there is a long-time debate on the definition of social entrepreneurship and the borderline between social ventures and for-profit ventures (Peredo and McLean 2006; Zahra et al. 2009; Dacin et al. 2010; Arend 2013). Defining and classifying social ventures empirically are challenging since social ventures are highly context dependent and subject to political decisions (Lyon and Sepulveda 2009). There are still some typology theories on the field of social entrepreneurship. For example, Zahra et al. (2009) classified social entrepreneurs into three types: social bricoleurs, social constructionists, and social engineers, based on how entrepreneurs share a passion for pursuing social issues and how they discover social needs, pursue social opportunities, and impact the broader social system. Levie and Hart (2011) classified social ventures based on the sex, age, ethnicity, educational background, and stage on the entrepreneurial process of the entrepreneur based on a survey of 854 samples in the UK. However, none of these theories have embraced the issue of internationalization in the theories.

In this paper, we differentiated ventures by two dimensions: the dimension of internationalization and the dimension of value orientation: on one hand, we differentiated whether a venture was international or domestic, based on the theories of international business and international entrepreneurship. On the other hand, we differentiated whether a venture was socially oriented or profit-oriented, based on the theories of social entrepreneurship. Despite for the debate on the borderline between social ventures and for-profit ventures, we used a “50 %/50 %” boundary for value creation within the venture to define its value orientation, which was consistent with the threshold of 50 % of profit to be put to social aims on the research literature (e.g., Lyon and Sepulveda 2009) and governmental practice (e.g., Annual Small Business Survey 2006 by Department of Trade and Industry, London). If a venture creates more noneconomic value (the total of social value and environmental value) than economic value, it is labeled as a social venture; if a venture created more or equal economic value than noneconomic value, it is labeled as a for-profit venture. Four ventures types

were generated when the dimension of internationalization and the dimension of value orientation were considered simultaneously: they are domestic for-profit ventures (DFPVs), domestic social ventures (DSVs), international for-profit ventures (IFPVs), and international social ventures (ISVs).

## Hypothesis development

Etemad (2013) highlighted the characteristics of entrepreneurial ventures from emerging economies. Similarly to those from advanced economies, entrepreneurial ventures from emerging economies also suffer from lack of resources, management experience, and strong governance systems. In addition, entrepreneurial ventures from emerging economies need to face international legitimacy questions and encounter the liability of their country of origin (COO) and accompanying low brand equity. According to traditional views of international business (Moore 1999), the natural shortcomings of entrepreneurial ventures from emerging economies determine that those ventures will face more risks when entering open and highly competitive international markets than established large-scale enterprises or entrepreneurial ventures from advanced economies. Entrepreneurial ventures from emerging economies are less likely to cross the national border and enter into the competitive and largely uncertain international markets than those from advanced economies. Internationalization attempts are highly risky or even fatal for ventures from emerging economies, especially on the early stage.

**H1** Entrepreneurial ventures from advanced economies are more likely to be international than those from emerging economies.

Etemad (2013) summarized that the emergence of the Single European Market and the European Union as well as the North American Free Trade Agreement (NAFTA) had significantly contributed to the internationalization of smaller and younger firms in Europe and North America, respectively. Similarly, the emergence of Mercosur<sup>2</sup> (Southern Common Market) promoted free trade and movement of goods, people, and currency and therefore internationalization of firms in Latin America (Carneiro and Brenes 2014). On the other hand, Colombia and Peru are members of the other major free trade and common market bloc in Latin America, Andean Community (CAN), in which Argentina, Brazil, and Chile are associate members. Free trade agreements have been signed between Andean Community and individual Mercosur members.

On the contrary, the other non-Latin American emerging economies vary on the external environment: on one hand, several Central and Eastern European (CEE) emerging economies, such as Hungary, Latvia, and Romania as covered in this paper, are members of the largest trade bloc and common market, the EU Single Market. Internationalization barrier for ventures from those CEE emerging economies to enter the other EU markets is low. On the other hand, the other emerging economies,

---

<sup>2</sup> Three of the seven Latin American emerging economies (Argentina, Brazil, and Venezuela), including the largest one are full members of Mercosur, with Chile, Colombia, and Peru as associate states and Mexico as an observer state.

including the biggest ones such as China, India, and Russia,<sup>3</sup> do not have access to free trade and common market networks (such as Mercosur and CAN) of comparable scope and depth.

For smaller and younger entrepreneurial ventures with limited resources, accessibility to the regional (international) markets with lower institutional and cultural barriers can be important, especially on the early stage of internationalization. Compared to ventures from Latin American emerging economies, ventures from some non-Latin American emerging economies (e.g., CEE countries within the EU) have better accessibility to the regional markets, while ventures from the others (e.g., China, India, and Russia<sup>4</sup>) do not. Despite for the lack of empirical evidence of internationalization of Latin American entrepreneurial ventures, we hypothesized that ventures from Latin American entrepreneurial ventures did not differ on term of likelihood of internationalization from ventures from non-Latin American emerging economies (China, India, and CEE countries), on which most existing empirical studies were based (Kiss et al. 2012).

**H2** Entrepreneurial ventures from Latin American emerging economies are as likely to be international as those from non-Latin American emerging economies.

Generally speaking, advanced economies have better-developed institutional environment than emerging economies. Absence of strong rule of law by the formal institutions on the emerging economies was referred as institutional voids on the international business literature (Khanna and Palepu 2013). Institutional voids were alternatively intercepted as limited support for the social programs on the social entrepreneurship literature (Stephan et al. 2015). Inefficient governments of emerging economies lead to more social problems and social needs and trigger higher demand for SE (Zahra et al. 2008; Dacin et al. 2010; Estrin et al. 2013). Inefficient governments will further stimulate SE motivations of entrepreneurs to mend the “social fabric” where is torn and fill the gap of institutional voids (Dacin et al. 2010; Zahra et al. 2009). Oppositely, governments on the advanced economies are more active and engaged, which leads to less social problems and trigger lower demand for SE. Less individuals are likely to be motivated to establish socially oriented entrepreneurial ventures (Stephan et al. 2015).

**H3** Entrepreneurial ventures from advanced economies are less likely to be socially oriented than those from emerging economies.

Social entrepreneurship activities differ across countries on forms and prevalence rates (Lepoutre et al. 2013). Impact of institutions on social entrepreneurship activities also differs across countries and cannot fully explain the country differences on social entrepreneurship activities (Dacin et al. 2010; Stephan et al. 2015). In addition, institutions of emerging economies also differ from each other, represented by the various forms of institutional voids (Khanna et al. 2005). As a result, it is difficult to

<sup>3</sup> China and India signed free trade agreements with Association of South Eastern Asian Nations (ASEAN), which both came into effect in 2010. India is a part of South Asia Free Trade Area (SAFTA), which will come into effect in 2016. Neither of them can be comparable to Mercosur and CAN on scope and depth.

<sup>4</sup> For example, India and China were historically hostile toward the largest international markets on the same region, Pakistan and Japan, respectively. Movement of goods between Russian firms and their EU suppliers and customers is under the control of customs and tariffs.

predict whether ventures from Latin American emerging economies differ on term of value orientation from ventures from non-Latin American emerging economies. Therefore, we hypothesized the following:

**H4** Entrepreneurial ventures from Latin American emerging economies are as likely to be socially oriented as those from non-Latin American emerging economies.

## Methods

### Data

The dataset used in this study was adopted from the GEM adult population survey (APS) dataset on 2009, with a special focus on social entrepreneurship. Unlike most of the other entrepreneurship data sets which only measure newer and smaller firms and record firm-level data, GEM takes a broad view of entrepreneurship, focuses on the role of individuals on the entrepreneurial process and alternatively collects individual-level data. GEM APS 2009 data included data collected in 54 countries across the globe. In each of these 54 countries, a survey was conducted among a representative sample of at least 2000 adults. More than 180,000 adults were interviewed between May and October in 2009 and answered questions on their attitudes toward and involvement in entrepreneurial activity (Bosma and Levie 2010). Interviewees were chosen randomly and interviewed by face-to-face interviews or telephone interviews by fixed-line and/or mobile (Lepoutre et al. 2013). Interviewees were on different stages of the broad view of entrepreneurship. We identified 24,483 current entrepreneurs out of more than 180,000 interviewees. Not all the current entrepreneurs answered all the questions on the questionnaire. Seven thousand two hundred and four entrepreneurs were selected from the GEM APS 2009 dataset after taking account of the missing data.

### Measures

#### *International ventures vs. domestic ventures*

The GEM APS 2009 dataset included a variable of the *proportion of customers who normally live outside the home country*. It is a nominal variable, with a value of more than 90 %, more than 75 %, more than 50 %, more than 25 %, more than 10 %, 10 % or less, or none. We noticed the controversies on how to measure the degree of internationalization reliably (Sullivan 1994) and flexible borderline between international ventures and domestic ventures. Some internationalization activities can be “accidental” (Hennart 2014). Obtaining customers outside the home country does not necessarily indicate the initiation of active internationalization of the venture. Therefore, we used two different boundaries to differentiate an international venture from a domestic venture in this paper, due to theoretical controversies and limitation of the dataset.

Boundary 1 is based on the “literal meaning” of the term “international.” We only differentiated whether the venture has customers outside the home country or not. If a

venture has customers outside the home country, it is labeled as an international venture; if a venture does not have customers outside the home country, it is labeled as a domestic venture.

Boundary 2 is inspired by the phenomenon of accidental internationalization (Hennart 2014) and Knight's (1997) definition of an international new venture (at least 25 % of sales in foreign markets within 3 years). We defined an international venture as having at least 25 % of customers outside the home country. If a venture has 25 % or more of customers outside the home country, it is labeled as an international venture; if a venture has less than 25 % of customers outside the home country, it is labeled as a domestic venture.

Binary variables "Internationalization (Boundary 1)" and "Internationalization (Boundary 2)" were created, with the value of 1 when the venture was an international venture and with the value of 0 when the venture was a domestic venture.

#### *Social ventures vs. for-profit ventures*

The GEM 2009 dataset included questions on the organizational goals to generate *economic value*, *social value*, and *environmental value*. The respondents were asked to allocate a total of 100 points across these three categories. The GEM 2009 dataset differentiated between early-stage entrepreneurial activity and established entrepreneurial activity (Reynolds et al. 2005). The same question was asked to early-stage entrepreneurs and established entrepreneurs, respectively. But, some respondents have been involved in both early-stage entrepreneurial activity and established entrepreneurial activity. In those cases, we used the average scores of the entrepreneur's answers to both questions (allocation of values for each of the three categories for early-stage entrepreneurial activity and for established entrepreneurial activity) as that entrepreneur's allocation for economic value, social value, and environmental value.

There is a long-time debate on the borderline between social ventures and for-profit ventures. A widely accepted boundary for differentiating social ventures from for-profit ventures is still missing on the literature (Arend 2013). Despite for the debate on the borderline, we used a "50 %/50 %" boundary for the value creation within the venture, which was consistent with the literature (Lyon and Sepulveda 2009). If a venture creates more noneconomic value (the total of social value and environmental value) than economic value, it is labeled as a social venture; if a venture created more or equal economic value than noneconomic value, it is labeled as a for-profit venture.

Binary variable "Value orientation" was created, with the value of 1 if the venture was a social venture and with the value of 0 if the venture was a for-profit venture.

#### *Venture type*

We generated four venture types, considering both internationalization and value orientation of ventures. They were DFPVs, DSVs, IFPVs, and ISVs.

#### *Country type*

We generated four country types based on the development level of national economies, with a special focus on the Latin American and the Caribbean

(LAC) emerging economies. They were advanced economies, emerging economies (LAC), emerging economies (non-LAC), and other economies. The 54 countries on our dataset and their corresponding country types are summarized in Table 1.

Two binary variables were created to compare between different country types. Binary variable “advanced vs. emerging” only differentiated whether the venture was from an advanced economy or from an emerging economy. Binary variable “advanced vs. emerging” had the value of 1 when the venture was from an advanced economy, had the value of 0 when the venture was from an emerging economy (either LAC or non-LAC) and had a missing value when the venture was from one of the other economies.

Binary variable “non-LAC emerging vs. LAC emerging” only differentiated whether the venture was from a LAC emerging economy or from a non-LAC emerging economy. Binary variable “non-LAC emerging vs. LAC emerging” had the value of 1 when the venture was from a non-LAC emerging economy, had the value of 0 when the venture was from a LAC emerging economy, and had a missing value when the venture was from one of the advanced economies or other economies.

**Table 1** Countries on the dataset and descriptive statistics of gender, age, and experience of entrepreneur

Country type	Countries covered on the dataset	Gender (female %)	Age <sup>a</sup>	Experience (serial or portfolio entrepreneur %)
Advanced economies ( <i>N</i> = 1899)	Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Israel, Iceland, Italy, Japan, Korea, Netherlands, Norway, Slovenia, Spain, Switzerland, UK, and USA	35.6 %	40.80 (12.46)	31.0 %
Emerging economies (LAC) ( <i>N</i> = 1427)	Argentina, Brazil, Chile, Colombia, Peru, and Venezuela	43.4 %	38.06 (12.84)	31.0 %
Emerging economies (non-LAC) ( <i>N</i> = 826)	China, Hungary, Latvia, Malaysia, Romania, Russia, and South Africa	37.8 %	35.08 (10.77)	24.3 %
Other economies ( <i>N</i> = 3052)	Algeria, Bosnia and Herzegovina, Croatia, Dominican Republic, Ecuador, Guatemala, Iran, Jamaica, Jordan, Lebanon, Morocco, Panama, Saudi Arabia, Serbia, Syria, Tonga, Tunisia, Uganda, United Arab Emirates, West Bank and Gaza Strip, and Yemen	36.4 %	35.17 (12.12)	17.6 %
Total		37.7 %	37.20 (12.44)	24.6 %

<sup>a</sup>Standard deviations in parentheses

### *Gender, age, and experience of entrepreneur*

We used gender, age, and experience of entrepreneur as control variables, which was consistent with the literature (Lloyd-Reason and Mughan 2002; Van Stel et al. 2007; Aidis et al. 2012; Estrin et al. 2013). Control variable “age of entrepreneur” used in the dataset is the actual age (integral number) of the entrepreneur. Control variable “gender of entrepreneur” used in the dataset is dichotomous, with the value of 1 when the entrepreneur is male and with the value of 2 when the entrepreneur is female. Control variable “experience of entrepreneur” used in the dataset measures whether the respondent is a serial entrepreneur or a portfolio entrepreneur (Westhead et al. 2005). A serial entrepreneur was defined as an entrepreneur who had entrepreneurial experience before his or her current entrepreneurial activity, either on the same industry or on a different industry. A portfolio entrepreneur was defined as an entrepreneur who had been currently engaged in both early-stage entrepreneurial activity and established entrepreneurial activity. Control variable “experience of entrepreneur” is dichotomous, with the value of 1 when the entrepreneur is a serial entrepreneur or a portfolio entrepreneur and with the value of 0 in other cases. Descriptive statistics of gender, age, and experience of entrepreneur on each country type was shown in Table 1.

### **Model**

There were four hypotheses to be tested: hypotheses H1 and H2 tested the independent variables’ effects on internationalization; hypotheses H3 and H4 tested the independent variables’ effects on value orientation. Chi-squared tests of independence between domestic ventures and international venture (or between for-profit ventures and social ventures) could be used to test H1 and H2 (or H3 and H4). In addition to chi-squared tests of independence, six binary logistic regressions were further designed and performed to check the effects of individual-level control variables, including gender, age, and experience of entrepreneur.

### *Descriptive analysis*

Two boundaries of “internationality” of ventures were used in this paper. Parallel models were designed on which Boundary 1 and Boundary 2 of internationality were applied, respectively. Country type–venture type cross tabulations were performed by applying Boundary 1 and Boundary 2, respectively. Percentages of international (or domestic) ventures out of all ventures in each of the four country types were calculated, respectively. Percentages of social (or for-profit) ventures out of all ventures in each of the four country types were also calculated, respectively.

Chi-squared tests of independence were performed between domestic ventures and international ventures (or between the group of for-profit ventures and social ventures). Two chi-squared tests of independence were performed between each pair of comparison groups respectively: one between ventures from advanced economies and ventures from emerging economies and the other one between ventures from LAC emerging economies and ventures from non-LAC emerging economies.

### *Binary logistic regression*

Six binary logistic regressions were further performed, with the help of IBM SPSS Statistics 23. Models 1, 2, 3, and 4 tested the independent variables' effects on internationalization, and models 5 and 6 tested independent variables' effects on value orientation. Boundary 1 of internationality was applied in models 1 and 2 and Boundary 2 of internationality was applied in models 3 and 4. Dependent variable in models 1 and 2 was binary variable "Internationalization (Boundary 1)." Dependent variable in models 3 and 4 was binary variable "Internationalization (Boundary 2)." Dependent variable in models 5 and 6 was binary variable "Value orientation." Independent variables in models 1, 3, and 5 were binary variable "advanced vs. emerging" and three control variables "age of entrepreneur," "gender of entrepreneur," and "experience of entrepreneur." Independent variables in models 2, 4, and 6 were binary variable "non-LAC emerging vs. LAC emerging" and three control variables "age of entrepreneur," "gender of entrepreneur," and "experience of entrepreneur."

## **Results**

Country type–venture type cross tabulations were shown in Table 2. Results of binary logistic regressions were shown in Table 3. Significances of the chi-squared for the six binary logistic regression models were smaller than 0.001, showing that each of the six models was a significant fit of the data.

