

Internationalisation Process of Social Enterprises:

A Study of Entry Mode Stages

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Abstract

Social entrepreneurship has been practiced for a long time now and has received increasing attention over the years. However, little is known about the methods that social enterprises use to expand their presence in foreign countries (Zahra, 2008; Mair and Marti, 2006). Most of the current investigations on social entrepreneurship are from descriptive case studies and no adequate research has addressed the issue (Wang et al. 2015). The literature on internationalisation of social enterprises is not developed and an essential need can be seen to explicitly study international orientations of these type of enterprises (Sharir and Lerner, 2006).

By choosing to emphasis on internationalisation of social enterprises, i.e. studying the entry modes used by social enterprises from a three stage perspective, which contains a large number of social enterprises in the UK, this research develops understanding within a large and growing phenomena. Original contributions made in this area include identification of market selection motives behind SE's internationalisation, identification of market entry strategies by social enterprises, and discovering the reasons behind entry mode choices.

Nevertheless, to name a few; original theoretical contributions were made in entry mode choices, where SEs select their entry mode according to their anticipated social change. They overcome their resource constraint from bricolage, and they see networks as vital tools for expansion and internationalisation in social capital theory.

These opportunities were addressed in this thesis by analysing eighteen international social enterprises in the UK through semi-structured interviews. The data indicated that majority of social enterprises had intrinsic motivation to leave their social impact beyond the UK borders as they were seeking the most deprived communities. After analysing the data it was found that social enterprises had chosen their entry modes based on social mission control, social mission urgency, government dependency, funding dependency, or special requirements.

The identified and highly modified entry modes (compared to those of the commercial enterprises) were licensing, franchising, subcontracting, joint venture, acquisition, and green-field.

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Abbreviations

NGO	Non-Governmental Organisation
BRAC	Bangladesh Rehabilitation Assistance Committee
SSI	Small Scale Industry
MDWS	Ministry of Drinking Water and Sanitation
WHO	World Health Organisation
SEUK	Social Enterprises UK
WAB	Water Aid Bangladesh
SWA	Sanitation and Water for All
SSA	Sustainable Sanitation Assistance
EWP	End Water Poverty
SSE	School for Social Entrepreneurs
PEI	Pune Electrical Installations
EAV	Energy Access Venture
EIB	European Investment Bank
RIP	Responsibility Investment of Prosperity
NQCP	New Quest Capital Partners
GSEN	Global Social Enterprise Network
MCA	Ministry of Corporate Affairs
SES	Social Enterprise Scotland
FCA	Financial Conduct Authority
BAGMA	British Agricultural and Garden Machinery Association
MFAGA	Ministry of Federal Affairs and General Administration
SROI	Social Return on Investment
SA	Social Audit
PLC	Product Life Cycle
NHS	National Health Service
CIC	Community Interest Company
IPS	Industrial and Provident Society
CLG	Company Limited by Guarantee
CBS	Community Benefit Society
IOM	International Organisation for Migration
UN	United Nations
MNSE	Multinational Social Enterprises
BOP	Base of the Pyramid
TBL	Triple Bottom Line
ROI	Return on Investment
RBV	Resource Based View
IO	International Organisations
USAID	United States Agency for International Development
IFAD	International Fund for Agriculture Development

1. Chapter One (Introduction)

Combining social objectives with profitable operations in developing foreign countries, is this internationalisation truly the best type for a foreign market in need of social support? Or they can develop better modes and progress further? This is the indistinct area that social enterprises see their position, and this is the dilemma that this paper explores. Of precise interest to this thesis is understanding the factors associated with internationalisation of social enterprises, and the main enablers for their foreign venture as well as the barriers. Their internationalisation is divided into three stages of pre-entry, entry, and post-entry, each stage presents challenges and opportunities for social enterprises which they deal with.

The findings reveal that while social enterprises have intrinsic motivation to solve social issues, they perceive internationalisation and a method of entry into a foreign market as a complexity which from time to time limits them to leave their positive social impacts globally. By applying a three stage analysis it was found that intrinsically motivated social entrepreneurs aim to solve social issues abroad which are more threatening to societal welfare than those issues in the UK. Majority of social enterprises tend to select an entry mode which increases their social impact in the host country and delivers a structure which is in-line with their social mission. Moreover, findings reveal that a highly motivated and hardworking team, clear vision and mission, integrity and morals, an innovative and useful product or service, and effective social networks, were among the elements that helped facilitate the internationalization of social enterprise.

This first chapter presents an introduction to the topic and research surrounds. The chapter initiates with provision of a background on social entrepreneurship field, and then focuses precisely on the core emphasis of the study based on the research gaps in the area. This is followed by a summary of research aims and objectives and finalized by an overview of the research methodology and contributions of the study.

1.1. Research Area

'Social entrepreneurship' is usually defined as an entrepreneurial movement that carries a rooted social objective (Austin et al. 2006). Social entrepreneurship has recently transformed into an essential social and economic phenomenon at a global level (Zahra et al. 2008; Dacin et al. 2010; Mair and Marti, 2006). Many remarkable social enterprise led innovations initiate from developed nations and encompasses the positioning of new social business structures which address fundamental human requirements (Seelos and Mair, 2005), such as the creation of cost effective cataract surgeries to treat blindness or the development of water and sanitation facilities in poor community villages and rural areas (Elkington and Hartigan 2008).

Based on a survey conducted by global Entrepreneurship Monitor 2011 estimate, 1.2 million of the total UK population (signifying 3.2 % of the working class) are social entrepreneurs (illustrated in the investigation as being involved in operation of a social-mission led organization). On the other hand, the comparable number for commercial entrepreneurship is 6.2 %. This data points at the fascinating possibility that social entrepreneurship may turn into nearly as important of a phenomenon as commercial entrepreneurship (Harding, 2006).

Despite the fact that social enterprises usually start their operation with minimal initiatives, they happen to aim at solving problems that have a domestic appearance but international relevance. These initiatives includes but not limited to; access to clean and safe water, environmental care, reducing poverty, promotion of health care, child safety, and education expansion across remote communities. A recent paper reviewed twenty different definitions of social entrepreneurship (Zahra et al. 2009), as another article listed thirty seven definitions. Majority of these definitions had practical roots than theoretical (Dacin et al. 2010).

Even though social enterprises have been noticed practically for a long time, the need for research into the topic by governments and academics started in 1990 and with a special interest of the media in 2000. Italy for the first time established a relevant for social enterprises and has been credited for it. United Kingdom government introduced the Community Interest Company in 2004 as a legal structure to help social enterprises with the desire to spend their profits for social causes (Nyssens, 2006).

Common and tautological approaches to social entrepreneurship define it as an entrepreneurship with an embedded social objective (Martin and Osberg, 2007; Dees 2001) and consider the embeddedness of the social mission as a motivational and moral factor (Austin et al. 2006). Nonetheless, 'hybrid organisations' is another term for social enterprises which has recently received strong attention from public and academic perspectives across the world (Wang et al, 2015; Battilana and Dorado, 2010).

When organised as a for-profit social enterprise, they function with two requirements: to sustain financially and be self-sufficient, and to obtain a socially beneficial result (Sharir and Lerner, 2006; Miller et al., 2012). These results range from providing shelter for the homeless (McKenna, 2013), creation of employability schemes for the disabled, treatment of the ill who suffer from dangerous diseases (Wang et al., 2015), to helping farmers and introducing local empowerment projects.

Numerous definitions have been given for social entrepreneurship over the last few decades. Among all, this thesis selects and distinguishes social entrepreneurs on three different factors.

- Depending on their social mission, social enterprises follow a double or triple bottom line (social and economic) or (social, economic, and environmental). The core aim of a social enterprise is value generation for the society by investing over 50% of its surplus into solving social issues.
- Dissimilar to philanthropic organisations which survive with donations and carry out symbolic corporate social responsibility related tasks, social enterprises must be able to fund their activities. Meaning that they should have an income base by sales of services and products. Their pricing strategy should be structured in a way that covers the costs at, or less than market value. They need to subsist at a minimum, but given ideal conditions, they must develop and expand.
- Social enterprises often tend to fill governmental voids at a national and international stage. They do this by providing goods and services that are either lacking or unobtainable via private and public segments.

The innovative products and services which social enterprises introduce locally or nationally, often get extended in other territories and can be replicated internationally

(Zahra et al. 2008). Expansion of microfinance phenomena throughout the world is a good example which has recently reached nearly 80M customers globally (Rhyne 2010). Therefore, social enterprises have deep effects in the global economic system by forming new industries, introducing new business frameworks, and bricolage resources to solve social issues.

Epistemological and ontological gaps are evident in the research on international social entrepreneurship. Consensus do not exist on how social enterprises should be researched from a performance perspective (Mair and Martí, 2006).

Most of the current investigations on social entrepreneurship are from descriptive case studies and no adequate research has addressed the issue (Wang et al. 2015). This is despite the fact that Zahra et al. (2008) pointed at lack of research on social entrepreneurship topics and their importance.

Social enterprises suffer largely as social entrepreneurship studies are still very theoretical and descriptive. Not very long ago authors started to contain ideas from existing theories and frameworks such as; network theory, institutional theory, and discursive approaches.

Mair and Marti (2009) from an institutional theory perspective develop the ideas of institutional voids and bricolage in resource sensitive situations, Sud (2008) tests the institutional background of venture formulation, Shaw and Carter (2007) examine the role of networks in social enterprise construction and operation, Townsend and Hart (2008) develop a theory which investigates the role of institutional ambiguity and the impact of organisational form in social venture formation.