### **International ventures vs. domestic ventures**

From Table 2, we found that out of all the ventures with customers outside the home country, the number of ventures with less than 25 % of customers outside the home country (31.5 % of the total) is much larger than the number of ventures with 25 % or more of foreign customers (16.8 % of the total). The same conclusion also applied to the group of for-profit ventures (14.1 vs. 6.8 % of the total) and the group of social ventures (17.4 vs. 10.0 % of the total), respectively. Thirty-one point five percent of the ventures on the dataset drop around the ambiguous borderline between international ventures and domestic ventures. An upper limit (25 % of customers outside the home country) and a lower limit (0 % of customers outside the home country) of the "international/domestic borderline" were set in models 3 and 4 and in models 1 and 2, respectively, to test the reliability of the results.

Chi-squared tests of independence showed that ventures from advanced economies differed significantly from ventures from emerging economies on the likelihood to be international ( $\chi^2(1)=101.335$  ( $p<0.001$ ) by applying Boundary 1 and  $\chi^2(1)=37.878$  ( $p<0.001$ ) by applying Boundary 2). Chi-squared tests of independence also showed that ventures from LAC emerging economies did not differ significantly from ventures from non-LAC emerging economies on the likelihood to be international ( $\chi^2(1)=1.622$  ( $p=0.203$ ) by applying Boundary 1 and  $\chi^2(1)=0.219$  ( $p=0.640$ ) by applying Boundary 2). Hypothesis **H2** was therefore supported.

**Table 2** Country type–venture type cross tabulation

Country type		Venture type					Internationalization <sup>a</sup>	Value Orientation <sup>b</sup>
		DFPVs	DSVs	IFPVs	ISVs	Total		
Boundary 1								
Country type	Advanced economies	310	488	464	637	1899	I: 58.0 % D: 42.0 %	SO: 59.2 % PO: 40.8 %
	Emerging economies (LAC)	356	453	199	419	1427	I: 43.3 % D: 56.7 %	SO: 61.1 % PO: 38.9 %
	Emerging economies (non-LAC)	253	238	119	216	826	I: 40.6 % D: 59.4 %	SO: 55.0 % PO: 45.0 %
	Other economies	907	725	719	701	3052	I: 46.5 % D: 53.5 %	SO: 46.7 % PO: 53.3 %
	Total	1826	1904	1501	1973	7204	I: 48.2 % D: 51.8 %	SO: 53.8 % PO: 46.2 %
Boundary 2								
Country type	Advanced economies	596	879	178	246	1899	I: 22.3 % D: 77.7 %	SO: 59.2 % PO: 40.8 %
	Emerging economies (LAC)	486	732	69	140	1427	I: 14.6 % D: 85.4 %	SO: 61.1 % PO: 38.9 %
	Emerging economies (non-LAC)	331	368	41	86	826	I: 15.4 % D: 84.6 %	SO: 55.0 % PO: 45.0 %
	Other economies	1428	1176	198	250	3052	I: 14.7 % D: 85.3 %	SO: 46.7 % PO: 53.3 %
	Total	2841	3155	486	722	7204	I: 16.8 % D: 83.2 %	SO: 53.8 % PO: 46.2 %

Boundary 1: using 0 % of customers outside the home country as the boundary between international ventures and domestic ventures; Boundary 2: using 25 % of customers outside the home country as the boundary between international ventures and domestic ventures. Venture types: international social ventures (ISVs), international for-profit ventures (IFPVs), domestic social ventures (DSVs), and domestic for-profit ventures (DFPVs). Venture types (combined): domestic = DFPVs + DSVs; international = IFPVs + ISVs; profit-oriented = DFPVs + IFPVs; socially-oriented = DSVs + ISVs

LAC Latin America and the Caribbean

<sup>a</sup> Percentage of international (or domestic) ventures out of all ventures in each country type (I = international; D = domestic)

<sup>b</sup> Percentage of social (or for-profit) ventures out of all ventures in each country type (SO = socially oriented; PO = profit-oriented)

From the results of models 1 and 3 in Table 3, we found that ventures from advanced economies were more likely to be international than ventures from emerging economies, no matter whether Boundary 1 or Boundary 2 of

**Table 3** Results of binary logistic regressions

Model 1: Dependent variable: international ventures <sup>a</sup> (Boundary 1)		Model 5: Dependent variable: social ventures <sup>b</sup>	
Independent variables	B	Independent variables	B
Gender	-0.264 (0.066)***	Gender	0.127 (0.066)†
Age	-0.001 (0.003)	Age	-0.002 (0.003)
Experience	0.333 (0.070)***	Experience	0.060 (0.070)
Advanced economies <sup>c</sup>	0.608 (0.065)***	Advanced economies <sup>c</sup>	0.019 (0.065)
Model fit: $\chi^2(4) = 136.255$ ( $p < 0.001$ )		Model fit: $\chi^2(4) = 4.930$ ( $p < 0.001$ )	
Model 3: Dependent variable: international ventures <sup>a</sup> (Boundary 2)		Model 6: Dependent variable: social ventures <sup>b</sup>	
Independent variables	B	Independent variables	B
Gender	-0.354 (0.087)***	Gender	-0.058 (0.088)
Age	-0.003 (0.003)	Age	-0.002 (0.004)
Experience	-0.081 (0.090)	Experience	0.054 (0.096)
Advanced economies <sup>c</sup>	0.478 (0.083)***	Non-LAC Emerging Economies <sup>d</sup>	-0.276 (0.090)**
Model fit: $\chi^2(4) = 54.083$ ( $p < 0.001$ )		Model fit: $\chi^2(4) = 10.381$ ( $p < 0.001$ )	
Model 2: Dependent variable: international ventures <sup>a</sup> (Boundary 1)		Model 4: Dependent variable: International ventures <sup>a</sup> (Boundary 2)	
Independent variables	B	Independent variables	B
Gender	-0.339 (0.088)***	Gender	-0.276 (0.123)*
Age	-0.005 (0.004)	Age	-0.007 (0.005)
Experience	0.257 (0.095)**	Experience	-0.058 (0.134)
Non-LAC Emerging Economies <sup>d</sup>	-0.125 (0.091)	non-LAC Emerging Economies <sup>d</sup>	0.017 (0.124)
Model fit: $\chi^2(4) = 26.600$ ( $p < 0.001$ )		Model fit: $\chi^2(4) = 8.006$ ( $p < 0.001$ )	

Boundary 1: using 0 % of customers outside the home country as the boundary between international ventures and domestic ventures; Boundary 2: using 25 % of customers outside the home country as the boundary between international ventures and domestic ventures. Standard errors in parentheses

LAC Latin America and the Caribbean

<sup>a</sup>The reference group is domestic ventures

<sup>b</sup>The reference group is for-profit ventures

<sup>c</sup>The category of emerging economies is set to zero because it is redundant

<sup>d</sup>The category of LAC emerging economies is set to zero because it is redundant

\*\*\* $p < 0.001$ , \*\* $p < 0.01$ , \* $p < 0.05$ , † $p < 0.10$

internationality was applied. Hypothesis **H1** was therefore supported. In addition, the results of models 2 and 4 confirmed that ventures from non-LAC

emerging economies were not significantly different from ventures from LAC emerging economies on term of likelihood of internationalization.

### **Social ventures vs. for-profit ventures**

Chi-squared tests of independence showed that ventures from advanced economies differed significantly from ventures from emerging economies on the likelihood to be socially oriented ( $\chi^2(1)=24.088$  ( $p<0.001$ )). Chi-squared tests of independence also showed that ventures from LAC emerging economies differed significantly from ventures from non-LAC emerging economies on the likelihood to be socially oriented ( $\chi^2(1)=8.154$  ( $p<0.01$ )). It is sufficient to refute Hypothesis **H4**.

From results of model 5 in Table 3, we found that ventures from advanced economies were not significantly different from ventures from emerging economies on term of likelihoods to be socially oriented, when the effects of control variables were included in the model. Hypothesis **H3** cannot be fully validated in this study. We also found that ventures from non-LAC emerging economies were less likely to be socially oriented than ventures from LAC emerging economies. The result confirmed that hypothesis **H4** was refuted in this study.

### **Gender, age, and experience of entrepreneur**

The results of models 1, 2, 3, and 4 in Table 3 confirmed the effect of gender of entrepreneur on predicting the venture's likelihood of internationalization. Female entrepreneurs are less likely to establish international ventures than male entrepreneurs.

## **Discussion**

### **Flexible borderline between venture types and limitation of this study**

Entrepreneurial activities are subjective and context dependent, since each entrepreneurial opportunity is enacted by individuals in a specific social setting (Baker et al. 2005). Both international entrepreneurship and social entrepreneurship scholars have recently noticed that entrepreneurial activities cannot be simply divided into categories, such as "international vs. domestic" and "socially oriented vs. profit-oriented," with fixed, content-dropping borderlines: For example, Hennart (2014) regarded some internationalization activities to be "accidental." A venture with customers beyond the national border of the home country does not necessarily make itself to be international. On the other hand, Miller et al. (2012) and Arend (2013) emphasized on importance of entrepreneurial motivations on defining a social venture and regarded the borderline between social ventures and for-profit ventures to be flexible.

Fixed borderlines were used in this quantitative paper, to differentiate international ventures from domestic ventures, or to differentiate social ventures from for-profit ventures. The arbitrarily assigned venture type, defined by the fixed borderlines, can be controversial since the context of the venture was dropped and not considered. However, we took account of the flexible borderline between international ventures and domestic ventures and used two boundaries to define the internationality of venture

respectively: (1) the bottom line to be an international venture (having at least one customer outside the home country) and (2) the traditional definition of an international venture on the international entrepreneurship literature (having at least 25 % of customers outside the home country). We believed that most of accidentally internationalized ventures would be dropped into the category with 0 to 25 % of customers outside the home country. If the same conclusion can be generated by applying Boundary 1 and Boundary 2 of internationality, respectively, we regarded the conclusion to be convincing even if the borderline between international ventures and domestic ventures could not be strictly defined with a fixed borderline.

### **Emerging phenomenon of international social entrepreneurship**

Recently, some social entrepreneurial opportunities have been found to be of international nature, such as entrepreneurial opportunities tackling environmental issues, e.g., climate change and energy depletion or social issues, e.g., global poverty gap (Zahra et al. 2008; Zahra et al. 2014; Alvarez and Barney 2014). There is an emerging phenomenon of entrepreneurial activities achieving both internationalization and socially oriented value creation. Entrepreneurial activities with social missions and international missions and operations, focusing on blended value creation, social change, and environmental sustainability, are defined as international social entrepreneurship (ISE) (Zahra et al. 2014; Munoz 2010). Social ventures with international missions and operations are called ISVs (Zahra et al. 2008; Chen 2012). However, the emerging phenomenon of international social entrepreneurship is still largely unexplored and relevant empirical evidences are missing on the current literature (Zahra et al. 2014). This empirical study confirmed that the phenomenon of international social entrepreneurship indeed widely existed in economies of different development levels, from advanced economies, to emerging economies and bottom-of-the-pyramid economies (Table 2).

### **Internationalization and institutions**

We found that entrepreneurial ventures from Latin American emerging economies were less likely to be international than those from advanced economies, which was consistent with traditional viewpoints of IB (Etemad 2013). Latin American entrepreneurial ventures would encounter the liability of their country of origin, which usually confers a negative reputation (Ciravegna et al. 2014), when they attempt to internationalize, especially to markets beyond the “natural markets” on the same region. One of the resources of the negative country-of-origin effects could be from the intuitional voids on the national context of those emerging economies, which convey images of inefficient and unregulated markets, along with cheap and poor products and high uncertainty and risks (Johansson et al. 1994).

In addition, institutional context of emerging economies is instable and frequently changing (Wu and Chen 2014). The data used in the paper was collected in 2009, when the global financial crisis occurred. The conclusions obtained from this paper might not apply to other time periods, for example, before and after the global financial crisis. For example, currencies of many LAC emerging economies (e.g., Brazilian Real) tumbled toward currencies of advanced economies (e.g., US dollar or euro) during the year

2014–2015. It might change internationalization behaviors of ventures from LAC emerging economies (e.g., due to increasing costs of oversea investment) as well as internationalization behaviors of ventures from advanced economies which entered LAC emerging economies (e.g., due to loss of revenue on the LAC emerging economies by the currency of their home countries). In addition, governments in some LAC emerging economies (e.g., Argentina and Venezuela) limited the free exchange between the local currencies and currencies of advanced economies, resulting in a huge gap between formal exchange rate and parallel (informal) exchange rate. It further forbade ventures from those LAC emerging economies to mobilize financial resources beyond the national borders and drove ventures from advanced economies to leave those LAC emerging economies. In sum, those recent changes on the institutional context of LAC emerging economies were not reflected in this study.

### **Value orientation and institutions**

There is a long debate on the role of institutions on SE activity (Stephan et al. 2015): institutional void perspective regards that inactive governments will lead to more social problems and unsatisfied social needs and trigger higher demand for SE (Dacin et al. 2010; Zahra et al. 2009); institutional support perspective regards that active governments will provide more tangible and intangible resources to support SE activity (Zahra and Wright 2011). In this study, we found that ventures from advanced economies did not differ significantly from ventures from emerging economies in terms of value orientation. One of the possible explanations might be that the positive effect of institutional voids on SE activity and the negative effect of institutional support on SE activity coexist and probably counteract with each other from a holistic perspective. Further research could be done to measure and compare the influence of institutional context on value orientation of venture on the country level, instead of simply comparing the context of advanced economies against the context of emerging economies.

In addition, we found that ventures from Latin American emerging economies were more likely to be socially oriented than those from non-Latin American emerging economies. One of the possible reasons might be that compared to India and CEE countries, influential, and independent NGOs are missing on the Latin American emerging economies (Khanna et al. 2005). More socially oriented entrepreneurial ventures step in to fulfill the unsatisfied social needs on the Latin American emerging economies, where both governments and NGOs fail to provide social welfare and satisfy social needs. Similarly, due to the diversity on the formal and informal institutional contexts of emerging economies (Khanna et al. 2005), country-based comparison between the contexts of different emerging economies need to be done on the future, in order to explore the social-economic reasons behind the conclusion obtained in this study.

### **Implications for practice**

Institutional context on the Latin American emerging economies decides that the government might not have the will, power, or means to tackle some social problems. Those social problems remain unsolved due to the absence of active government and influential and independent NGOs. On the other hand, it is also impractical to rely on

for-profit ventures to tackle those social problems by traditional market solutions, since tackling those social problems can be costly, complicated, or unprofitable (Zahra et al. 2008). There is a gap between the public sector and the private sector to solve those social problems, especially those with transnational impacts (Zahra et al. 2014). International social entrepreneurship can be used as an alternative solution to fill the gap between the public sector and the private sector to tackle the unsolved social problems and fulfill the unsatisfied social needs. In this paper, we found that some entrepreneurs from Latin American emerging economies had been active in exploiting those international social opportunities. We expected that there would be more international social ventures on the Latin American emerging economies on the near future. Policy makers of Latin American emerging economies need to notice that social ventures in their home countries would also internationalize and might need different policies to support their internationalization.

## Conclusion

Entrepreneurial ventures from Latin American emerging economies are underexplored on the current IE literature. Most of the general IE theories are based on empirical studies on advanced economies (Jones et al. 2011), while most of the IE theories for emerging economies are based on empirical studies on China, India, and CEE countries (Kiss et al. 2012). Empirical evidence of entrepreneurial ventures from Latin American emerging economies is scarce. This paper is aimed to enrich empirical evidence of ventures from Latin American emerging economies, focusing on internationalization and value orientation of ventures.

Institutional voids on Latin American emerging economies are a double-edge sword: on one hand, inefficient and unregulated markets make ventures from Latin American emerging economies encounter the liability of their country of origin, which usually confers as being inferior to ventures from North America or Europe; on the other hand, less active governments and absence of independent and influential NGOs lead to more unsatisfied social needs and more social entrepreneurial opportunities, with some of them across the national border. International social entrepreneurship can be an alternative solution to bridge the gap between the public sector and the private sector on the Latin American emerging economies and to tackle social problems which both governments and NGOs failed to solve.

## References

- Aidis R, Estrin S, Mickiewicz M (2012) Size matters: entrepreneurial entry and government. *Small Bus Econ* 39:119–139. doi:10.1007/s11187-010-9299-y
- Alvarez SA, Bamey JB (2014) Entrepreneurial opportunities and poverty alleviation. *Entrep Theory Pract* 38:159–184. doi:10.1111/etap.12078
- Arend RJ (2013) A heart-mind-opportunity nexus: distinguishing social entrepreneurship for entrepreneurs. *Acad Manag Rev* 38:313–315. doi:10.5465/amr.2012.0251
- Aspelund A, Moen Ø (2005) Small international firms: typology performance and implication. *Manag Int Rev* 45:37–57

- Baker T, Gedajlovic E, Lubatkin M (2005) A framework for comparing entrepreneurship processes across nations. *J Int Bus Stud* 36:492–504. doi:[10.1057/palgrave.jibs.8400153](https://doi.org/10.1057/palgrave.jibs.8400153)
- Bosma NS, Levie J (2010) Global Entrepreneurship Monitor 2009 Executive Report. Global Entrepreneurship Research Association, London
- Biggemann S (2013) Collaborative research and publishing from Latin America. São Paulo, Brazil, International B2B Research Workshop
- Casanova L (2009) Global Latinas: Latin America's emerging multinationals. Palgrave Macmillan, Basingstoke
- Carneiro J, Brenes ER (2014) Latin American firms competing in the global economy. *J Bus Res* 67:831–836. doi:[10.1016/j.jbusres.2013.07.001](https://doi.org/10.1016/j.jbusres.2013.07.001)
- Chen S (2012) Creating sustainable international social ventures. *Thunderbird Int Bus Rev* 54:131–142. doi:[10.1002/tie.21445](https://doi.org/10.1002/tie.21445)
- Ciravegna L, Lopez L, Kundu S (2014) Country of origin and network effects on internationalization: a comparative study of SMEs from an emerging and developed economy. *J Bus Res* 67:916–923. doi:[10.1016/j.jbusres.2013.07.011](https://doi.org/10.1016/j.jbusres.2013.07.011)
- Coviello NE, McDougall PP, Oviatt BM (2011) The emergence, advance and future of international entrepreneurship research—An introduction to the special forum. *J Bus Ventur* 26:625–631. doi:[10.1016/j.jbusvent.2011.07.002](https://doi.org/10.1016/j.jbusvent.2011.07.002)
- Dacin PA, Dacin MT, Matear M (2010) Social entrepreneurship: why we don't need a new theory and how we move forward from here. *Acad Manag Perspect* 24:37–57
- Dimitratos P, Amoros E, Etchebarne S, Felzensztein C (2014) Micromultinational or not? The effects of international entrepreneurship networking and learning. *J Bus Res* 67:908–915. doi:[10.1016/j.jbusres.2013.07.010](https://doi.org/10.1016/j.jbusres.2013.07.010)
- Emerson J (2003) The blended value proposition: integrating social and financial returns. *Calif Manag Rev* 45:35–51
- Estrin S, Mickiewicz T, Stephan U (2013) Entrepreneurship social capital and institutions: social and commercial entrepreneurship across nations. *Entrep Theory Pract* 37:479–504. doi:[10.1111/etap.12019](https://doi.org/10.1111/etap.12019)
- Etemad H (2013) The process of internationalization in emerging SMEs and emerging economics. Edward Elgar, Cheltenham
- Hennart J-F (2014) The accidental internationalists: a theory of born globals. *Entrep Theory Pract* 38:117–135. doi:[10.1111/etap.12076](https://doi.org/10.1111/etap.12076)
- Hoskisson RE, Eden L, Lau CM, Wright M (2000) Strategy in emerging markets. *Acad Manag J* 43:249–267. doi:[10.2307/1556394](https://doi.org/10.2307/1556394)
- International Monetary Fund (2012) World economic outlook: growth resuming dangers remain. International Monetary Fund Publication Services, Washington, DC
- Khanna T, Palepu KG (1997) Why focused strategies may be wrong for emerging markets. *Harvard Bus Rev* 75:41–51
- Khanna T, Palepu KG, Sinha J (2005) Strategies that fit emerging markets. *Harvard Bus Rev* 83:63–76
- Khanna T, Palepu K (2013) Winning in emerging markets: a road map for strategy and execution. Harvard Business Press, Boston
- Kiss AN, Danis WM, Cavusgil ST (2012) International entrepreneurship research in emerging economies: a critical review and research agenda. *J Bus Ventur* 27:266–290. doi:[10.1016/j.jbusvent.2011.09.004](https://doi.org/10.1016/j.jbusvent.2011.09.004)
- Knight G (1997) Emerging paradigm for international marketing: the Born Global firm. Michigan State University, Lansing
- Knight G, Cavusgil ST (1996) The born global firm: a challenge to traditional internationalization theory. *Adv Int Mar* 8:11–26
- Knight GA, Cavusgil ST (2005) A taxonomy of born-global firms. *Manag Int Rev* 45:15–35
- Johansson JK, Ronkainen IA, Czinkota MR (1994) Negative country-of-origin effects: the case of the new Russia. *J Int Bus Stud* 25:157–176
- Jones MV, Coviello N, Tang YK (2011) International entrepreneurship research (1989–2009): a domain ontology and thematic analysis. *J Bus Ventur* 26:632–659. doi:[10.1016/j.jbusvent.2011.04.001](https://doi.org/10.1016/j.jbusvent.2011.04.001)
- Lepoutre J, Justo R, Terjesen S, Bosma N (2013) Designing a global standardized methodology for measuring social entrepreneurship activity: the Global Entrepreneurship Monitor social entrepreneurship study. *Small Bus Econ* 40:693–714. doi:[10.1007/s11187-011-9398-4](https://doi.org/10.1007/s11187-011-9398-4)
- Levie J, Hart M (2011) Business and social entrepreneurs in the UK: gender context and commitment. *Int J Gender Entrep* 3:200–217. doi:[10.1108/17566261111169304](https://doi.org/10.1108/17566261111169304)
- Lloyd-Reason L, Mughan T (2002) Strategies for internationalisation within SMEs: the key role of the owner-manager. *J Small Bus Enterp Dev* 9:120–129. doi:[10.1108/14626000210427375](https://doi.org/10.1108/14626000210427375)

- Lopez LE, Kundu SK, Ciravegna L (2009) Born global or born regional? Evidence from an exploratory study in the Costa Rican software industry. *J Int Bus Stud* 40:1228–1238. doi:10.1057/jibs.2008.69
- Lyon F, Sepulveda L (2009) Mapping social enterprises: past approaches challenges and future directions. *Social Enterp J* 5:83–94. doi:10.1108/17508610910956426
- McDougall PP (1989) International versus domestic entrepreneurship: new venture strategic behavior and industry structure. *J Bus Ventur* 4:387–400. doi:10.1016/0883-9026(89)90009-8
- Miller TL, Grimes MG, McMullen JS, Vogus TJ (2012) Venturing for others with heart and head: how compassion encourages social entrepreneurship. *Acad Manag Rev* 37:616–640. doi:10.5465/amr.2010.0456
- Moore GA (1999) *Crossing the chasm: marketing and selling technology products to mainstream customers*. Capstone Publishing, Oxford
- Munoz JM (2010) *International social entrepreneurship: pathways to personal and corporate impact*. Business Expert Press, New York
- Norman W, MacDonald C (2004) Getting to the bottom of “triple bottom line”. *Bus Ethics Q* 14:243–262
- North DC (1990) *Institutions, institutional change, and economic performance*. Cambridge University Press, New York
- Oviatt BM, McDougall PP (1994) Toward a theory of international new ventures. *J Int Bus Stud* 25:45–64
- Oviatt BM, McDougall PP (2005) Defining international entrepreneurship and modeling the speed of internationalization. *Entrep Theory Pract* 29:537–554. doi:10.1111/j.1540-6520.2005.00097.x
- Patzelt H, Shepherd DA (2011) Recognizing opportunities for sustainable development. *Entrep Theory Pract* 35:631–652. doi:10.1111/j.1540-6520.2010.00386.x
- Peng MW (2003) Institutional transitions and strategic choices. *Acad Manag Rev* 28:275–296. doi:10.5465/AMR.2003.9416341
- Peredo AM, McLean M (2006) Social entrepreneurship: a critical review of the concept. *J World Bus* 41:56–65. doi:10.1016/j.jwb.2005.10.007
- Perez-Batres LA, Pisani MJ, Doh JP (2010) A perspective on international business scholarship: is it regional or global? *Multinatl Bus Rev* 18:73–88. doi:10.1108/1525383X201000004
- Porter ME, Kramer MR (2011) Creating shared value. *Harvard Bus Rev* 89:2–17
- Reynolds PD, Bosma N, Autio E, Hunt S, De Bono N, Servais I, Lopez-Garcia P, Chin N (2005) Global entrepreneurship monitor: data collection design and implementation 1998–2003. *Small Bus Econ* 24:205–231. doi:10.1007/s11187-005-1980-1
- Stephan U, Uhlaner LM, Stride C (2015) Institutions and social entrepreneurship: the role of institutional voids, institutional support, and institutional configurations. *J Int Bus Stud* 46:308–331. doi:10.1057/jibs.2014.38
- Stiglitz JE (2010) *Freefall: America free markets and the sinking of the world economy*. WW Norton Company, New York
- Sullivan D (1994) Measuring the degree of internationalization of a firm. *J Int Bus Stud* 25:325–342
- Van Stel A, Storey D, Thurik R (2007) The effect of business regulations on nascent and young business entrepreneurship. *Small Bus Econ* 28:171–186. doi:10.1007/s11187-006-9014-1
- Westhead P, Ucbasaran D, Wright M, Binks M (2005) Novice serial and portfolio entrepreneur behaviour and contributions. *Small Bus Econ* 25:109–132. doi:10.1007/s11187-003-6461-9
- Wu J, Chen X (2014) Home country institutional environments and foreign expansion of emerging market firms. *In Bus Rev* 23:862–872. doi:10.1016/j.ibusrev.2014.01.004
- Zahra SA, Rawhouser HN, Bhawe N, Neubaum DO, Hayton JC (2008) Globalization of social entrepreneurship opportunities. *Strat Entrep J* 2:117–131. doi:10.1002/sej.43
- Zahra SA, Gedajlovic E, Neubaum DO, Shulman JM (2009) A typology of social entrepreneurs: motives search processes and ethical challenges. *J Bus Ventur* 24:519–532. doi:10.1016/j.jbusvent.2008.04.007
- Zahra SA, Wright M (2011) Entrepreneurship’s next act. *Acad Manag Perspect* 25:67–83. doi:10.5465/amp.2010.0149
- Zahra SA, Abdel-Gawad S, Tsang E (2011) Emerging multinationals venturing into developed economies: implications for learning and entrepreneurial capability. *J Manag Inq* 20:323–330. doi:10.1177/1056492611408266
- Zahra SA, Newey LR, Li Y (2014) On the frontiers: the implications of social entrepreneurship for international entrepreneurship. *Entrep Theory Pract* 38:137–158. doi:10.1111/etap.12061

## **Publication III**

Chen, J., Saarenketo, S., & Puumalainen, K.

**Internationalization, value orientation, entrepreneurial motive and institutions:  
a cross-country empirical study**

Reprinted with permission from

*Proceedings of the European International Business Academy Annual Conference*

© 2015, Publisher



**Internationalization, value orientation, entrepreneurial motive and institutions: a cross-country empirical study**

**ABSTRACT**

We explored how a venture's value orientation, the entrepreneurial motive, and the institutional context influenced the venture's internationalization, based on an empirical analysis of 12,174 individual-level cases in 54 countries. Social entrepreneurial ventures are more likely to be international than for-profit entrepreneurial ventures are. Opportunity-driven entrepreneurial ventures are more likely to be international than necessity-driven entrepreneurial ventures are. Entrepreneurial ventures from emerging economies are less likely to be international than those from developed economies are. Entrepreneurial ventures from BRICS (Brazil, Russia, India, China and South Africa) emerging economies are less likely to be international than those from non-BRICS emerging economies are. Institutional efficiency negatively moderates the positive relationship between a venture's social value orientation and its likelihood of internationalization. Ventures which have achieved internationalization and active social value creation are mostly ignored in the existing literature and need to be further explored.

**Keywords:** internationalization, value orientation, entrepreneurial motive, institutions, cross-country empirical study, Global Entrepreneurship Monitor (GEM)

## INTRODUCTION

Entrepreneurship differs in levels and types across countries (Busenitz et al., 2000). Entrepreneurship is driven by different motives and creates different value. Entrepreneurial ventures are of different norms in countries with different institutions. Some ventures stay domestically or even within the community, while some ventures expand globally. It is challenging to compare entrepreneurial ventures in developed economies and in emerging economies (Acs et al., 2008).

In this paper, based on an empirical study of 12,174 individual cases in 54 countries, we tried to find out how a venture's value orientation, the entrepreneurial motive and the institutional context influence the venture's internationalization. Social entrepreneurial ventures are more likely to be international than for-profit entrepreneurial ventures are. Opportunity-driven entrepreneurial ventures are more likely to be international than necessity-driven entrepreneurial ventures are. Early-stage entrepreneurial ventures do not differ significantly from established entrepreneurial ventures in terms of the likelihood of internationalization. Entrepreneurial ventures from emerging economies are less likely to be international than those from developed economies are. Entrepreneurial ventures from BRICS emerging economies are less likely to be international than those from non-BRICS emerging economies are. Institutional efficiency negatively moderates the positive relationship between a venture's social value orientation and its likelihood of internationalization. The entrepreneurial motive of the entrepreneur and the firm age do not moderate the relationship between the venture's value orientation and its internationalization. The results of this paper have implications for both business researchers and policy makers.

## CONCEPTUAL BACKGROUND

### Value orientations

Value creation in organizations has been changed recently: Organizations pursue blends of economic value, social (societal) value and environmental value, instead of the traditional exclusive focus on economic value (Porter & Kramer, 2011; Emerson, 2003). It is consistent with the notion of “triple bottom line” (Norman & MacDonald, 2004) as the evaluation standard for the performance of ventures and with the development of “global sustainable well-being” (Stiglitz, 2010). Entrepreneurial activities focusing on blended value creation (Emerson, 2003) and contributing to overall well-being of the society (or the community) (Zahra et al., 2009) are called “social entrepreneurship.” Value other than the financial rewards for the entrepreneur, including non-economic gains to the society and community and non-economic gains to the environment (Patzelt & Shepherd, 2011) is defined as “non-economic value” in this paper. Ventures prominently driven by the creation of non-economic value are regarded as “social-oriented” and were labeled as social ventures in this paper, while ventures prominently driven by the creation of economic value are regarded as “profit-oriented” and were labeled as for-profit ventures in this paper.

### Entrepreneurial motives

It was common in the entrepreneurship literature to distinguish between opportunity-driven entrepreneurship (when the entrepreneur exploited the perceived opportunity and was pulled into entrepreneurship) and necessity-driven entrepreneurship (when the entrepreneur did not have other satisfactory options for work and pushed into entrepreneurship) (Acs et al., 2008). The idea of opportunity- and necessity-driven entrepreneurship has been long discussed implicitly in the entrepreneurship literature. Bögenhold (1987) first distinguished between

entrepreneurs motivated by economic needs and those motivated by a desire of realization. Opportunity versus necessity dichotomy was then commonly used in Global Entrepreneurship Monitor (GEM), a comprehensive cross-country survey on entrepreneurial activities and its relevant research, as one of key measures (Reynolds et al., 2005, p. 216). The dichotomous classification differentiates “reluctant entrepreneurs” who never considered to be an entrepreneur until they did not have other employment options and needed to adopt entrepreneurship as a survival skill and “opportunity-seeking entrepreneurs” who were pulled into entrepreneurship by a desire of independence or to own a business (Williams, 2009). The dichotomous classification is important to help us to understand entrepreneurial motives and compare entrepreneurial activities in developed and developing countries (Acs et al., 2008). But, the dichotomous classification was argued to be over-simplified (Rouse & Dallenbach, 1999). Some entrepreneurs displayed a complex mix of necessity and opportunity motives when they decided to start a business venture (Williams, 2009).

#### Internationalization of entrepreneurial ventures

Discussion of venture types and venture comparisons dated back to the early stage of the field of international entrepreneurship (IE) (Jones et al., 2011). McDougall (1989) first distinguished between international new ventures and domestic new ventures. Some other IE scholars alternatively labeled those new ventures achieving early and rapid internationalization as born global firms (BGs) (Knight & Cavusgil, 1996), defined as new ventures with at least 25% of sales in foreign markets within three years (Knight, 1997, p. 1). International new ventures or born globals were found to differ from gradually internationalizing ventures in international mindset and experience, risk tolerance and international learning and network capabilities (Harveston et al., 2000; Zhang et al., 2009), as well as in many internationalization behaviors, including market selection, entry modes, entrepreneurial orientations, internationalization

strategy and international performance (Aspelund & Moen, 2005; Jantunen et al., 2005; Lopez et al., 2009). In this paper, the definition of an “international” venture was inherited from the IE literature regarding international new ventures or born globals, instead of its literal meaning.

#### Emerging economies vs. developed economies

Hoskisson et al. (2000) defined emerging economies as those newly industrializing countries which had gone through a liberalization process and had adopted market-based policies. Khanna and Palepu (1997, p. 42) pointed out that the main difference between emerging economies and developed economies was how well an economy helped buyers and sellers come together. An ideal economy provides a range of institutions to facilitate the functioning of the markets, but emerging economies fall short in a number of ways. These “institutional voids” make an economy “emerging” and become a prime source of high transactions costs and operating challenges (Khanna & Palepu, 2013, p. 6). However, the types of institutional voids vary from country to country (Khanna et al., 2005). In this paper, we used International Monetary Fund’s (2012) list of developed economies<sup>i</sup> and emerging economies<sup>ii</sup>.

#### Entrepreneurial motives and institutions

Acs et al. (2008) studied the relationship between the entrepreneurial motives and institutions based on Porter’s three-stage model of country economic development. Porter (1990 & 2002) distinguished country economic development into three stages: factor-driven stage, efficiency-driven stage and innovation-driven stage. Countries in the factor-driven stage are marked with high rates of non-agricultural self-employment or necessity-driven entrepreneurship. When a country moves to the efficiency-driven stage, entrepreneurial activities are negatively related to economic development since most people are trying to move from self-employment to wage employment. Most of the emerging economies, including the BRICS emerging economies are

in the efficiency-driven stage. When a country moves further to the innovation-driven stage, entrepreneurial activities are positively related to economic development as people shift from wage work to opportunity-driven entrepreneurship. In sum, Acs et al. (2008) summarized a U-shape relationship between entrepreneurial activities and economic development in the global range.

#### Internationalization and value orientation

Empirically-tested conclusions regarding the relationship between the venture's value orientation and its likelihood of internationalization are missing in the existing literature. But we can get clues after examining the nature of social entrepreneurial opportunities. Some entrepreneurial opportunities aiming at social change (i.e. to fill the global poverty gap) or at environmental sustainability (i.e. to fight against climate change and energy depletion) are inherently of an international nature (Zahra et al., 2008 & 2014). Exploiting those social entrepreneurial opportunities will naturally involve cross-border business activities, even at the early stage. Therefore, we hypothesized that social ventures were more likely to be international than for-profit ventures were.