Due to the international outlook of this research on social enterprises it is useful to understand how the phenomena is viewed across the world. Social entrepreneurship narrative varies across domestic and global settings from a contracted to wide standpoints (Desa, 2009: Rawhouser and Hayton, 2012). For instance, in Belgium, Germany, Ireland, and France social entrepreneurship is seen as country's third sector not-for-profit organisations in the field of social enhancement services (Salamon and Sokolowski, 2008).

On the other hand, Nordic countries treat the concept in relation to worker co-operatives in the healthcare and childcare sectors (Pestoff, 2008), Portugal, Spain, and Italy refer to social entrepreneurship as a multi-stakeholder work incorporation programs for people excluded from employment market (Mair and Marti, 2009), and

in the UK social enterprise are independent bodies formed as for-profit and not-for-profit ventures that use innovative instruments to enhance efficiency in governmental and private service provision (Salamon, 2010).

In Central America social entrepreneurship takes place in a various range of organisational forms such as; for-profit firms that have a social purpose and not-for-profit organisations that have a type of income from their operations (Short at al., 2009). Moreover, in Asia, Africa, and South America social enterprises include Non-Governmental Organisations (NGOs) with minimal income options and for-profit new ventures with an embedded social objective (Reficco, 2006; Seelos and Mair, 2005). This study has a special interest on UK social enterprises that are intrinsically motivated to solve social issues and identify these problems internationally without restricting their mission by national borders. The findings show that these social enterprises acquire resources from home country as well as the international social entrepreneurship market, where they strive to stabilize the pressure between financial viability and social impact.

Recently, social enterprises function in different contexts and countries and select partners from various sectors.

The literature on internationalisation of social enterprises is not developed and an essential need can be seen to explicitly study international orientations of these type of enterprises (Sharir and Lerner, 2006). Both developing and developed country contexts show that social enterprises are becoming widespread and contribute vastly to socio-economics of countries across the world (Wang et al, 2015).

Despite the fact that majority of social enterprises initiate from the developed countries, there are other successful social enterprises emerging from developing countries like BRAC in Dhaka-Bangladesh which is dedicated to reduce poverty. Yet, research on internationalisation of social enterprises is very rare which has resulted to lack of complete understanding of the topic (Kerlin, 2012).

This research is concerned with the dilemma of social entrepreneurship ventures in an international scale. The study tends to investigate the entry modes used by social entrepreneurs in order to increase their geographical reach across geographies of developing countries. The research will consequently extend the investigation of Zahra (2008) in regards to globalization of social enterprises and resource scarcity. Despite that, the study also tends to discover if the international social enterprises

use of equity or non-equity entry modes and if the choice is dependent on factors such as motivation, social cause, organisation size, resource capability and legal institutions. Moreover, it's important for this study to discover why some social enterprises expand extensively whereas others operate locally only, and determine if there are any factors that might indorse expansion.

1.2. Research Aim and Objectives

This study aims to develop an understanding of international social enterprises and assess their entry modes into foreign countries in three stages of pre-entry, entry, and post entry. The multidimensional research question addressed here is: Which conditions motivate and result in social enterprises' international expansion, and which international entry modes are selected by social enterprises and why they select that method.

To support this research, below research objectives are proposed:

- To critically review the current literature on social enterprises and examine how the literature captures internationalisation of social enterprises. This will enable the development of a conceptual model to categorise social enterprises' entry stages.
- To understand and identify the drivers and supporting factors for the choice of entry modes from non-equity to equity models.
- To understand the role of formal institutions and supporting organisations at the post-entry stage and their relationship with social enterprises.
- To identify the main competencies that enable social enterprises to overcome resource constraints from a bricolage.

1.3. Research Contribution

Academics have contributed to the development of social entrepreneurship from different angles such as; education, economics, psychology, and political science. However, for the purpose of this thesis, the emphasis is on the social entrepreneurship and internationalisation literature. This research has contributed to social entrepreneurship literature and specifically the findings of this research will add to the knowledge into social entrepreneurship debates centring on internationalisation and modes of entry for social enterprises.

In specific, this paper has discovered how SEs select their entry modes and what is their motivation behind it, which is a profound contribution to Uppsala Model, Born Global Model, and International Product Life Cycle Theory. The findings indicated that unlike commercial enterprises, social enterprises select their entry mode and form their internationalization strategy based on the perceived positive social impact and not financial interests.

This paper discovered that social enterprises dedicate great importance to societies both national and international and they strive to join various networks to get close to locals and communities in order to have a better understanding of their issues but also for learning from other players in the networks which provides useful information into the Social Capital and Network theories. Contributions are also made into Bricolage theoretical perspectives, TBL theory, and Motivation theory to name a few. The outcome of this study will not only interest academics, but also the society and businesses as well, thus, resulting to further investigation and developments of the topic.

Moreover, an improved knowledge of internationalisation of social entrepreneurship will help policy makers to employ adaptations or re-definitions in the sector to facilitate an easy and clear internationalisation structure for social enterprises that desire to have global impact. The findings of this research will also help social entrepreneurs from individual level to organizational scale to better realize their opportunities of global reach by understanding the internationalization techniques, specifically entry modes and the ways of utilizing them.

Dacin (2011) indicates that expansion of social enterprises is showing a great positive impact on national and international social issues, economic segment by

developing new industries, forming new organisational models, and transforming many businesses to embed positive social practices in their operations.

Therefore, this study will take us one step nearer to justifying social enterprises' relevance and applicability in an international arena of building social value.

1.4. Structure of thesis

This study is organised as follows: chapter 2 provides a comprehensive introduction to social entrepreneurship notion by critically reviewing the current literature in the area. This permitted the gap identification in the literature and helped to define the concentration of the study and development of research aim, objectives, and questions.

Chapter 2 also presents the literature review related to the topic to guide the study.

The purpose of literature review in this paper is to identify commonalities among extant literatures on social entrepreneurship and the channels which facilitate internationalization, and based on these commonalities, to develop a conceptual framework to systematically analyse geographical reach of social entrepreneurship.

Chapter 3 presents the conceptual framework and discusses the three stages of pre-entry, entry, and post entry of social enterprises and as a result identifying research propositions.

Chapter 4 is concerned with research methodology which is shaped to accomplish objectives of the research, the chapter justifies the methodological choices and explains their appropriateness to the study, and the chapter also introduces the social enterprises used for this study as cases or units of analysis which were interviewed in semi-structured format.

Chapter 5 starts with defining each entry mode used by interviewed social enterprises and presents one case study for each mode to discuss all modes in depth and in three stages. Chapter 6 focuses on findings to answer the nine research propositions constructed in chapter 3.

Chapter 7 is dedicated to analysis and discussion where the analysed primary data is critically discussed and associated to theatrical frameworks both from social and commercial perspectives to support the narrative development for international social enterprise cases. Finally, chapter 7 delivers a summary of the thesis alongside the future recommendation and limitations. Figure 1 presents the flow of research.

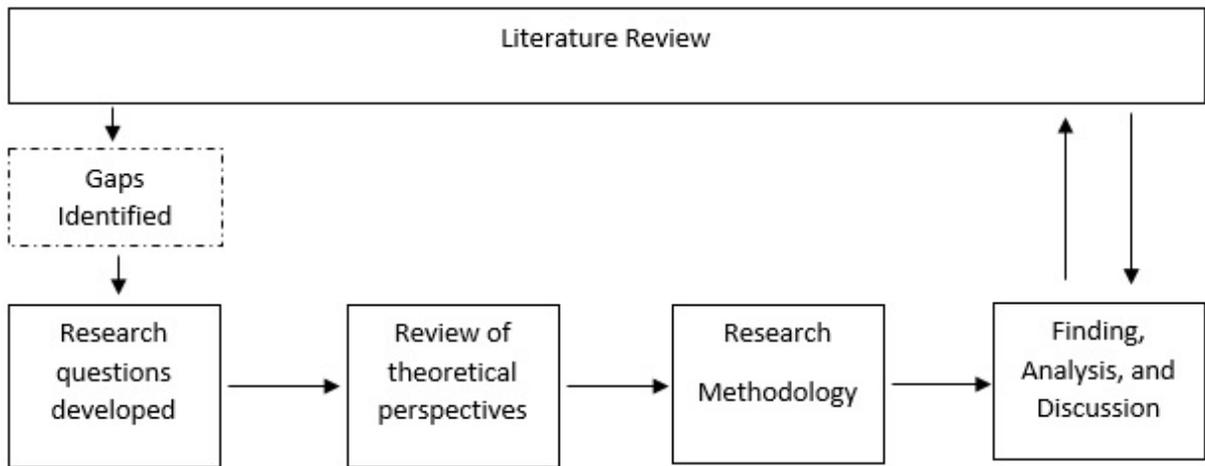


Figure 1, Research Flow.

2. Chapter Two (Literature Review)

Part 1 (Literature and Theories of Social Entrepreneurship)

The expansion of social enterprises into international markets is affected by several reasons, such as global wealth disparity, CSR, inefficient markets, shared responsibility efforts and technological innovation (Zahra, 2008). Their internationalisation is mainly driven by common challenges, such as health services, and the scarcity of local and national resources. Their fast growth is further accelerated by the rise in capital generated by impact investment funds (capital usually invested in SE). Looking at a report by J.P. Morgan and The Global Impact Investing Network it can be seen that \$8bn were allocated to influence investments in 2012 and further \$9bn in 2013.

The international expansion of SEs takes multiple shapes. Some social enterprises are born-globally, for example CURE, a non-profit organization, based in Ohio, which deals with treating childhood cancer in China, or Lifenet International, from Florida which has as a mission offering qualitative and sustainable healthcare to the underprivileged in South of Africa. However, other social enterprises pursue a progressive expansion, like Dialogue in the Dark, which launched in Germany and gradually spread to over forty countries.