***H1.** Social entrepreneurial ventures are more likely to be international than for-profit entrepreneurial ventures are.*

#### Internationalization and entrepreneurial motives

Opportunity-driven entrepreneurship is positively related to the national development level, especially in the high-income economies. Necessity-driven entrepreneurship is negatively related to the national development level, especially in the low-income economies (Acs et al., 2008). On the other hand, entrepreneurial ventures from high-income economies are regarded as more likely to internationalize than those from low-income economies, in line with the

traditional international business viewpoints, since ventures from high-income economies receive the advantages of country of origin (COO) compared to those from low-income economies (Etemad, 2013). As a conclusion, we hypothesized that opportunities-driven entrepreneurial ventures were more likely to be international than necessity-driven entrepreneurial ventures were.

***H2.** Opportunity-driven entrepreneurial ventures are more likely to be international than necessity-driven entrepreneurial ventures are.*

Social problems can be complicated and costly to tackle. It is why some of them remain unsolved since neither the governments nor NGOs and for-profit ventures can fully solve them by either traditional market solutions or nonprofit solutions. Entrepreneurs might have strong SE motivations (Miller et al. 2012; Arend, 2013) and actively exploit social opportunities which aim to tackle those complicated and costly social problems. As a result, we predicted that:

***H3.** The positive effect of a venture's social value orientation on its internationalization is positively moderated by the opportunity-driven motive.*

#### Early-stage ventures and established ventures

Internationalization is traditionally regarded as an incremental and linear process in which ventures exploit international markets through stages of increasing commitment as they learn and gather resources (Johanson & Vahlne, 1977 & 2009). On the other hand, the emergence of the International New Ventures (INVs) phenomenon and the development of the new research field of international entrepreneurship have challenged the incremental model and can be regarded as an alternative internationalization path in which the venture rapidly diversifies into a large number of international markets at the early stage (Oviatt & McDougall, 1994 & 2005).

We believed that most of the ventures in a comprehensive cross-country collection of ventures as used in this study would follow an incremental internationalization path, despite the fact that some early-stage ventures could alternatively achieve rapid internationalization.

***H4.** Early-stage entrepreneurial ventures are less likely to be international than established entrepreneurial ventures are.*

Social entrepreneurship was introduced as an alternative solution for social problems only two decades ago. Entrepreneurs of established ventures, especially those who established their ventures two decades ago or before, were less likely to have strong SE motivations and established a social venture.

***H5.** The positive effect of a venture's social value orientation on its internationalization is positively moderated by a smaller firm age.*

#### Internationalization and institutions

Etemad (2013, p. 41-42) highlighted the characteristics of entrepreneurial ventures from emerging economies. Similarly to those from developed economies, young entrepreneurial ventures from emerging economies also suffer from a lack of resources, management experience, and strong governance systems. In addition, entrepreneurial ventures from emerging economies need to face international legitimacy problems and encounter the liability of their country of origin (COO) and accompanying low brand equity. The natural shortcomings of entrepreneurial ventures from emerging economies determine that those ventures will face more risks when entering open and highly competitive international markets compared to established large-scale enterprises or to entrepreneurial ventures from developed economies. Entrepreneurial ventures from emerging economies are less likely to cross the national border and enter into the competitive and largely uncertain international markets than

those from developed economies. Internationalization attempts are highly risky or even fatal for ventures from emerging economies, especially on the early stage (Moore, 1999).

***H6.** Entrepreneurial ventures from emerging economies are less likely to be international than those from developed economies are.*

Despite the differences in institutional context, BRICS (Brazil, Russia, India, China, and South Africa) emerging economies share similarity in vast domestic markets and fast growth rates for domestic demands (Khanna et al., 2005; Kiss et al., 2012; Khanna & Palepu, 2013, p. 1). Domestic expansion can be extensive for ventures from BRICS emerging economies, since the liberalization process only started two decades ago in the BRICS emerging economies (Hoskisson et al., 2000). With the increasing purchasing power of the domestic masses, unsatisfied domestic market demands in the BRICS emerging economies are huge and continuously growing, when compared to those in the developed economies or in the non-BRICS emerging economies (Khanna & Palepu, 2013). As a result, we believed that entrepreneurial ventures from BRICS emerging economies were more willing to expand extensively within the domestic market instead of to diversify into the international markets with higher risks and uncertainty, through their home (BRICS) markets can be more competitive than some international markets due to the huge amount of inflow foreign direct investment.

***H7.** Entrepreneurial ventures from BRICS emerging economies are less likely to be international than those from non-BRICS emerging economies are.*

Inefficient governments of emerging economies have more unsatisfied social needs and trigger a higher demand for social entrepreneurship (SE) (Zahra et al. 2008; Dacin et al. 2010; Estrin et al. 2013). Inefficient governments will further stimulate the SE motivations of the

entrepreneurs to mend the “social fabric” where is torn and to fill the institutional voids (Dacin et al. 2010; Zahra et al. 2009). On the contrary, governments in the developed economies are more active and engaged, which lead to less unsatisfied social needs and thus a lower demand for SE. Less individuals are likely to be motivated to establish social-oriented entrepreneurial ventures in the developed economies. (Stephan et al. 2015) Therefore, we predicted that:

**H8.** *The positive effect of a venture’s social value orientation on its internationalization is negatively moderated by the institutional efficiency.*

The theoretical framework with the eight hypotheses is summarized in Figure 1.

## METHODS

### Data

The data set used in this study was adopted from the Global Entrepreneurship Monitor (GEM) adult population survey (APS) data set in 2009, with a special focus on social entrepreneurship. The GEM APS 2009 data set is a cross-country data set covering 24,483 individual entrepreneurs in countries with various development levels. 12,174 individual entrepreneurs from 54 countries were selected from the GEM APS 2009 data set after taking account of the missing data.

### Measures

#### *International ventures vs. domestic ventures*

The GEM APS 2009 data set included a variable of the *proportion of customers who normally live outside the home country*. It is a nominal variable, with a value of more than 90%, more than 75%, more than 50%, more than 25%, more than 10%, 10% or less, or none. We noticed

the controversies on how to measure the degree of internationalization reliably (Sullivan, 1994) and flexible borderline between international ventures and domestic ventures, since some internationalization activities can be “accidental” (Hennart, 2014). In this paper, we followed a traditional viewpoint of international entrepreneurship and adapted Knight’s (1997, p. 1) definition of an international new venture (at least 25% of sales in foreign markets within three years). We defined an international venture as having at least 25% of customers outside the home country. If a venture has 25% or more of customers outside the home country, it is labeled as an “international venture;” if a venture has less than 25% of customers outside the home country, it is labeled as a “domestic venture.” The variable “internationalization” was created and set to be dichotomous, with the value of “1” when it is an international venture and the value of “0” when it is a domestic venture.

#### *Social ventures vs. for-profit ventures*

The GEM 2009 data set included questions on the organizational goals to generate *economic value, social value and environmental value*. Entrepreneurs were asked to allocate a total of 100 points across these three categories. There is a long-time debate on the borderline between social ventures and for-profit ventures. A widely-accepted criterion for differentiating social ventures from for-profit ventures is still missing on the literature (Arend, 2013). Despite the debate on the borderline, we used a “50%/50%” criterion for the value creation within the venture, which was consistent with the literature (Lyon and Sepulveda, 2009). If a venture creates more non-economic value (the total of social value and environmental value) than economic value, it is labeled as a “social venture”; if a venture created more or equal economic value than non-economic value, it is labeled as a “for-profit venture”. The variable “value orientation” was created and set to be dichotomous, with the value of “1” when it is a social venture and the value of “0” when it is a for-profit venture.

#### *Opportunity- vs necessity-driven ventures*

The GEM APS 2009 data set differentiated entrepreneurial motives as a solo opportunity motive, a solo necessity motive and a mixture of opportunity and necessity motives. Due to the complexity embedded on the ventures driven by a mixed motive (Williams, 2009), we only differentiated solo opportunity-driven ventures and solo necessity-driven ventures in this paper. The variable “entrepreneurial motive” was created and set to be dichotomous, with the value of “1” when it is an opportunity-driven venture and the value of “0” when it is a necessity-driven venture.

#### *Early-stage ventures vs. established ventures*

We defined early-stage ventures as ventures established within three years in this paper, which was consistently with Knight’s (1997, p.1) definition of an international new venture (at least 25% of sales in foreign markets within three years) and the research methodology of Global Entrepreneur Monitor (GEM) adult population survey (Lepoutre et al., 2013). We defined established ventures as ventures established for more than three years. The variable “firm age” was created and set to be dichotomous, with the value of “1” when it is an early-stage venture and the value of “0” when it is an established venture.

#### *Developed economies vs. emerging economies*

We used International Monetary Fund’s (2012) classification on national economies and classified economies into four categories: developed economies, emerging economies and other economies. We further classified emerging economies into BRICS emerging economies and non-BRICS emerging economies. The variable “institutions” was created and set to be

categorical, each representing one of the four economy types, respectively. The 54 countries in our data set are listed in Table 1.

----- Table 1 -----

#### *Control variables*

We used the gender and age of the entrepreneur as control variables, which was consistent with the literature (Lloyd-Reason & Mughan 2002; Van Stel, Storey & Thurik 2007; Estrin, Mickiewicz & Stephan 2013). The variable “age of entrepreneur” used in the data set is the actual age (in years) of the entrepreneur. The variable “gender of entrepreneur” used in the data set is dichotomous, with the value of 1 when the entrepreneur is male and with the value of 0 when the entrepreneur is female.

#### Model

We used a multinomial logistic regression with the help of IBM SPSS. The variable “internationalization” was selected as the dependent variable and kept to be dichotomous. The variables “value orientation,” “entrepreneurial motive,” “firm age,” and “institutions” were selected as independent variables. The independent variables “value orientation,” “entrepreneurial motive,” and “firm age” were binary variables. The independent variable “institutions” was a categorical variable. The two control variables “age of entrepreneur” and “gender of entrepreneur” were continuous variables. Interaction terms between the variable “value orientation” and the variables “entrepreneurial motive,” “firm age,” and “institutions” were created respectively, to check the moderating effects of the latter three independent variables on the relationship between the independent variable “value orientation” and the dependent variable “internationalization”. Descriptive statistics of all the variables in the model is summarized in Table 2.

----- Table 2 -----

## RESULTS

----- Table 3 -----

The result of the multinomial logistic regression is shown in Table 3. From Table 3, we found that social ventures were 1.314 times more likely to be international than for-profit ventures. Hence hypothesis **H1** was supported. We also found that opportunity-driven ventures were 1.651 times more likely to be international than necessity-driven ventures. Hypothesis **H2** was supported. Early-stage ventures did not differ significantly from established ventures in terms of the likelihood of internationalization. Hypothesis **H4** was refuted. Ventures from BRICS emerging economies and non-BRICS emerging economies were 0.267 times and 0.744 times less likely to be international than ventures from developed economies were, respectively. Both hypotheses **H6** and **H7** were supported.

In addition, we found that the entrepreneurial motive of the entrepreneur and whether the venture was an early-stage venture or an established one did not moderate the relationship between the venture's value orientation and its internationalization. Hypotheses **H3** and **H5** were refuted. We also found that the positive relationship between the venture's social value orientation and its likelihood of internationalization turned into a negative relationship in the emerging economies (either BRICS or non-BRICS). Institutional efficiency negatively moderated the positive relationship between the venture's social value orientation and its likelihood of internationalization. Hypothesis **H8** was supported.

Finally, male entrepreneurs were more likely to establish an international venture than female entrepreneurs were. The age of the entrepreneur was not critical in determining whether the entrepreneur would establish an international venture or not.

## DISCUSSION AND CONCLUSION

### Social ventures are more likely to be international

We found that social ventures were more likely to be international than for-profit ventures were in this paper. But, surprisingly, the internationalization of these social-oriented ventures is mostly ignored in the existing literature: the existing international business and international entrepreneurship literature mostly focuses on the internationalization of for-profit ventures and the existing social entrepreneurship literature seldom involves the issue of internationalization (Zahra et al., 2014). There is a theoretical gap in the existing literature, which would inspire both business researchers and policy makers: on the one hand, business researchers would notice that there is an emerging phenomenon of entrepreneurial activities achieving both internationalization and social value creation. Entrepreneurial activities with social missions and international missions and operations, focusing on blended value creation, social change and environmental sustainability, are defined as international social entrepreneurship (ISE) (Zahra et al., 2014; Munoz, 2010). Social ventures with international missions and operations are called international social ventures (ISVs) (Zahra et al., 2008; Chen, 2012). However, the emerging phenomenon of international social entrepreneurship is still largely unexplored and relevant empirical evidence is missing in the current literature (Zahra et al., 2014). This empirical study has confirmed that the phenomenon of international social entrepreneurship indeed widely exists in the economies with different development levels, from the developed economies, to the emerging economies and bottom-of-the-pyramid economies. On the other hand, policy makers would notice that social ventures could also internationalize and might need different policies to support their internationalization.

### Institutional voids and institutional support

There is a long debate on the role of institutions on the social entrepreneurship (SE) activities (Stephan et al., 2015): the institutional-void perspective holds the view that that inactive governments will lead to more social problems and unsatisfied social needs and trigger higher demand for SE (Dacin et al., 2010; Zahra et al., 2009); the institutional-support perspective holds the view that that active governments will provide more tangible and intangible resources to support SE activities (Zahra and Wright, 2011).

In this study, we found that in general the venture's social value orientation is positively related to the venture's likelihood of internationalization, which supports the institutional-support perspective. Institutions of innovation-driven developed economies can provide more tangible and intangible resource support to social ventures and endow the ventures with the advantages of country-of-origin when they attempt to go beyond the national border.

On the contrary, ventures from emerging economies with lower institutional efficiency are less likely to be international than the venture from developed economies. But, social ventures from emerging economies are more likely to be international than social ventures from developed economies. Institutional efficiency negatively moderates the positive relationship between the venture's social value orientation and its likelihood of internationalization. The reasons might be that less efficient formal institutions in the emerging economies trigger higher SE demand and lead to more social entrepreneurial opportunities embedded in the institutional context. A large portion of those social opportunities are of international nature. Individuals are more likely to be motivated to exploit those international social opportunities and establish social ventures to fill the "institutional voids" in the emerging economies

In conclusion, the effects of institutional voids and institutional support co-exist. But the effect of institutional voids is stronger in the emerging economies than in the developed economies.

#### Internationalization of ventures from emerging economies

Emerging economies, especially China, Brazil and Russia<sup>iii</sup>, receive huge amounts of inflow foreign direct investment (FDI). Inflow FDI, especially FDI from established multinational corporations, will significantly increase competition on the market. According to the traditional international business viewpoints based on the empirical evidence in the developed economies (De Backer & Sleuwaegen, 2003), inflow FDI will force entrepreneurial ventures to cross the national border, enter international markets with less competition, and eventually enhance the ventures' international learning and networking capabilities.

However, in this paper, we found that ventures from emerging economies, especially those from BRICS emerging economies, were more reluctant to leave their home markets, despite the fact that competition in the home market might be higher than that in the international markets. Although there is a significant phenomenon of outflow FDI from the emerging economies, especially from the BRICS emerging economies in the passing decade (Luo & Tung, 2007; Buckley et al., 2007), most of outflow FDI in the emerging economies is contributed by the emerging-economy multinational enterprises (Ramamurti & Singh, 2009). Unlike the large-scale emerging multinationals, younger and smaller entrepreneurial ventures from emerging economies suffer from not only a lack of financial and human resources as the entrepreneurial ventures from developed economies, but also from the disadvantaged country-of-origin as the large-scale emerging multinationals. The natural shortcomings of entrepreneurial ventures from emerging economies determine that those ventures will have

limited resources and capabilities to go beyond the national border, although there might be less competition and more opportunities beyond their home markets.

## Reference

- Acs, Z. J., Desai, S., & Hessels, J. (2008). Entrepreneurship, economic development and institutions. *Small Business Economics*, 31, 219-234.
- Arend, R. J. (2013). A Heart-Mind-Opportunity Nexus: Distinguishing Social Entrepreneurship for Entrepreneurs. *Academy of Management Review*, 38(2), 313-315.
- Aspelund, A., & Moen, Ø. (2005). Small international firms: Typology, performance and implications. *MIR: Management International Review*, 45(3), 37-57.
- Bögenhold, D. (1987). *De Gründerboom: Realität unde mythos de neuen Selbständigkeit*. Frankfurt: Campus.
- Buckley, P. J., Clegg, L. J., Cross, A. R., Liu, X., Voss, H., & Zheng, P. (2007) The determinants of Chinese outward foreign direct investment, *Journal of International Business Studies*, 38(4), 499-518.
- Busenitz, L. W., Gomez, C., & Spencer, J. W. (2000). Country institutional profiles: Unlocking entrepreneurial phenomena. *Academy of Management Journal*, 43(5), 994-1003.
- Chen, S. (2012). Creating sustainable international social ventures. *Thunderbird International Business Review*, 54(1), 131-142.
- Dacin, P. A., Dacin, M. T., & Matear, M. (2010). Social entrepreneurship: why we don't need a new theory and how we move forward from here. *Academy of Management Perspectives*, 24(3), 37-57.
- De Backer, K., & Sleuwaegen, L. (2003) Does foreign direct investment crowd out domestic entrepreneurship? *Review of Industrial Organization*, 22(1), 67-84.
- Emerson, J. (2003). The blended value proposition: Integrating social and financial returns. *California Management Review*, 45(4), 35-51.
- Estrin, S., Mickiewicz, T., & Stephan, U. (2013). Entrepreneurship, Social Capital, and Institutions: Social and Commercial Entrepreneurship across Nations. *Entrepreneurship Theory and Practice*, 37(3), 479-504.
- Etemad, H. (2013). *The Process of Internationalization in Emerging SMEs and Emerging Economics*. Cheltenham, UK: Edward Elgar.
- Harveston, P. D., Kedia, B. L., & Davis, P. S. (2000). Internationalization of born global and gradual globalizing firms: the impact of the manager. *Advances in Competitiveness Research*, 8(1), 92-99.
- Hennart, J.-F. (2014). The Accidental Internationalists: A Theory of Born Globals. *Entrepreneurship Theory and Practice*, 38(1), 117-135.
- Hoskisson, R. E., Eden, L., Lau, C. M., & Wright, M. (2000). Strategy in emerging markets. *Academy of Management Journal*, 43(3), 249-267.