SEs are valuable to public policy due to addressing market weaknesses and reducing the responsibility of the governments. However, the interest in social enterprises is rising as they might lower both public and private subsidies on a long-term (Zahra, 2009), and play a significant part in social and economic development along with empowerment (Chell, 2007). From a political perspective, their international expansion is mainly seen as advantageous while at other times, they are confronted with distrust (Economist, 2014).

There are multiple social enterprises that have expandable business models both across countries and across the value chain. In recent years multinational social enterprises (MNSE) have been significantly emerging, for example, Riders for Health delivers healthcare services via vehicle fleets and enables operations throughout 10 countries in Africa. Similarly, the well-known Grameen Foundation has helped about 10 million underprivileged around the globe by operating microfinance institutions across 36 countries.

Dialogue, another SE, globally operates three different models in over 40 countries helping the disadvantaged, disabled and elderly people to fit in the society. Many SE provide worldwide aid within numerous running environments by utilising elaborate organizational structures. Additionally, there are small and local SE, which allow researchers to study their scalability and at the same time compare them to other similar organizations from different places.

Numerous theories are considered to be channels for researching the expansion of SE's into international markets such as: resource-based and network theories (Westhead et al, 2006), pro-social, cosmopolitanism, internalization (Zahra et al. 2008), structuration theory, institutional entrepreneurship, social capital, social movement (Mair and Marti, 2005), and sustainability, non-profit, grounded theory (Weerawardena and Mort, 2006), However, none of the researchers have yet adequately addressed the issues of internationalisation of social entrepreneurship.

There are a variety of theories and frameworks that have been discussed in the published literature in regard to social entrepreneurship. This research will mainly focus on those which will lighten the topic and are highly related to the aim and objectives of this study. Table 1 summarizes the related research in the area.

Author	Title	Focus
Zahra (2008)	Globalization of social entrepreneurship Opportunities.	International social entrepreneurs transforming global communities.
Thake and Zadek (1997)	Triple bottom line and value creation.	Social entrepreneurs looking at the impact of TBL on stakeholders.
Ferrary and Granovetter (2009)	The role of social capital as an asset	The function of social capital as an asset deployed in the process of creation of new ventures.
Monin and Durand (2005)	Social bricolage as hybridization	Resourcefulness and adaptiveness of making do with things in hand
Shaw and Carter (2007)	Theoretical antecedents and empirical analysis of entrepreneurial processes and outcomes	Role of communities and networks in shaping and execution of social entrepreneurship.

Dacin (2011)	Social Entrepreneurship frameworks and need for future investigation.	Calls for future investigation into the ways in which social entrepreneurs build and leverage networks.
Sarasvathy (2001; 2008)	Effectuation as a distinct approach to new venture creation.	Effectuation as a distinct approach to new venture creation, described as “logic of entrepreneurial expertise, a dynamic and interactive process of creating new artefacts.
Robinson (2006)	Navigating social and institutional barriers to markets. How social entrepreneurs identify and evaluate opportunities	Considers the relationship among three factors: the decision to enter a particular market, the social networks in which entrepreneurs are embedded, and the existing types of institutions which can help the development of the initiative.
Forno and Merlone (2009)	Social Entrepreneurship Effects on the Emergence of Cooperation in Networks	A model of community where individuals form groups to commit on projects. The model shed light on the emergence of groups when individuals do not act directly to the group formation process.
Masseti (2008)	Interaction of factors relevant to social entrepreneurship (SE Matrix)	A four quadrant model: socially vs market driven and profit vs no profit required.
Lane and Casile (2011)	The SAC framework for performance measurement in social entrepreneurship ventures	Firm survival, social action, social change.
Onyx and Bullen (2007)	The Intersection of Social Capital and Networks: An Application to Rural Communities	Social Capital and Community Network emergence

Table 1, Summary of Theoretical Research.

2.1. Internationalisation of Social Enterprises

Today's global financial landscape brings significant market opportunities for international businesses, fundamental resources and clients originate not only from the head-quarters but from various countries across the world (Govindarajan, 2009). Additionally, there are multiple economic and social challenges that need to be tackled by global actors. Therefore, social entrepreneurship is gaining significance in the economy by being a practice that brings economic and social benefits. (Luke, 2013; Mair and Marti, 2006).

SE is characterized as an entrepreneurial activity that has a well-defined task to generate social value (Austin et al., 2006). By aiming to achieve both profit and social objectives, social entrepreneurs make use of market opportunities by delivering advanced solutions to the requirements of our society (Luke and Chu, 2013; Mair and Marti, 2006). The attempt of resolving social and economic issues by applying entrepreneurship is not a new concept (Alvord, 2004). Thus, it is the theoretical notion of SE that is fairly new, and the theory and understanding lag far behind the concept (Alvord et al., 2004; Murphy and Coombs, 2009).