- International Monetary Fund. (2012) *World Economic Outlook: Growth Resuming, Dangers Remain*. Washington, DC: International Monetary Fund, Publication Services.
- Jantunen, A., Puumalainen, K., Saarenketo, S., & Kylaheiko, K. (2005). Entrepreneurial orientation, dynamic capabilities and international performance. *Journal of International Entrepreneurship*, 3(3), 223–243.
- Johanson, J., & Vahlne, J.-E. (1977). The internationalization process of the firm – a model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*, 8, 23-32.
- Johanson, J., & Vahlne, J.-E. (2009). The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. *Journal of International Business Studies*, 40, 1411-1431.
- Jones, M. V., Coviello, N. & Tang, Y. K. (2011). International entrepreneurship research (1989–2009): a domain ontology and thematic analysis. *Journal of Business Venturing*, 26, 632–659.
- Khanna, T., & Palepu, K. G. (1997). Why Focused Strategies May Be Wrong for Emerging markets. *Harvard Business Review*, 75(4), 41–51.
- Khanna, T., Palepu, K. G., & Sinha, J. (2005). Strategies that fit emerging markets. *Harvard Business Review*, 83(6), 63-76.
- Khanna, T., & Palepu, K. (2013). *Winning in emerging markets: A road map for strategy and execution*. Boston, MA: Harvard Business Press.
- Kiss, A. N., Danis, W. M., & Cavusgil, S. T. (2012). International entrepreneurship research in emerging economies: A critical review and research agenda. *Journal of Business Venturing*. 27(2), 266-290.
- Knight, G., & Cavusgil, S. T. (1996). The Born Global firm: A Challenge to Traditional Internationalization Theory. *Advances in International Marketing*, 8, 11-26.
- Knight, G. (1997). *Emerging paradigm for international marketing: the Born Global firm*. Lansing, MI: Michigan State University.
- Lepoutre, J., Justo, R., Terjesen, S., & Bosma, N. (2013). Designing a global standardized methodology for measuring social entrepreneurship activity: the Global Entrepreneurship Monitor social entrepreneurship study. *Small Business Economics*, 40, 693-714.
- Lloyd-Reason, L., & Mughan, T. (2002). Strategies for internationalisation within SMEs: the key role of the owner-manager. *Journal of Small Business and Enterprise Development*, 9(2), 120-129.
- Lopez, L. E., Kundu, S. K., & Ciravegna, L. (2009). Born global or born regional? Evidence from an exploratory study in the Costa Rican software industry. *Journal of International Business Studies*, 40(7), 1228-1238.
- Luo, Y., & Tung, R. L. (2007). International expansion of emerging market enterprises: A springboard perspective. *Journal of International Business Studies*, 38(4), 481-498.
- Lyon, F., & Sepulveda, L. (2009). Mapping social enterprises: past approaches, challenges and future directions. *Social Enterprise Journal*, 5(1), 83-94.
- McDougall, P. P. (1989). International versus domestic entrepreneurship: new venture strategic behavior and industry structure. *Journal of Business Venturing*, 4(6), 387-400.

- Miller, T. L., Grimes, M. G., McMullen, J. S., & Vogus, T. J. (2012) Venturing for others with heart and head: How compassion encourages social entrepreneurship. *Academy of Management Review*, 37(4), 616-640.
- Moore, G. A. (1999). *Crossing the Chasm: Marketing and Selling Technology Products to Mainstream Customers*. Oxford, UK: Capstone Publishing.
- Munoz, J. M. (2010). *International Social Entrepreneurship: Pathways to Personal and Corporate Impact*. New York: Business Expert Press.
- Norman, W., & MacDonald, C. (2004). Getting to the bottom of "triple bottom line". *Business Ethics Quarterly*, 14(2), 243-262.
- Oviatt, B. M., & McDougall, P. P. (1994). Toward a Theory of International New Ventures. *Journal of International Business Studies*, 25 (First Quarter), 45-64.
- Oviatt, B. M., & McDougall, P. P. (2005). Defining international entrepreneurship and modeling the speed of internationalization. *Entrepreneurship Theory and Practice*, 29(5), 537-554.
- Patzelt, H., & Shepherd, D. A. (2011). Recognizing opportunities for sustainable development. *Entrepreneurship Theory and Practice*, 35(4), 631-652.
- Porter, M. E. (1990). *The competitive advantage of nations*. New York: Macmillan.
- Porter, M., Sachs, J., & McArthur, J. (2002). Executive summary: Competitiveness and stages of economic development. In M. Porter, J. Sachs, P. K. Cornelius, J. W. McArthur, & K. Schwab (Eds.), *The global competitiveness report 2001–2002* (pp. 16–25). New York: Oxford University Press.
- Sullivan, D. (1994). Measuring the degree of internationalization of a firm. *Journal of International Business Studies*, 25, 325-342.
- Porter, M. E., & Kramer, M. R. (2011). Creating shared value. *Harvard Business Review*, 89(1), 2-17.
- Ramamurti, R. & Singh, J. V. (2009). *Emerging multinationals in emerging markets*. Cambridge, UK: Cambridge University Press.
- Reynolds, P., Bosma, N., Autio, E., Hunt, S., De Bono, N., Servais, I., Lopez-Garcia, P. & Chin, N. (2005). Global entrepreneurship monitor: Data collection design and implementation 1998–2003. *Small Business Economics*, 24(3), 205-231.
- Rouse, M., & Dallenbach, U. (1999). Rethinking research methods for the resource-based perspective: Isolating sources of sustainable competitive advantage. *Strategic Management Journal*, 20(5), 487-494.
- Stephan, U., Uhlaner, L. M., & Stride, C. (2015). Institutions and social entrepreneurship: The role of institutional voids, institutional support, and institutional configurations. *Journal of International Business Studies*, 46, 308–331.
- Stiglitz, J. E. (2010). *Freefall: America, free markets and the sinking of the world economy*. New York: W.W. Norton & Company.
- Van Stel, A., Storey, D., & Thurik, R. (2007). The effect of business regulations on nascent and young business entrepreneurship. *Small Business Economics*, 28, 171-186.
- Williams, C. C. (2009). The motives of off-the-book entrepreneurs: necessity- or opportunity-driven? *International Entrepreneurship and Management Journal*, 5, 203-217.

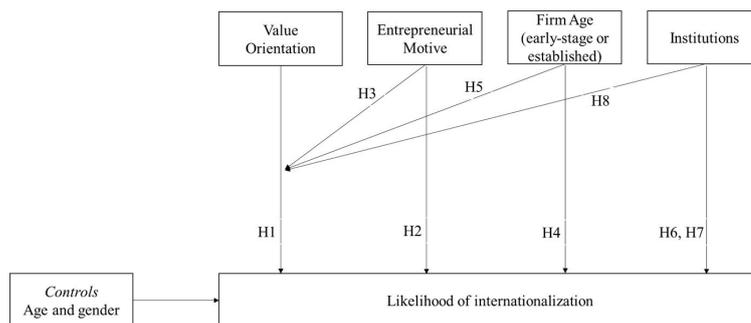
Zahra, S. A., Rawhouser, H. N., Bhawe, N., Neubaum, D. O., & Hayton, J. C. (2008). Globalization of social entrepreneurship opportunities, *Strategic Entrepreneurship Journal*, 2, 117-131.

Zahra, S. A., Gedajlovic, E., Neubaum, D. O., & Shulman, J. M. (2009). A Typology of Social Entrepreneurs: Motives, Search Processes and Ethical Challenges. *Journal of Business Venturing*, 24(5), 519-532.

Zahra, S. A., & Wright, M. (2011). Entrepreneurship's next act. *The Academy of Management Perspectives*, 25(4), 67-83.

Zahra, S. A., Newey, L. R., & Li, Y. (2014). On the Frontiers: The Implications of Social Entrepreneurship for International Entrepreneurship. *Entrepreneurship Theory and Practice*. 38(1), 137-158.

Zhang, M., Tansuhaj, P., & McCullough, J. (2009). International entrepreneurial capability: the measurement and a comparison between born global firms and traditional exporters in China. *Journal of International Entrepreneurship*, 7(4), 293-322.



**Figure 1.** Theoretical framework with eight hypotheses

**Table 1.** Countries on the data set

Country type	Countries covered on the data set
Developed economies (N = 5433)	Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Israel, Iceland, Italy, Japan, Netherlands, Norway, Slovenia, Spain, Switzerland, UK, and United States
Emerging economies (BRICS) (N = 1278)	Brazil, China, Russia, and South Africa
Emerging economies (non-BRICS) (N = 1600)	Argentina, Chile, Columbia, Hungary, Korea, Latvia, Malaysia, Peru, Romania, and Venezuela
Other economies (N = 3863)	Algeria, Bosnia and Herzegovina, Croatia, Dominican Republic, Ecuador, Guatemala, Iran, Jamaica, Jordan, Lebanon, Morocco, Panama, Saudi Arabia, Serbia, Syria, Tonga, Tunisia, Uganda, United Arab Emirates, West Bank & Gaza Strip, and Yemen
Total (N = 12174)	

**Table 2.** Descriptive statistics of variables on the multiple logistic regression model

variable	value	N	Marginal percentage
internationalization	international	1207	9.9%
	domestic	10967	90.1%
value orientation	social	2412	19.8%
	for-profit	9762	80.2%
entrepreneurial motive	opportunity-driven	7622	62.6%
	necessity-driven	4552	37.4%
firm age	early stage	3922	32.2%
	established	8252	67.8%
institutions	developed economies	5433	44.6%
	emerging economies (BRICS)	1278	10.5%
	emerging economies (non-BRIC)	1600	13.1%
	other economies	3863	31.7%
value orientation*entrepreneurial motive	social opportunity-driven	1516	12.5%
	social necessity-driven	896	7.4%
	for-profit opportunity-driven	6106	50.2%
	for-profit necessity-driven	3656	30.0%
value orientation*firm age	social early-stage	789	6.5%
	social established	1623	13.3%
	for-profit early-stage	3133	25.7%
	for-profit established	6629	54.5%
value orientation*institutions	social developed economies	222	1.8%
	social emerging economies (BRICS)	324	2.7%
	social emerging economies (non-BRIC)	498	4.1%
	social other economies	1368	11.2%
	for-profit developed economies	1056	8.7%
	for-profit emerging economies (BRICS)	1276	10.5%
	for-profit emerging economies (non-BRIC)	3365	27.6%
	for-profit other economies	4065	33.4%
Valid		12174	100.0%

**Table 3.** Results of multinomial logistic regression

International <sup>§</sup>	B	exp(B)
gender of entrepreneur	0.165* (0.066)	1.179
age of entrepreneur	-0.001 (0.003)	0.999
social (value orientation) <sup>a</sup>	0.273+ (0.159)	1.314
opportunity-driven (entrepreneurial motive) <sup>b</sup>	0.501*** (0.081)	1.651
early-stage (firm age) <sup>c</sup>	0.063 (0.079)	1.065
BRICS emerging economies (institutions) <sup>d</sup>	-1.319*** (0.189)	0.267
non-BRICS emerging economies (institutions) <sup>d</sup>	-0.296* (0.115)	0.744
other economies (institutions) <sup>d</sup>	-0.258** (0.082)	0.772
social*opportunity-driven (value orientation*entrepreneurial motive) <sup>e</sup>	-0.187 (0.158)	0.829
social*early-stage (value orientation*firm age) <sup>f</sup>	0.111 (0.151)	0.832
social*BRICS emerging economies (value orientation*institutions) <sup>g</sup>	0.901** (0.318)	1.319
social*non-BRICS emerging economies (value orientation*institutions) <sup>g</sup>	0.455* (0.212)	1.039
social*other economies (value orientation*institutions) <sup>g</sup>	0.193 (0.180)	0.852

§ The reference group is to be domestic.

a The category of for-profit ventures is set to zero because it is redundant.

b The category of necessity-driven ventures is set to zero because it is redundant.

c The category of established ventures is set to zero because it is redundant.

d The category of ventures from developed economies is set to zero because it is redundant.

e The categories of necessity-driven social ventures, opportunity-driven for-profit ventures and necessity-driven for-profit ventures are set to zero because they are redundant.

f The categories of established social ventures, early-stage for-profit ventures and established for-profit ventures are set to zero because they are redundant.

g The categories of social ventures from developed economies and all the for-profit ventures are set to zero because they are redundant.

Standard errors in parentheses.

\*\*\*  $p < 0.001$ , \*\*  $p < 0.01$ , \*  $p < 0.05$ , +  $p < 0.10$

<sup>i</sup> 31 developed (advanced) economies listed by International Monetary Fund (2012) are Austria, Australia, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hong Kong, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, Slovakia, Slovenia, Spain, Sweden, Switzerland, Taiwan, UK and United States.

<sup>ii</sup> 25 emerging economies listed by International Monetary Fund (2012) are Argentina, Brazil, Bulgaria, Chile, China, Colombia, Estonia, Hungary, India, Indonesia, Latvia, Lithuania, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Romania, Russia, South Africa, Thailand, Turkey, Ukraine and Venezuela.

<sup>iii</sup> China, Brazil and Russia ranked in top 5 by FDI in 2013 (World Bank Database)



## **Publication IV**

Chen, J., Saarenketo, S., & Puumalainen, K.

**Chapter 9. The internationalization of socially oriented organizations**

Reprinted with permission from  
*Growth Frontiers in International Business*  
© 2017 Palgrave Macmillan



# 9

## The Internationalization of Socially Oriented Organizations

Jie Chen, Sami Saarenketo, and Kaisu Puumalainen

### Introduction

The world economy has experienced solid growth in the last quarter century, but this growth has evidently not eradicated poverty and income inequality (Ahlstrom 2010; Alvarez et al. 2015). A large portion of the world's population, between two and four billion people, lives on the equivalent of less than two US dollars per day (World Bank 2012). Income inequality even increased in most Organisation for Economic Co-operation and Development countries in the new millennium (OECD 2011), and neither the government nor the market can fully resolve social pains, such as global poverty, endemic disease, homelessness, famine and pollution. Socially oriented organizations, such as nonprofit organizations (Stiglitz 2006; Boli and Thomas 1997) and social ventures (Zahra et al. 2008, 2014), have, thus, increasingly stepped in to fill the gap between the public sector and the private sector and address the pervasive social pains (Teegen et al. 2004).

The above-noted socially oriented organizations and social ventures are known to be capable of tackling social problems and making an impact at the global level. International business scholars have nevertheless long ignored the phenomenon of the internationalization of socially oriented organizations. The classic research realm of international business

---

J. Chen (✉) • S. Saarenketo • K. Puumalainen  
School of Business and Management, Lappeenranta University of Technology,  
Lappeenranta, Finland

© The Author(s) 2017  
K. Ibeh et al. (eds.), *Growth Frontiers in International Business*,  
DOI 10.1007/978-3-319-48851-6\_9

167

(IB) was limited to firms of the private sector, which were considered to be exclusively profit oriented in line with the post-war organization ontology (Teegen et al. 2004). Despite this disregard in IB, there have been studies on the internationalization of socially oriented organizations in other fields of business and management, such as nonprofit management and nonprofit marketing. However, most of those studies focused on how socially oriented organizations, especially nonprofit organizations, interacted with the institutional context in the home or host country and other actors embedded in the same institutional context, such as governments, firms and inter-governmental organizations (London and Hart 2004; Teegen et al. 2004; Rondinelli and London 2003). Existing theories of the internationalization of socially oriented organizations focused on explaining how socially oriented organizations behave in the global context (such as international markets) rather than why socially oriented organizations internationalized. Business scholars know little about the determinants of the internationalization of socially oriented organizations.

This chapter aims to add to the limited extant knowledge on the internationalization of socially oriented organizations by exploring the determinants or predictors of likely internationalization, using a data set of 271 socially oriented organizations from 63 countries. More specifically, we examined the extent to which the organizational form, social nature and home country institutional environment of a socially oriented organization might predict its likelihood of internationalization. After reviewing existing theories of social entrepreneurship (SE), sustainability and nonprofit management, we selected different types of social interventions typically undertaken by socially oriented organizations as explanatory variables. Subsequent analysis showed that socially oriented organizations that conduct social interventions aimed at improving beneficiaries' satisfaction with employment opportunities and employment conditions were less likely to be international than socially oriented organizations that do not. Socially oriented organizations that conduct social interventions to improve beneficiaries' satisfaction with formal and informal education, natural and communal environment, physical and mental health, or access to physical resources such as clean water, energy and housing were more likely to be international than socially oriented organizations that do not. We also found that nonprofit organizations do not differ significantly from social ventures in terms of likelihood of internationalization and that stronger and better-developed institutions in the home country provided better institutional support to the internationalization of socially oriented organizations.

## Literature Review and Hypotheses Development

### Two Types of Socially Oriented Organizations and Their Internationalization

The global business environment nowadays is different from that of the 1990s and earlier, when most existing theories of internationalization of ventures were introduced. The evaluation of an organization's performance has changed, as indicated by the notion of "triple bottom line" (Norman and MacDonald 2004): the public evaluates an organization's contribution to the society by not only its financial performance but also its performance in the social and environmental domains. Social and environmental damages caused by organizations, such as economic recession, unemployment, disposition to crime, civil discord, environmental pollution and waste of non-renewable resources, are considered to be social and environmental costs with negative effects.