Social entrepreneurs seek to work with SE that have as clear goal to support their society's welfare (Perrini and Vurro, 2006; Tan et al., 2014). SE are known as the generators of economic and social advancement internationally; a modern business model that takes into consideration economic, social and environmental requirements (Short et al. 2009; Zahra et al. 2008; European Commission, 2014). Social entrepreneurs operate across the world and by resolving the society's challenges, resulting in a sustainable economy (Zietlow, 2002; Murphy and Coombs, 2009; Short et al. 2009; Robinson et al., 2009). The issues that social entrepreneurs focus on, generate prospects for international businesses (Bruton et al., 2013).

The presence of SE worldwide, emphasises the importance of internationalization strategies while also bringing to light the steps of foreign market establishment (Zahra, 2008). The process of internationalization has been broadly studied over the course of years (Ruzzier et al., 2006; Madsen and Servais, 1997). Though, the internationalization process of SE gained little attention from scholars and is rather unexplored (Haugh, 2015; Short et al., 2009; Dacin et al., 2010;). Theoretical frameworks and empirical research explaining and predicting the concept of SE have

been insufficient and research in the area was mainly related to describing the phenomenon (Roper and Cheeny, 2005; Haugh, 2015; Mair and Noboa, 2003; Roper and Cheeny, 2005).

It is likely that when pursuing networks, the choice of location is influenced, as network relationships are known to affect international market selection (Johanson and Vahlne, 2009; Chen et al., 2004). Networks and regional relations assist companies in establishing in foreign countries, provide information, shared resources and allow companies to create competitive advantage (Harris and Wheeler, 2005; Lavie, 2006; Chen et al., 2004). Building a strong network is a mutual characteristic of international entrepreneurial culture and is shown in the degree firms are involved in multiple partnerships (Plakoyiannaki, 2003). Additionally, looking for markets and resources are two further habitually popular causes for foreign market establishment (Dunning, 2000). Establishing overseas to approach a certain target market is popular when being directly present in the market is essential for it to succeed. The choice of location is mainly affected by the potential and size of the market, growth opportunity or the desire of being close to the customers and to the stakeholders. Companies may choose to enter foreign markets due to market saturation in their home country or as a response to demands from foreign buyers (Karagozoglu, 1998).

Another factor that affects deciding upon location can be the availability of resources, companies tend to establish where important resources are easily accessible (Dunning, 1993). Certain resources might only be found in certain markets or achieved at a lower price compared to the home-market.

Moreover, efficiency is another element that influences the choice of location, when companies profit from differences in availability and expenses, factor endowments, regulatory agreements and economic structures in various countries (Dunning, 1993). The indicated strategic reasons are economically effective, and the achievement of economies of scale and scope is essential.

According to Hakanson (2014), the most common mode of entry used amongst SE is a contractual entry mode structured as a partnership. Since partnerships and joint ventures include mutual control and a high dissemination risk (Hill et al., 1990; Erramilli and Rao, 1993), these sides appear to be of less significance.

Moreover, because small companies usually have insufficient resources (Mathews and Zanders, 2007; Knight and Cavusgil, 2004), it might encourage joint agreements with the external partners. Since local partners can deliver SE with adding information about the market it thereby diminishes risks and expensive mistakes. Having a great number of social enterprises running in emerging economies, where institutional systems can be particularly problematic (Sakarya, 2007; Bruton et al., 2013), mutual arrangements with local actors prove to be highly beneficial (Brouthers and Nakos, 2004). The choice of entry mode may have been affected by this aspect and may be the main cause of the relatively similar mode of entry use. Furthermore, one of the most popular modes of entry is direct exporting. Since most of the SE are classified as micro, small or medium sized, this preference is aligned with standard internationalization theories, saying that usually small and medium enterprises use direct export as a market entry strategy (Brouthers and Nakos, 2004). Because export involves only restricted resource assurance and allows companies to leverage on the exporting partner's resources. As stated in the Uppsala model (Johanson, 1977), direct exporting is the most frequently used entry mode in the early stages of establishing in a foreign market and it could be connected to the commonly young age of the SE.

2.2. Theory and Social Entrepreneurship

The interest of academics in SE generated a variety of research projects that have extended the knowledge on the topic. Academic research has been published in books, peer reviewed journals and other publications. Thus, theoretical growth that clarifies and forecasts the concept of SE have to-date been limited. This might be justified by a few reasons:

1. Academics have to approve a common and distinct definition of social enterprise. The abundance of definitions found in the first decade of the 21st century (Dacin et al., 2010) is increasingly giving way to a developing agreement that the purpose of SE is to gain economic, social and environmental significance by trading for a social purpose.
2. An actor-centred perspective has been adopted by researcher that focused on defining the features and assets of social entrepreneurs. While several interesting accounts of social entrepreneurs were made public (Bornstein,

2004), they hardly bring any new theories explaining and predicting the activities and the progress of social entrepreneurs.