Value creation within organizations has also changed, in line with the changes in the evaluation standard for organizational performance. Value creation within organizations has shifted to the creation of blends of economic, social (societal) and environmental values (Emerson 2003), instead of a traditional exclusive focus on the creation of economic value. Academic understandings of value creation have deepened in recent years with the development of the academic fields of SE and sustainability: the ultimate goal of social entrepreneurial activities in socially oriented organizations is to create social benefits contributing to the overall well-being of the society (Kroeger and Weber 2015). The term "social", inherited from the concept of social benefits (Gonzalez et al. 2002), was used in the field of SE and non-profit management to generalize for value other than economic profit for the entrepreneur (Kroeger and Weber 2015). The new broad concept of social value in the context of SE and sustainability includes not only non-economic gains to the society and community (a narrow definition of social or societal value) and the environment (environmental value) but also economic gains to individuals other than the entrepreneur (Shepherd and Patzelt 2011; Patzelt and Shepherd 2011) (Table 9.1).

According to the traditional post-war ontology of organizations, ventures in the private sector are considered to be profit oriented that often cause social and environmental damages with negative effects (Teegen et al. 2004). There is an emerging phenomenon that some ventures can actively create social and environmental wealth, which positively contributes to the overall well-being

**Table 9.1** Literature review on social value and social interventions

<b>Broad concept of social value:</b> Value other than economic value for the entrepreneur (Patzelt and Shepherd 2011)	<b>Social interventions (academics)—Seven life domains</b> (Cummins 1996)	<b>Social interventions (practitioners)—Ten life domains</b> (Measuring national well-being by Office for National Statistics, UK, 2015)
Economic gains for individuals other than the entrepreneur	satisfaction with financial situation	Personal finance (reported financial difficulty, satisfaction with the income of their household, real median household income, median wealth per household including pension wealth, individuals in households with less than 60 percent of median income after housing costs) Economy (inflation rate, UK public sector net debt as a percentage of GDP, real net national disposable income per head)
Non-economic gains for the society and community	satisfaction with health  <i>satisfaction with health</i> <sup>a</sup>	What we do (unemployment rate, satisfaction with their job) Health (life expectancy at birth, reported a long-term illness and a disability, satisfaction with own health condition, evidence indicating depression or anxiety) Personal well-being (very high rating of satisfaction with their lives overall (%), very high rating of how worthwhile the things they do are (%), rated their happiness yesterday as very high (%), rated their anxiety yesterday as very low (%), population mental well-being)
	satisfaction with community integration	Our relationships (average rating of satisfaction with family life, average rating of satisfaction with social life, has a spouse, family member or friend to rely on if they have a serious problem)
	satisfaction with housing, <i>satisfaction with community integration</i> <sup>a</sup> , satisfaction with safety	Where we live (satisfaction with own accommodation, households with good transport access to, key services or work, agreement on whether they felt they belonged to their neighbourhood, felt safe walking alone after dark, crimes against the person)

*(continued)*

Table 9.1 (continued)

	<i>satisfaction with community integration<sup>a</sup>, satisfaction with health<sup>a</sup>, satisfaction with equality</i>	<i>What we do<sup>a</sup> (unemployment rate<sup>a</sup>, satisfaction with their job<sup>a</sup>, satisfaction with their amount of leisure time, volunteered more than once in the last 12 months, engaged with/participated in arts or cultural activity at least three times in last year, adult participation in 30 minutes of moderate intensity sport, once per week)</i>
	<i>satisfaction with community integration<sup>a</sup>, satisfaction with equality<sup>a</sup>, satisfaction with education</i>	Governance (trust in national Government, voter turnout at UK General Elections)  Education and skills (UK residents aged 16–64 with no qualifications, five or more GCSEs A* to C including English and Math, human capital—the value of individuals' skills, knowledge and competences in labour market)
Non-economic gains for the environment	Not included	Natural environment (household waste that is recycled, energy consumed within the UK from renewable sources, protected areas in the UK, total greenhouse gas emissions)  <i>Where we live<sup>a</sup> (accessed natural environment at least once a week in the last 12 months)</i>

<sup>a</sup>Repetitive items *in italic*

of the society (or the community) (Stiglitz 2010), instead of wrecking social and environmental damages with negative effects. Those ventures that focus on creating blends of economic and social values and contributing to the overall well-being of the society or community are named as social ventures (Zahra et al. 2009, 2014).

Social ventures were theoretically predicted to be able to internationalize (Zahra et al. 2008). Some entrepreneurial opportunities that aim at social change (e.g. to fill the global poverty gap) or environmental sustainability (e.g. to fight against climate change and energy depletion) are inherently of international nature and embedded in the transnational context (Zahra et al. 2008, 2014). Social ventures, in which those opportunities are pursued, would inevitably have border-crossing business activities. Although the internationalization of social ventures had been recognized and regarded as different from the internationalization of profit-oriented ventures, empirical evidence on the internationalization of social ventures is still scarce in the existing IB literature, especially before 2014 (Zahra et al. 2014; Stephan et al. 2015; Audretsch 2015; Ghauri et al. 2014; Roy and Goll 2014).

Nonprofit organizations are a different form of socially oriented organizations, which also aim at creating social value and have been long known to be capable of internationalizing their operations (Stiglitz 2006, 2010; Boli and Thomas 1997). Nonprofit organizations follow a nonprofit mechanism, which relies on inflow of external funding, such as public funds and philanthropic donations. Once the inflow of external funding ceases, the nonprofit mechanism stops working (Yunus 2007). Nowadays, nonprofit organizations also face market pressure and competition for limited resources (Alexander and Weiner 1998; Andreasen and Kotler 2003). As a consequence, they have started to adopt business-like techniques and develop income-generating activities to reimburse at least parts of their operating costs (Goerke 2003). However, the earned income is still insufficient to cover all the operating costs and sustain continuous operations (Goerke 2003). On the contrary, social ventures are economically sustainable (Dees 1998; Santos 2012). Although social ventures can still be partially funded by external donations or public funds, they rely on their own earned income to sustain operations or support expansion, either domestically or internationally.

Social ventures and nonprofit organizations share similarities, despite their core difference on economic sustainability. Both social ventures (Zahra et al. 2014) and nonprofit organizations (Gonzalez et al. 2002) are socially oriented organizations that are motivated to create social benefits contributing to the overall well-being of the society or community (Kroeger and Weber 2015). Social entrepreneurial activities can exist in a wide range of organizations

(Zahra et al. 2009), including both social ventures (Zahra et al. 2014) and nonprofit organizations (Alvarez et al. 2015). Both social ventures and nonprofit organizations with profit-generating activities create blends of economic and social values. At the same time, both social ventures (Zahra et al. 2014) and nonprofit organizations (Alvarez et al. 2015) can expand their operations internationally or even globally and alleviate social pains beyond their home country. The current business and management literature has, however, not yet compared social ventures and nonprofit organizations in terms of internationalization.

Nonprofit organizations are driven by inflow of external funding, especially inflow of public funds (Kearns 1996; Bryson 2011). The public sector that manages the public funds, such as national or regional government institutions, in most cases only has intentions or interests to invest in nonprofit organizations that aim to create social benefits within the national (or regional) border, and not those with interests beyond the national (or regional) border (Kearns 1996). Nonprofit organizations' reliance on external public funds would limit their potential to geographically expand their operations, especially beyond the national border. On the contrary, social ventures rely on their own earned income to sustain operations and expand. Decision making regarding international expansion in social ventures is subject to lesser influence by the public sector. We therefore hypothesize that:

*H1: Social ventures are more likely to internationalize than nonprofit organizations.*

## **Social Interventions and Internationalization**

The ultimate goal of SE, no matter the form of socially oriented organization involved, is to create social value, which contributes to the well-being of disadvantaged individuals (Martin and Osberg 2007) and the overall well-being of the society (Zahra et al. 2009, 2014). Disadvantaged individuals are often referred to as beneficiaries in the social context (Bruce 1995; Gonzalez et al. 2002). However, similar to the other types of value, social value is intangible (Di Domenico et al. 2010). Scholars usually measure or categorize the output of value that is created in an organization. For example, the output of economic value for the entrepreneur, which is created in a venture, is the profit that the entrepreneur can withdraw from the venture. The output of social value is referred to as social interventions that focus on the eventual changes in well-being of the beneficiary group (Kroeger and Weber 2015).

For example, a microfinance institute in Bangladesh helped women at the bottom of the pyramid by providing microfinance and investment lessons to help them break the vicious cycle of poverty. In this case, the microfinance institute conducted microfinance interventions that improved the financial situation and investment skills of the beneficiary group (women at the bottom of the pyramid in Bangladesh), by providing the beneficiary group microcredits and investment lessons (Yunus 2007; examples given in Kroeger and Weber 2015).

Social interventions are not as homogeneous as economic profit, which can be easily measured by monetary unit (Di Domenico et al. 2010). The realization of social value of different nature creates different types of social interventions (Kroeger and Weber 2015). Social interventions are heterogeneous (Cummins 1996) and highly context dependent (Zahra et al. 2008). Social interventions can have different beneficiary groups, even within the same community. Similar beneficiary groups in different institutional and cultural contexts can have different social demands. Social demands in one community (e.g. women's limited access to gym and other sport facilities in an Islamic community) could become nonexistent in another community within a different context (e.g. a Northern European community). It is thus challenging to categorize and measure different and unrelated interventions that serve different beneficiary groups in different institutional and cultural contexts (Austin et al. 2006; Dacin et al. 2010; Mair and Marti 2006; Zahra et al. 2009; Kroeger and Weber 2015).

In addition, scholars of SE and nonprofit management (Diener et al. 2013; Kroeger and Weber 2015) or practitioners (e.g. Office for National Statistics 2015) widely accept that the overall well-being of a community (or a society) is a function of satisfactions in multiple fictive life domains. One of the most well-known models has a design of satisfactions in seven life domains (Cummins 1996), specifically education, financial situation, health, housing, community integration, equality and safety (see Table 9.1). A socially oriented organization can conduct social interventions to improve satisfaction in one or multiple life domains. This idea of life satisfaction in multiple domains is now widely adopted by practitioners. For example, the Measuring National Well-being Project by the Office of National Statistics (2015) measures life satisfaction in ten life domains. Though not exactly similar, these ten life domains largely overlap with the seven life domains of Cummins' original model (1996). Since Cummins' theoretical model was introduced almost two decades ago, it might not perfectly fit into the present socio-economic context. Practitioners, such as the Office of National Statistics (UK), drew on academic research in the field of SE and sustainability to extend the range of

life domains. For example, the development of knowledge on environmental sustainability (Shepherd and Patzelt 2011) significantly led to the inclusion of satisfaction with the natural and communal environment. Satisfaction in the health domain was extended to both physical health and mental health. Satisfaction in the education domain was extended to both formal education and work-related informal education (see Table 9.1).

Most of the existing life satisfaction theories from either academics or practitioners were developed in the context of developed economies. These existing models may be unsuitable for a developing economy context, as they largely omit some social pains that widely exist in developing economies but are less common or almost nonexistent in developed economies, such as hunger and malnutrition and gender equality in patriarchal societies (see, for example, the 17 Sustainable Development Goals by the United Nations 2014). Social interventions that alleviate those social pains can significantly increase the well-being of beneficiary groups in some developing economies. In sum, existing theories of multiple-domain life satisfaction do not share a uniform understanding of how to divide life domains, which can be further used to categorize social interventions. In addition, these theories might not fit the context of developing economies. As a result, based on a data set covering 271 socially oriented organizations in 63 countries, we employ exploratory methods to define our own categories of life domains and use them to categorize types of social interventions.

Socially oriented organizations differ according to the type of social interventions they undertake, which then affects their likelihood of internationalization, as different types of social interventions tend to have different resource requirements. The delivery of some social interventions relies heavily on financial resources or knowledge-intensive intangible resources or tacit knowledge of the local socio-economic context and networks (Zahra et al. 2009). When a social entrepreneur tries to copy successful experience from one location to another unknown location, mobilizing and transferring financial or knowledge-based resources to the new location tends to be less challenging than obtaining relevant tacit knowledge and localized human resources. For example, undertaking social interventions in the health domain (in Table 9.1) to eradicate an epidemic in a developing economy may heavily rely on knowledge-intensive resources (e.g. low-cost medicine or medical treatment) that can only be found in a developed economy. A socially oriented organization that conducts this kind of social intervention in a developing economy is highly likely to have border-crossing activities, given the need to leverage knowledge-intensive resources located in a developed economy to meet identified needs in a developing economy. On the contrary, undertaking social

interventions in the safety domain (in Table 9.1), to make females feel safer to walk alone after dark in a British community, would require deep understanding of the social, economic, demographic and historical reasons behind this type of crime, in addition to relationship building with the local police, other public actors, residents in the community or even potential female attackers. A socially oriented organization that conducts social interventions to make females feel safer to walk alone after dark is more likely to stay within that community than expand internationally, since the organization cannot easily mobilize and transfer the required resources (such as localized human resources and embeddedness in the local networks) from one community (or society) to another. Therefore, we hypothesize that:

*H2: Socially oriented organizations that conduct different types of social interventions differ on the likelihood of internationalization.*

### **Institutional Strength in the Home Country and Internationalization**

Institutions refer to authoritative guidelines and constraints for individual behaviours, which are deeply embedded in the social structure (North 1990; Scott 2005). Institutional environments have strong impacts on cross-border entrepreneurship activities by shaping the entrepreneur's cognition (Zahra et al. 2005). Strong institutions are characterized by good enforcement of commercial and intellectual property laws, transparent judicial and litigation systems, developed factor markets and efficient market intermediates (Peng 2003). Better-developed institutional environments in the home country are found to support the internationalization of firms (Wu and Chen 2014), since strong institutions can provide more tangible and intangible resource support (Buckley et al. 2007; Stephan et al. 2015). By contrast, unstable and frequently changing institutional environments of the home country cannot provide sufficient institutional support for the internationalization of socially oriented organization and sometimes even prohibit internationalization (Wu and Chen 2014). Therefore, we hypothesize that:

*H3: Socially oriented organizations from economies with stronger institutions are more likely to internationalize.*

## Methods

### Data

The data used in this study were adopted from the Social Entrepreneur Database by the Schwab Foundation for Social Entrepreneurship. The Social Entrepreneur Database by the Schwab Foundation included a diverse range of real-life social entrepreneurs who created socially oriented organizations tackling different forms of social issues in countries with different development levels. The Database included 271 real-life socially oriented organizations from 63 countries (listed in Table 9.2) and provided us with an overview of the spectrum of SE activities, which was often overlooked in country-specific case studies. The Database provided detailed descriptions of the social issues tackled by each socially oriented organization, and the socially significant products, services or solutions that the organization provides. The Database also outlined the educational and experiential background of the entrepreneur for each case.

The Database and other supplementary textual documents were first coded into quantitative data used in a sequential statistical analysis in early 2015. The quantitative data reflected each socially oriented organization's status (e.g. cross-border activities, social interventions undertaken etc.) by the end of the year 2014.

### Dependent Variable

The dependent variable "Internationalization" measured whether the socially oriented organization had activities beyond its national border or not. If a socially oriented organization had activities beyond its national border, it was considered to be "international"; if a socially oriented organization did not

**Table 9.2** List of home countries of socially oriented organizations on the data set

Home country (N = 63)	Argentina, Australia, Bangladesh, Belgium, Bolivia, Bosnia and Herzegovina, Brazil, Cambodia, Cameroon, Canada, Chile, China, Colombia, Czech Republic, Denmark, Ecuador, Egypt, El Salvador, France, Germany, Ghana, Guatemala, Haiti, Hong Kong, Hungary, India, Indonesia, Israel, Italy, Japan, Jordan, Kenya, Korea (Rep.), Kuwait, Laos, Lebanon, Mexico, Morocco, Myanmar, Nepal, Netherlands, Nicaragua, Nigeria, Pakistan, Paraguay, Peru, Philippines, Poland, Singapore, South Africa, Spain, Sri Lanka, Switzerland, Tanzania, Thailand, Tunisia, Turkey, Uganda, UK, Ukraine, USA, Venezuela and West Bank and Gaza
--------------------------	--

have activities beyond its national border, it was considered to be “domestic”. The dependent variable “Internationalization” was a binary variable with the value of 1 if the socially oriented organization was international and the value of 0 if the socially oriented organization was domestic.

## **Independent Variables**

### **Organizational Form: Social Ventures Versus Nonprofit Organizations**

Social entrepreneurial activities can exist in a wide range of organizations (Zahra et al. 2009), from profit-oriented ventures with social value created as a byproduct, to socially oriented organizations with active social value creation, such as social ventures and nonprofit organizations. The Social Entrepreneur Database by the Schwab Foundation only included socially oriented organizations. Consistent with the literature (Yunus 2007; Santos 2012), the Database used organizations’ economical sustainability (i.e. whether the organization’s earned income can cover its operating costs or not) as the standard to differentiate social ventures from nonprofit organizations with income-generating activities. A binary independent variable “Organizational form” was created to differentiate whether a socially oriented organization was a social venture or a nonprofit organization, with the value of 1 if the socially oriented organization was a social venture and the value of 0 if the socially oriented organization was a nonprofit organization.

### **Types of Social Interventions**

An exploratory method was used to figure out the possible types of social interventions that can be conducted by socially oriented organizations, since existing typologies do not fit the present global business environment, nor the context of developing economies. We collected textual descriptions of each socially oriented organization’s targeted social issues and business models from the Social Entrepreneur Database and the official websites of the focal socially oriented organizations (terms such as vision, mission and activities were looked for) and used these as empirical data. Keywords, describing social issues of concern or socially significant products, services and innovations introduced, as well as who the beneficiaries were and how they benefited, were extracted from the empirical data (see the Appendix for examples of keywords). We focused on the eventual improvements of the well-being of

beneficiaries that had been served by socially oriented organizations instead of these organizations' long-term social goals. One or multiple keywords could be extracted from each socially oriented organization, and these were then grouped into categories by their inherent similarity (Gioia et al. 1994, 2013), regardless the source of extraction. As a result, eight types of social interventions were found to be conducted by socially oriented organizations from the empirical data (Table 9.3). These were named as Codes #1.

Sequentially, we coded the empirical data for all the 271 socially oriented organizations, not by extracting keywords, but by assigning one or multiple standardized types of social interventions (as in Table 9.3) for each socially oriented organization. The coding process was conducted twice, following different alphabetic orders. The codes obtained from the sequential two coding processes were named Codes #2 and Codes #3, respectively.

Codes #1, #2 and #3 were further compared. Codes #1 and #2 shared a similarity of 87 percent. Codes #2 and #3 shared a similarity of 97 percent.

**Table 9.3** Eight types of social interventions

Codes	Descriptions	Frequency	Marginal percentage
DIS	To assist disadvantaged people, such as people with disabilities, disadvantaged ethnic or religious groups and women and children on patriarchal cultures	$N(\text{DIS} = 1) = 75$	27.7%
EMP	To provide employment and growth opportunities and to improve employment conditions	$N(\text{EMP} = 1) = 55$	20.3%
EDU	To provide education, from formal education to work-related informal education	$N(\text{EDU} = 1) = 74$	27.3%
ENV	To preserve global and communal environment	$N(\text{ENV} = 1) = 53$	19.6%
HEA	To solve physical and mental health issues	$N(\text{HEA} = 1) = 75$	27.7%
HMN	To maintain equality, harmony and community integration and to reduce crimes in the community (or society)	$N(\text{HMN} = 1) = 49$	18.1%
POV	To fight against regional poverty and to support regional development, to provide microfinance to break the vicious cycle of poverty and to eradicate global poverty gap	$N(\text{POV} = 1) = 58$	21.4%
RES	To provide physical resources (e.g. electricity, fuel, clean water, housing, etc.) to people who previously had no access	$N(\text{RES} = 1) = 33$	12.2%
Total		$N = 271$	

Codes which were found to differ across Codes #1, #2 and #3 were selected and further validated by rechecking the empirical data and, if necessary, collecting additional textual data, such as corporate webpages and media exposures. One of the major sources for the differences among Codes #1, #2 and #3 was that we did not clearly differentiate between social interventions which had been conducted and long-term social missions which were targets to achieve in the future when we obtained Codes #1. The final codes were generated after validation, used in the sequential analyses and labeled as Codes #4. Codes #4 shared similarities of 83 percent, 98 percent and 97 percent with Codes #1, #2 and #3, respectively.

Eight binary independent variables “DIS”, “EMP”, “EDU”, “ENV”, “HEA”, “HMN”, “POV” and “RES” (Table 9.3) were generated to indicate whether a socially oriented organization conducted each of the eight types of social interventions or not, respectively. Each binary variable has the value of 1 when the socially oriented organization has conducted this type of social intervention and the value of 0 when it has not.

### **Institutional Strength in the Home Country**

We measured institutional strength in the home country from the perspectives of economic development, social development and institutional development (governance) and merged a variety of data sets with multiple national-level measures. The measure for economic development was the Gross National Income (GNI) per capita adjusted in US dollars in 2014, collected from the World Bank database. The measure for social development was the Human Development Index (HDI) in 2014, collected from the United Nations Development Programme database. HDI measures the average achievements in a national economy on three basic dimensions of human development: a long and healthy life, access to knowledge and a decent standard of living. The level of governance or institutional development was measured using the Worldwide Governance Indicators (WGI) developed by the World Bank Group. Three relevant dimensions out of the total six WGI dimensions were selected and the scores on the year 2014 were used. The three measures were government effectiveness (GE), regulatory quality (RQ) and the rule of law (RL). GE measures the quality of public services, civil services and policy formulation and implementation. RQ measures the ability of the government to formulate and implement sound policies to permit and promote private sector development. RL measures the quality of contract enforcement, property rights, the

police and the courts, as well as the likelihood of crime and violence. In sum, we use five continuous variables, “GNI”, “HDI”, “GE (WGI)”, “RQ (WGI)” and “RL (WGI)” to measure institutional strength in the home country.

## Control Variables

The gender of the entrepreneur and the organization’s age are commonly used demographic control variables in a cross-country study of entrepreneurship (Lloyd-Reason and Mughan 2002; Van Stel et al. 2007; Estrin et al. 2013). A binary control variable, “Gender of entrepreneur”, was created, with the value of 1 when the entrepreneur(s) are all male entrepreneurs and the value of 0 when the entrepreneur is female, or at least one of the entrepreneurs is female. A continuous control variable, “Organization age”, was created to measure the number of calendar years from the establishment of the socially oriented organization till the end of the year 2014. For example, a socially oriented organization established in the year 2013 has an organization age of 2 years on the data set.

## Models

A binary logistic regression model was ideal for this study, since the dependent variable is binary and it was intended to test the effects of two control variables in the same model. The dependent variable “Internationalization” was binary with the value of 1 if the socially oriented organization is international and 0 if the socially oriented organization is domestic. The independent variable “Organizational form” was binary with the value of 1 if the socially oriented organization is a social venture and 0 if the socially oriented organization is a nonprofit organization. Eight independent variables “DIS”, “EMP”, “EDU”, “ENV”, “HEA”, “HMN”, “POV” and “RES” were binary, with each representing whether the socially oriented organization conducted each of the eight types of social interventions or not, respectively. Five continuous variables, “GNI”, “HDI”, “GE (WGI)”, “RQ (WGI)” and “RL (WGI)”, were selected to measure the institutional strength in the home country from the perspectives of economic, social and institutional development. The binary variable “Gender of entrepreneur” and continuous variable “Organization age” were selected as control variables. Descriptive statistics of variables on the binary logistic regression model are summarized in Table 9.4.

**Table 9.4** Descriptive statistics of variables<sup>a</sup>

Variables	Value <sup>b</sup>	Marginal percentage <sup>c</sup>
Dependent variable		
<i>Internationalization</i>	<i>N</i> (international) = 119 <i>N</i> (domestic) = 152	56.1% 43.9%
Independent variables		
<i>Organizational form</i>	<i>N</i> (social ventures) = 84 <i>N</i> (nonprofit organizations) = 187	31.0% 69.0%
<i>Institutional strength</i>		
GNI: Gross National Income per capital adjusted in US dollars, year 2014	24,975 (19,493)	
HDI: Human Development Index, year 2014	0.766 (0.134)	
GE(WGI): Worldwide Governance Indicators: government effectiveness, year 2014	0.479 (0.938)	
RQ(WGI): Worldwide Governance Indicators: regulatory quality, year 2014	0.464 (0.907)	
RL(WGI): Worldwide Governance Indicators: the rule of law, year 2014	0.460 (1.025)	
Principal component score of five country-level measures	0.264 (0.980)	
Control variables		
<i>Gender of entrepreneur</i>	<i>N</i> (including at least one female) = 84 <i>N</i> (all male) = 190	29.9% 70.1%
<i>Organization age</i>	18.82 (11.11)	
Total	<i>N</i> (total) = 271	100%

<sup>a</sup>Descriptive statistics of variables "DIS", "EMP", "EDU", "ENV", "HEA", "HMN", "POV", "RES" have been included in Table 9.3 respectively and therefore excluded in Table 9.4

<sup>b</sup>Means and standard deviations (in parentheses) for continuous variables

<sup>c</sup>Marginal percentages for categorical variables

## Results

### Institutional Strength in the Home Country

The five national-level measures strongly correlate with each other (Pearson correlation coefficients range from 0.797 to 0.957, as in Table 9.5), thus

**Table 9.5** Correlation matrix of five country-level measures of strength of national institutions

		GNI	HDI	GE(WGI)	RQ(WGI)	RL(WGI)
Correlation	GNI	1	0.837***	0.833***	0.800***	0.828***
	HDI	0.837***	1	0.863***	0.797***	0.806***
	GE(WGI)	0.833***	0.863***	1	0.934***	0.957***
	RQ(WGI)	0.800***	0.797***	0.934***	1	0.946***
	RL(WGI)	0.828***	0.806***	0.957***	0.946***	1

\*\*\* $p < 0.001$

implying problems with multicollinearity. A principal component score of the five national-level measures was then used instead of the five national-level measures. A single component emerged from the principal component analysis of the five national-level measures, with an eigenvalue of 4.44, explaining 88.9 percent of the variance. The component loadings were all in excess of 0.910.

## Results of Binary Logistic Regression

The results of the binary logistic regression are reported in Table 9.6. The model's chi-square significance was smaller than 0.001, showing that the model was a significant fit of the data. The gender of the entrepreneur and the age of socially oriented organization were not critical in predicting the likelihood of internationalization of a socially oriented organization.

We found that social ventures did not differ significantly from nonprofit organizations in terms of the likelihood of internationalization. **H1** was therefore refuted. We found that socially oriented organizations conducting EMP-type social interventions were less likely to be international than those not conducting EMP-type social interventions. We also found that socially oriented organizations conducting EDU-, ENV-, HEA- and RES-type social interventions were more likely to internationalize than those not conducting EDU-, ENV-, HEA- and RES-type social interventions, respectively. **H2** was supported. We found that socially oriented organizations from economies with stronger institutions were more likely to internationalize. **H3** was also supported.

**Table 9.6** Results of binary logistic regression

International <sup>§</sup>	B
Independent variables	
<i>Organizational form</i>	
social ventures <sup>a</sup>	0.311(0.316)
<i>Type of social interventions</i>	
DIS <sup>b</sup>	0.082 (0.349)
EMP <sup>b</sup>	-0.772*(0.375)
EDU <sup>b</sup>	0.965**(0.347)
ENV <sup>b</sup>	1.133**(0.386)
HEA <sup>b</sup>	1.049** (0.360)
HMN <sup>b</sup>	0.092 (0.393)
POV <sup>b</sup>	0.453 (0.368)
RES <sup>b</sup>	0.903* (0.455)
<i>Institutional strength (home country)</i>	
Principal component score of five country-level measures	0.739***(0.151)
Control variables	
<i>Gender of entrepreneur</i>	
Including at least one female entrepreneur <sup>c</sup>	-0.391(0.314)
<i>Organization Age</i>	0.008(0.012)
<i>Model fit</i>	
N	271
Deviance (-2 log likelihood)	323.490
$\chi^2$	48.167***
df	12
Nagelkerke pseudo R <sup>2</sup>	0.218

\* $p < 0.05$ , \*\* $p < 0.01$ , \*\*\* $p < 0.001$

<sup>§</sup>The reference group is to be domestic

<sup>a</sup>The category of nonprofit organizations with profit-making activities is set to zero because it is redundant

<sup>b</sup>The categories of not creating one of the eight types of social interventions (DIS, EMP, EDU, ENV, HEA, HMN, POV or RES) are set to zero respectively because they are redundant

<sup>c</sup>The category of all male entrepreneurs is set to zero because it is redundantStandard errors in parentheses

## Discussion

### The Organizational Form of a Socially Oriented Organization Is Not Critical in Predicting Its Likelihood of Internationalization

We found that social ventures did not differ significantly from nonprofit organizations in terms of the likelihood of internationalization. This suggests that whether a socially oriented organization is economically sustainable (or

not) is not critical on its decision to internationalize or not. Socially oriented organization's internationalization decision might depend more on other factors, for example, where the targeted beneficiaries are located and whether the resources required to undertake social interventions to improve the well-being of the targeted beneficiaries are located within the same national border. If some of the required resources are located in a different country from that of the targeted beneficiaries, the delivery of social interventions would inevitably involve cross-border resource combination. Socially oriented organizations internationalize when conducting social interventions that require cross-border resource combination. However, this finding cannot be fully verified in this study and needs to be tested in future research.

Although social ventures and nonprofit organizations do not differ significantly on the likelihood of internationalization, international social ventures and international nonprofit organizations might still differ on market choice. Social ventures are expected to have similar international market selection strategies as profit-oriented ventures, since the total amount of resources for economically sustainable social ventures is limited. By contrast, nonprofit organizations can leverage the advantages of external funding inflow and choose to expand into international markets with deeper social pains. Those international markets might be less attractive to social ventures since operations in those markets are less likely to be delivered in an economically sustainable manner due to pervasive institutional failure and weak institutional support. The market choice of international social ventures and that of international nonprofit organizations still need to be further evaluated in future research.

### **Types of Social Interventions Conducted by Socially Oriented Organization and Likelihood of Internationalization**

We found that socially oriented organizations that conducted EMP-type social interventions were less likely to internationalize than those which did not. The reason could be that conducting social interventions that improve beneficiaries' satisfaction with employment opportunities and employment condition relies heavily on the social entrepreneur's knowledge of the local socio-economic context and embeddedness in the local networks (Zahra et al. 2009). Socially oriented organizations that successfully conducted EMP-type social interventions found it difficult to rapidly copy their successful experience from one community (or country) to another community (or country). The

reason could be that it is time consuming and costly to gather the required tacit knowledge and localized human resources in the new community (or country).

We also found that socially oriented organizations that conducted EDU-, ENV-, HEA- or RES-type social interventions were more likely to internationalize than those which did not. The reason could be that socially oriented organizations could leverage the advantages of knowledge-intensive intangible resources or capabilities and innovation (Cavusgil and Knight 2015) to improve beneficiaries' satisfaction with formal and informal education, natural and communal environment, physical and mental health, and access to physical resources such as clean water, energy and housing. For example, socially oriented organizations can introduce low-cost and technologically innovative intraocular lens and cataract surgeries to cure blind people in poor communities; they can also introduce low-cost and technologically innovative UV-light devices to clean contaminated water in natural water resources to provide people in poor communities with access to clean and safe water sources and eradicate water-borne epidemics. In addition to technological innovation, socially oriented organizations can leverage the advantages of socially significant and innovative services or solutions to improve beneficiaries' satisfaction with education, environment, health and access to physical resources. For example, socially oriented organizations can introduce innovative education methods to help children who are away from, or cannot survive, in the national formal education system. In sum, socially oriented organizations that conduct EDU-, ENV-, HEA- or RES-type social interventions can leverage the advantages of knowledge-intensive resources and technological or social innovation to achieve internationalization.

Lastly, we found that socially oriented organizations which conducted DIS-, HMN- or POV-type social interventions did not differ in terms of the likelihood of internationalization from those which did not. In most cases, conducting social interventions that help disadvantaged beneficiary groups, improve community integration and harmony, or eradicate poverty heavily relied on the social entrepreneur's knowledge of the local socio-economic context and embeddedness in the local networks (Zahra et al. 2009), similar to conducting EMP-type social interventions. For example, socially oriented organizations that conduct social interventions to reduce the reliance of local businesses on the mafia and increase community harmony in Southern Italy required deep understanding of social, cultural, economic and historical backgrounds of the Mafia and Mafia-influenced community and trust-building with the local business owners

to help them fight against the fear of the Mafia. The successful experience of those socially oriented organizations cannot easily be copied beyond the Mafia-influenced communities in Southern Italy. However, at the same time, socially oriented organizations that conduct social interventions to help disadvantaged beneficiary groups, improve community integration and harmony or eradicate poverty can destroy the dated social systems and introduce revolutionary changes, by instigating new and more suitable social systems (see examples of Social Engineers in Zahra et al. 2009), and that experience can be used beyond national borders. For example, microfinance institutes can conduct microfinance interventions to break the vicious cycle of poverty by changing the social structure and copying successful experience nationwide or beyond the national border, internationally or even globally. Socially oriented organizations which conduct DIS-, HMN- or POV-type social interventions have a diverse range of impact, from community-based to global.

### **Home Country Institutions of Socially Oriented Organization and Likelihood of Internationalization**

The institutional contexts of both the home country and the host country are long known to have a strong impact on the internationalization of profit-oriented ventures (Buckley et al. 2007; Wu and Chen 2014). We discovered that stronger and better-developed institutions in the home country provided better institutional support not only to the internationalization of profit-oriented ventures, but also to socially oriented organizations. That said, the impact of the institutional environment in the home country on the internationalization of socially oriented organizations and profit-oriented ventures still needs to be further investigated in the future.

### **Conclusion**

Based on a data set covering 271 socially oriented organizations from 63 countries with rich textual details, we explored the impact of three potential determinants of the internationalization of socially oriented organizations. The three potential determinants are (1) the organizational form, whether the socially oriented organization is economically sustainable or not; (2) the social nature, which types of social interventions the socially oriented organization

undertakes and (3) the strength of the institutional environment in the home country.

Our findings are as follows. The organizational form of a socially oriented organization (i.e. a social venture or a nonprofit organization) is not critical in determining its likelihood of internationalization. The conduct of social interventions to improve beneficiaries' satisfaction with employment opportunities and employment condition by a socially oriented organization reduces its likelihood of internationalization. The conduct of social interventions to improve beneficiaries' satisfaction with formal and informal education, natural and communal environment, physical and mental health, and access to physical resources such as clean water, energy and housing by a socially oriented organization increases its likelihood of internationalization. Stronger and better-developed institutions in the home country can provide better institutional support for the internationalization of socially oriented organizations.

The findings help reveal the nature of the internationalization of socially oriented organizations. Socially oriented organizations internationalize when conducting social interventions whose delivery requires cross-border resource combination. In most cases, the requirement for cross-border resource combination arises because the targeted beneficiaries and at least some of the necessary resources for social interventions were not located in the same country. The findings also have implications for policy makers and public money managers. Socially oriented organizations differ in their capability for international expansion: some only stay in a local community, while others can diversify operations and have an impact at the global level. Socially oriented organizations of different organizational forms and social nature require different resources (both tangible and intangible) and support from public institutions for their continuing operations and expansion.