3. Many thorough explanations of the historical emergence of individual SEs have been produced by researchers. Theory development from individual case studies concerning the generalizability of SEs to a greater number of organizations and different country environments has a valued role in gaining knowledge. However, it has hardly been explored in this type of articles.
4. Research has provided an account of the policy structures associated with country level help of social enterprise activity. Although, academic clarifications for why, when and how such policy interventions were implemented are also difficult to find. Behind the criticisms is the tension between research that is concerned with developing theory and that which intends to improve practice. For scholars, theory tends to be elevated over practice; thus, theory without practice might be considered irrelevant: “there is nothing as practical as a good theory” (Lewin, 1951). The validity condition that research in the social sciences is also socially significant entails that theorists precisely portray the practical implications of the new theories they develop.

The level of engagement increases from articles that are without any theory to those that bring new and fully formed theories, including articles that present, test and extend existing theories. These methods belong they all belong in SE research; nonetheless, research that extends or brings to light new theory brings maximum benefit for building the grounds of social enterprise research.

2.2.1. Theory Borrowing in Social Entrepreneurship Research

Theory borrowing entails taking ideas from one theoretical field, a source to address a matter or clarify a phenomenon in another, a domain. (Floyd, 2009). However, not every theory applies well between disciplines and the ability to do so is connected to the amount of theoretical abstraction (Oswick et al., 2011). Higher abstraction is more likely to qualify for theories to travel between disciplines in comparison to theories that are more precise in context and data. Theory borrowing should do more than confirm and reaffirm the effectiveness of an existing theory, it should bring

improvements to the already existing theory in some way (Whetten, 1989). Improvements may derive from theorization or analysis of empirical data and re-contextualization, re-positioning or re-framing the source theory (Oswick et al., 2011). Borrowing and integrating theories from various fields can be realised in three different ways (Floyd, 2009; Zahra and Newey, 2009):

1. Relatively easy application (or replication) of theory from the origin to the intended domain with little or no changes.
2. Using ideas in the source domain to extend theory in the target domain.
3. Using what has been found in the target domain to extend theory in the source domain.

By comparing and contrasting how these theoretical lenses explain and predict SE, a better understanding has been attained, and also more opportunities were created to sustain, process and expand, the source theory.

2.2.2. Theory Extension and Generation in Social Entrepreneurship Research

Contributing with theory is a fundamental condition for researches to be published. Theoretical developments are mainly created on the grounds of theories that already exist and thus, articles from refereed journals place their research in a conceptual framework that is based on relevant theories, therefore “references to theory developed in prior work help to set the stage for new conceptual developments” (Sutton and Staw, 2008). Extending theory however is a different conceptual challenge that surpasses positioning research in the same context of previous findings. Knowledge growth by extending current theory also presents a valuable opportunity to build cumulative theory (Sutton and Staw, 2008).

Generating theory by extending current theories make take place in a few ways, e.g. refining the original concepts of source theories, prolonging the existing theory, or revealing the processes of the original theory. Theory extensions or changes must modify existing opinions in a significant manner and not expand the theory beyond purpose (Van de Ven, 1999). For example, theories explaining and predicting institutional entrepreneurship were extended to the field of SE by conceptual work in

order to theorize the connection between, and processes of, institutional and social entrepreneurship (Dacin et al., 2010; Tracey et al., 2011).

Strauss's theory of bricolage was one of the theories extended to social entrepreneurship by suggesting a theory of social bricolage (Di Domenico et al., 2010), along with a new theory of social franchising which progressed from previous findings on franchising (Tracey and Jarvis, 2007).

Although there are multiple SE research articles that are filled in theory, few of them bring new theories to explain and predict when, why and how social enterprises develop and bring economic, social and environmental value. New theory can either develop from the process of examining empirical data for a better understanding or conceptual translation of existing theories into new theory (Albert, 1977; Albert and Anderson, 2010). For example, new theories developed to study the growth of community-based enterprises (Peredo and Chrisman, 2005) and community-led social enterprises (Haugh, 2006) have brought attention to empirical data from social and community enterprises. In contrast, the improvement of theory to clarify the creation and appropriation of social value is mainly conceptual (Santos, 2010).

New theories built on empirical data collected from SEs were also developed in order to explain and foresee the creation of markets and processes of organizational management. Seelos and Mair (2007) researched the foundation of markets at the Base-of-the-Pyramid (BOP) and found new explanations to justify the market development in deep poverty environments. In organization research, it was previously suggested that hybrid organizations, like SEs, are likely to fail due to facing substantial issues (Dorado, 2005) however, in reality SEs are still prospering and gaining significance. Institutional theory and organizational identity theory have been centred on developing new theory to explain the growth and feasibility of SE (Battilana and Dorado, 2010) and to justify and predict the process of linking institutional divides (Tracey et al., 2011).

2.3. Effectuation Theory

Effectuation was theoretically initiated by the study of Mark and Olsen's (1975) on organisational learning. Organisational intelligence which originates from either rational calculation about future prospects is used to help choosing between options

or learning by receiving feedback from previous experiences. According to Sarasvathy (2001), effectuation as a distinctive way to new venture creation, is considered as “a logic of entrepreneurial expertise, a dynamic and interactive process of creating new artefacts such as firms, markets, and economies in the world.” Theory states that when uncertain, entrepreneurs use a decision logic that is unusual to that explained by a conventional, more rational model of entrepreneurship.