## Appendix: Examples of Keywords Extracted Corresponding to the Eight Types of Social Interventions

Codes	Examples of keywords
DIS	disadvantaged, vulnerable, marginalized, neglected group, grassroots, (people) excluded from society, to obtain status in society, (people with) physical/mental disabilities, physical disabled/handicapped/blind/visually impaired/deaf/hearing impaired (people), women and children (after decades of wars/long-term absence of male family members/etc.), rural women/youth, refugees, slum dwellers, migrants labourers
EMP	<i>Keywords linked with employment opportunities:</i> employment/job opportunities, job placements, jobless, unemployed, excluded from opportunities, devoid of opportunities <i>Keywords linked with employment conditions:</i> labour conditions, employment conditions, protection from malpractices/hazards
EDU	<i>Keywords linked with formal education:</i> (unable to) read and write, (il)literacy, access to education, (high) dropout rate, (low) enrollment rate, education/enrollment of girls, improve school enrollment/retention/(public) school performance/outcomes/passing rates, (lack of) school facilities, access to books/libraries, access to student loans, teaching methodology, (to improve) reading/writing/mathematics capabilities, (to promote) problem solving/critical thinking, alternative path (for high school/college education) <i>Keywords linked with informal education:</i> professional training, vocational training, skills training, market-relevant skills, capacity building, agricultural education, to build/develop (self-) confidence
ENV	(environmentally/ecologically) sustainable, sustainability, ecotourism, conservation, to safeguard rainforest, to combat the trafficking of wildlife, to conserve species/ecosystems, biodiversity, to reverse depleted fish stocks/sustainable fishing, climate change, low carbon communities, to reduce energy use/emissions, low environmental impact, (ecologically) sustainable farming/agriculture, (to reduce) use of inorganic fertilizers/pesticides/herbicides, micro-irrigation technology (to save water use), pollution monitoring, consumer awareness/conscious consumption, urban/communal environmental issues, green spaces, recycling, waste management, hazardous waste, bio-degradable plastics
HEA	<i>Keywords linked with physical health:</i> healthcare, to improve healthcare access, health services, health needs, health risks (associated with...), post-care support, (high) infant mortality rate, low-cost infant warmer, sanitary conditions, public health, epidemics, (to eradicate) cholera/typhoid/malaria/tuberculosis, HIV treatment/care support, (low-cost) cataract surgery/intraocular lenses/ophthalmic products, blood cancer, malnutrition, chronic hunger, (affordable/specialized) diabetes care, low-price food, food scarcity, food security <i>Keywords linked with mental health:</i> mental/psychological health/illnesses/diseases, anxiety, depression

(continued)

## Appendix (continued)

Codes	Examples of keywords
HMN	(gender/race/income/social class (caste)) (in)equality, empowerment of women, women's leadership, human rights, (post-communism) political transformation, civic engagement, to build a democratic state, social change, crime prevention, crime victims, Mafia extortion, (to prevent) domestic violence/abuse, to promote cultural integrity, restoration and enhancement of heritage sites, handicraft/craft production, community/society harmony, social integration, social inclusion, community participation/collaboration, neighborhood transformation
POV	poverty, to eradicate poverty, to remove the structural causes of poverty, impoverished region, income generating, wealth creation, economic development, regional/rural development, limited financial resources/funding, microfinance, microcredit, micro-loans, micro-leasing arrangements
RES	safe/unsafe/clean (drinking) water, (water) purification, (affordable) water filters, solar energy/lighting/lantern/mobile phone charger, biomass-based electricity, inexpensive fuel (biogas), mini power stations (fueled by weeds and agricultural wastes), micro-hydro plants, cost-effective electricity distribution system, (affordable/cost-effective) housing, homelessness, post-earthquake reconstruction, (to recycle and distribute) clothing/bicycles/under-utilized resources (from urban households to the rural poor, or from Europe to sub-Saharan Africa), to develop distribution network (of consumer goods to reach rural villages)

## References

- Ahlstrom, D. (2010). Innovation and growth: How business contributes to society. *Academy of Management Perspectives*, 24(3), 11–24.
- Alexander, J. A., & Weiner, B. J. (1998). The adoption of the corporate governance model by nonprofit organizations. *Nonprofit Management and Leadership*, 8(3), 223–242.
- Alvarez, S. A., Barney, J. B., & Newman, A. M. B. (2015). The poverty problem and the industrialization solution. *Asia Pacific Journal of Management*, 32(1), 23–37.
- Andreasen, A. R., & Kotler, P. T. (2003). *Strategic marketing for non-profit organizations* (6th ed.). Upper Saddle River, NJ: Prentice-Hall.
- Audretsch, D. B. (2015). *Everything in its place: Entrepreneurship and the strategic management of cities, regions, and states*. Oxford, UK: Oxford University Press.
- Austin, J., Stevenson, H., & Wei-Skillern, J. (2006). Social and commercial entrepreneurship: Same, different, or both? *Entrepreneurship Theory and Practice*, 30(1), 1–22.
- Boli, J., & Thomas, G. M. (1997). World culture in the world polity: A century of international non-governmental organization. *American Sociological Review*, 62(2), 171–190.
- Bruce, I. (1995). Do not-for-profits value their customers and their needs? *International Marketing Review*, 12(4), 77–84.

- Bryson, J. M. (2011). *Strategic planning for public and nonprofit organizations: A guide to strengthening and sustaining organizational achievement* (4th ed.). Hoboken, NJ: John Wiley & Sons.
- Buckley, P. J., Jeremy Clegg, L., Cross, A. R., Liu, X., Voss, H., & Zheng, P. (2007). The determinants of Chinese outward foreign direct investment. *Journal of International Business Studies*, 38(4), 499–518.
- Cavusgil, S. T., & Knight, G. (2015). The born global firm: An entrepreneurial and capabilities perspective on early and rapid internationalization. *Journal of International Business Studies*, 46(1), 3–16.
- Cummins, R. A. (1996). The domains of life satisfaction: An attempt to order chaos. *Social Indicators Research*, 38(3), 303–328.
- Dacin, P. A., Dacin, M. T., & Matear, M. (2010). Social entrepreneurship: Why we don't need a new theory and how we move forward from here. *Academy of Management Perspectives*, 24(3), 37–57.
- Dees, J. G. (1998). Enterprising nonprofits. *Harvard Business Review*, 76(1), 55–66.
- Diener, E., Inglehart, R., & Tay, L. (2013). Theory and validity of life satisfaction scales. *Social Indicators Research*, 112(3), 497–527.
- Di Domenico, M.-L., Haugh, H., & Tracey, P. (2010). Social bricolage: Theorizing social value creation in social enterprises. *Entrepreneurship Theory and Practice*, 34(4), 681–703.
- Emerson, J. (2003). The blended value proposition: Integrating social and financial returns. *California Management Review*, 45(4), 35–51.
- Estrin, S., Mickiewicz, T., & Stephan, U. (2013). Entrepreneurship, social capital, and institutions: Social and commercial entrepreneurship across nations. *Entrepreneurship Theory and Practice*, 37(3), 479–504.
- Ghauri, P., Tasavori, M., & Zaefarian, R. (2014). Internationalisation of service firms through corporate social entrepreneurship and networking. *International Marketing Review*, 31(6), 576–600.
- Gioia, D. A., Corley, K. G., & Hamilton, A. L. (2013). Seeking qualitative rigor in inductive research notes on the Gioia methodology. *Organizational Research Methods*, 16(1), 15–31.
- Gioia, D. A., Thomas, J. B., Clark, S. M., & Chittipeddi, K. (1994). Symbolism and strategic change in academia: The dynamics of sensemaking and influence. *Organization Science*, 5(3), 363–383.
- Goerke, J. (2003). Taking the quantum leap: Nonprofits are now in business. An Australian perspective. *International Journal of Nonprofit and Voluntary Sector Marketing*, 8(4), 317–327.
- Gonzalez, L. I. A., Vijande, M. L. S., & Casielles, R. V. (2002). The market orientation concept in the private nonprofit organisation domain. *International Journal of Nonprofit and Voluntary Sector Marketing*, 7(1), 55–67.
- Kearns, K. P. (1996). *Managing for accountability: Preserving the public trust in public and nonprofit organizations*. San Francisco, CA: Jossey-Bass Publishers.

- Kroeger, A., & Weber, C. (2015). Developing a conceptual framework for comparing social value creation. *Academy of Management Review*, 40(1), 43–70.
- Lloyd-Reason, L., & Mughan, T. (2002). Strategies for internationalisation within SMEs: The key role of the owner-manager. *Journal of Small Business and Enterprise Development*, 9(2), 120–129.
- London, T., & Hart, S. L. (2004). Reinventing strategies for emerging markets: Beyond the transnational model. *Journal of International Business Studies*, 35(5), 350–370.
- Mair, J., & Marti, I. (2006). Social entrepreneurship research: A source of explanation, prediction, and delight. *Journal of World Business*, 41(1), 36–44.
- Martin, R. L., & Osberg, S. (2007). Social entrepreneurship: The case for definition. *Stanford Social Innovation Review*, 5(2), 28–39.
- Norman, W., & MacDonald, C. (2004). Getting to the bottom of “triple bottom line”. *Business Ethics Quarterly*, 14(2), 243–262.
- North, D. C. (1990). *Institutions, institutional change, and economic performance*. Cambridge: Cambridge University Press.
- OECD. (2011). *Divided we stand: Why inequality keeps rising*. Paris: OECD Publishing.
- Office for National Statistics. (2015). *National well-being measures, September 2015*. London: Office for National Statistics.
- Patzelt, H., & Shepherd, D. A. (2011). Recognizing opportunities for sustainable development. *Entrepreneurship Theory and Practice*, 35(4), 631–652.
- Peng, M. W. (2003). Institutional transitions and strategic choices. *Academy of Management Review*, 28(2), 275–296.
- Rondinelli, D. A., & London, T. (2003). How corporations and environmental groups cooperate: Assessing cross-sector alliances and collaborations. *Academy of Management Executive*, 17(1), 61–76.
- Roy, A., & Goll, I. (2014). Predictors of various facets of sustainability of nations: The role of cultural and economic factors. *International Business Review*, 23(5), 849–861.
- Santos, F. M. (2012). A positive theory of social entrepreneurship. *Journal of Business Ethics*, 111(3), 335–351.
- Scott, W. R. (2005). Institutional theory: Contributing to a theoretical research program. In K. G. Smith & M. A. Hitt (Eds.), *Great minds in management: The process of theory development* (pp. 460–484). Oxford: Oxford University Press.
- Shepherd, D. A., & Patzelt, H. (2011). The new field of sustainable entrepreneurship: Studying entrepreneurial action linking “what is to be sustained” with “what is to be developed”. *Entrepreneurship Theory and Practice*, 35(1), 137–163.
- Stephan, U., Uhlaner, L. M., & Stride, C. (2015). Institutions and social entrepreneurship: The role of institutional voids, institutional support, and institutional configurations. *Journal of International Business Studies*, 46(3), 308–331.
- Stiglitz, J. E. (2006). *Making globalization work*. New York: W.W. Norton & Company.

- Stiglitz, J. E. (2010). *Freefall: America, free markets and the sinking of the world economy*. New York: W.W. Norton & Company.
- Teegen, H., Doh, J. P., & Vachani, S. (2004). The importance of nongovernmental organizations (NGOs) in global governance and value creation: An international business research agenda. *Journal of International Business Studies*, 35(6), 463–483.
- United Nations. (2014). *Open working group proposal for sustainable development goals*. New York: United Nations.
- Van Stel, A., Storey, D. J., & Thurik, A. R. (2007). The effect of business regulations on nascent and young business entrepreneurship. *Small Business Economics*, 28(2–3), 171–186.
- World Bank. (2012). *World Bank sees progress against extreme poverty, but flags vulnerabilities*. Washington, DC: World Bank Press Release, February 29, 2012.
- Wu, J., & Chen, X. (2014). Home country institutional environments and foreign expansion of emerging market firms. *International Business Review*, 23(5), 862–872.
- Yunus, M. (2007). *Creating a world without poverty: Social business and the future of capitalism*. New York: Public Affairs.
- Zahra, S. A., Gedajlovic, E., Neubaum, D. O., & Shulman, J. M. (2009). A typology of social entrepreneurs: Motives, search processes and ethical challenges. *Journal of Business Venturing*, 24(5), 519–532.
- Zahra, S. A., Korri, J. S., & Yu, J. (2005). Cognition and international entrepreneurship: Implications for research on international opportunity recognition and exploitation. *International Business Review*, 14(2), 129–146.
- Zahra, S. A., Newey, L. R., & Li, Y. (2014). On the frontiers: The implications of social entrepreneurship for international entrepreneurship. *Entrepreneurship Theory and Practice*, 38(1), 137–158.
- Zahra, S. A., Rawhouser, H. N., Bhawe, N., Neubaum, D. O., & Hayton, J. C. (2008). Globalization of social entrepreneurship opportunities. *Strategic Entrepreneurship Journal*, 2(2), 117–131.



## ACTA UNIVERSITATIS LAPPEENRANTAENSIS

715. GARCÍA PÉREZ, MANUEL. Modeling the effects of unsteady flow patterns on the fireside ash fouling in tube arrays of kraft and coal-fired boilers.
716. KATTAINEN, JARI. Heterarkkisen verkostoyhteistyön johtamistarpeet verkoston muotoutumisvaiheessa. 2016. Diss.
717. HASAN, MEHDI. Purification of aqueous electrolyte solutions by air-cooled natural freezing. 2016. Diss.
718. KNUTAS, ANTTI. Increasing beneficial interactions in a computer-supported collaborative environment. 2016. Diss.
719. OVASKA, SAMI-SEPPO. Oil and grease barrier properties of converted dispersion-coated paperboards. 2016. Diss.
720. MAROCHKIN, VLADISLAV. Novel solutions for improving solid-state photon detector performance and manufacturing. 2016. Diss.
721. SERMYAGINA, EKATERINA. Modelling of torrefaction and hydrothermal carbonization and heat integration of torrefaction with a CHP plant. 2016. Diss.
722. KOTISALO, KAISA. Assessment of process safety performance in Seveso establishments. 2016. Diss.
723. LAINE, IGOR. Institution-based view of entrepreneurial internationalization. 2016. Diss.
724. MONTECINOS, WERNER EDUARDO JARA. Axial flux permanent magnet machines – development of optimal design strategies. 2016. Diss.
725. MULTAHARJU, SIRPA. Managing sustainability-related risks in supply chains. 2016. Diss.
726. HANNONEN, JANNE. Application of an embedded control system for aging detection of power converter components. 2016. Diss.
727. PARKKILA, JANNE. Connecting video games as a solution for the growing video game markets. 2016. Diss.
728. RINKINEN, SATU. Clusters, innovation systems and ecosystems: Studies on innovation policy's concept evolution and approaches for regional renewal. 2016. Diss.
729. VANADZINA, EVGENIA. Capacity market in Russia: addressing the energy trilemma. 2016. Diss.
730. KUOKKANEN, ANNA. Understanding complex system change for a sustainable food system. 2016. Diss.
731. SAVOLAINEN, JYRKI. Analyzing the profitability of metal mining investments with system dynamic modeling and real option analysis. 2016. Diss.
732. LAMPINEN, MATTI. Development of hydrometallurgical reactor leaching for recovery of zinc and gold. 2016. Diss.
733. SUHOLA, TIMO. Asiakaslähtöisyys ja monialainen yhteistyö oppilashuollossa: oppilashuolto prosessi systeemisenä palvelukokonaisuutena. 2017. Diss.

734. SPODNIAK, PETR. Long-term transmission rights in the Nordic electricity markets: An empirical appraisal of transmission risk management and hedging. 2017. Diss.
735. MONTONEN, JUHO. Integrated hub gear motor for heavy-duty off-road working machines – Interdisciplinary design. 2017. Diss.
736. ALMANASRAH, MOHAMMAD. Hot water extraction and membrane filtration processes in fractionation and recovery of value-added compounds from wood and plant residues. 2017. Diss.
737. TOIVANEN, JENNI. Systematic complaint data analysis in a supply chain network context to recognise the quality targets of welding production. 2017. Diss.
738. PATEL, GITESHKUMAR. Computational fluid dynamics analysis of steam condensation in nuclear power plant applications. 2017. Diss.
739. MATTHEWS, SAMI. Novel process development in post-forming of an extruded wood plastic composite sheet. 2017. Diss.
740. KÄHKÖNEN, TOMMI. Understanding and managing enterprise systems integration. 2017. Diss.
741. YLI-HUUMO, JESSE. The role of technical dept in software development. 2017. Diss.
742. LAYUS, PAVEL. Usability of the submerged arc welding (SAW) process for thick high strength steel plates for Arctic shipbuilding applications. 2017. Diss.
743. KHAN, RAKHSHANDA. The contribution of socially driven businesses and innovations to social sustainability. 2017. Diss.
744. BIBOV, ALEKSANDER. Low-memory filtering for large-scale data assimilation. 2017. Diss.
745. ROTICH, NICOLUS KIBET. Development and application of coupled discrete and continuum models in solid particles classification. 2017. Diss.
746. GAST, JOHANNA. The coopetition-innovation nexus: Investigating the role of coopetition for innovation in SMEs. 2017. Diss.
747. KAPOOR, RAHUL. Competition and disputes in the patent life cycle. 2017. Diss.
748. ALI-MARTTILA, MAAREN. Towards successful maintenance service networks – capturing different value creation strategies. 2017. Diss.
749. KASHANI, HAMED TASALLOTI. On dissimilar welding: a new approach for enhanced decision-making. 2017. Diss.
750. MVOLA BELINGA, ERIC MARTIAL. Effects of adaptive GMAW processes: performance and dissimilar weld quality. 2017. Diss.
751. KARTTUNEN, JUSSI. Current harmonic compensation in dual three-phase permanent magnet synchronous machines. 2017. Diss.
752. SHI, SHANSHUANG. Development of the EAST articulated maintenance arm and an algorithm study of deflection prediction and error compensation. 2017. Diss.