Using the metaphor "patchwork quilt", Sarasvathy (2008) means to symbolize the entrepreneur as a creator of an opportunity by testing and moving direction as new information becomes available. The "patchwork quilter" is considered to see the world as still in process of development with a vital importance for human action. "While each patch used in the quilt is a rather arbitrary piece of fabric, some belonging to the quilter and others brought to them at one time or another by friends, a good quilter manages to construct an aesthetically appealing and even meaningful pattern." It is a rather means-driven principle of action (opposed to goal-driven). It focuses more on bringing innovation with existing means than finding new ways to accomplish given goals (Saravasthy, 2008). Therefore, effectuation is associated with four important principles (Sarasvathy, 2001; Chandler et al., 2009).

First one is focusing on short-term experiments to detect opportunities in an unpredictable future instead of defining the final objective upfront. The second one focuses on tasks where possible losses are diminished, rather than boosting expected returns. Third principle emphasises use of pre-commitments, a dimension shared with causation construct (Sarasvathy, 2001) and strategic alliances that attempts to control an unpredictable future, rather than predicting an uncertain one with business plans and competitive analysis. Lastly, the fourth one is concerned with remaining adaptable for entrepreneurs to benefit from changing environmental contingencies rather than pre-existing capabilities and resources.

Effectuation processes require a set of means and concentrate on choosing between potential effects that can be generated with that set of means (Sarasvathy, 2001). The questions “Who am I?”, “What do I know?”, and “Whom do I know?” allow examining the means available for entrepreneurs, allowing them to consider what they can do (Sarasvathy and Dew, 2005). Through co-operating with others and

engaging with stakeholders, entrepreneurs find new ways and establish new goals that allow reassessing the means and take possible action (Sarasvathy and Dew, 2005).

Effectuation theory assumes that chances in entrepreneurship are subjective, directed towards society, and shaped by entrepreneurs through validation, where "managers construct, rearrange, single out, and demolish many 'objective' features of their surroundings to create their own constraints" (Weick, 1979). As it appears in the dynamic model of effectuation, the entrepreneur has an overall vision for example, a new venture, achievable using accessible resources. Afterwards, the entrepreneurs contact people that they know or meet, resulting in a self-selected 'effectual network' (possible customers, financiers) (Sarasvathy, 2005).

Resources are allocated in advance by members of the network to the idea founded on the belief of affordable loss, resulting in larger amount of resources or modifications to entrepreneur's objectives. Assuming the effectual network is not taken down, this repetitive procedure lasts until an increasing series of resources and limitations on the entrepreneur's goals merge to create a new company or new industry.

Although SE researchers have called upon cognate constructs like assistance from stakeholder and shared action (Montgomery et al., 2012; Haugh, 2007) to illustrate how SE were created. Literature implies that when it comes to social enterprises growth, effectuation was insufficiently researched. In general, academics researching social entrepreneurship have clarified the birth of SE by utilising traditional and bricolage theories. In traditional theories, the entrepreneur carefully looks for resources to find a new venture dedicated on utilising several new opportunities (Gartner, 1985).

Consequently, social entrepreneurs are described to deliberately influence the qualities of targeted constituencies, to constantly increase social capital and dedicate to coping with challenges (Squazzoni, 2009; Lumpkin et al., 2013) in order to reach social change across their enterprises. When applying bricolage theory, academics described that social entrepreneurs "make do" by using existing assets, and therefore building 'something from nothing', as they discover and develop social ventures environments that have insufficient resources (Baker and Nelson, 2005;

Mair and Mart, 2009; Di Domenico et al., 2010). Just as traditional and bricolage theories of entrepreneurial action, the effectuation theory finds agencies; purposive enactment for a new venture in the entrepreneurial actors who embark on the venture creation process with the intention to develop some business aspiration. In the seminal paper written by Sarasvathy's (2001), she demonstrates effectuation theory by giving the example of a fictional entrepreneur who planned opening a restaurant named Curry in a Hurry. He then carefully searched for resources and information to accomplish his objective. Nevertheless, the nature of his idea was a developing one, with an unpredictable result from frequent communication and conceptualization among the entrepreneur and the effectual network. Additionally, in effectuation theory, the entrepreneurial actors are the main unit of examination and the motive force propelling the process of venture creation (Sarasvathy, 2008). As mentioned by Arend et al. (2015), effectuation theory oversees the responsibility of actors in the entrepreneurs' wider environment like rivalry in pressuring or founding agencies and, lastly, new venture formation.

2.4. Social Bricolage Theory

Levi Strauss (1967) brought the first notion of intellectual bricolage referring to the process of "making do with what is at hand." The bricolage metaphor was used by him to contrast two parallel worlds, the mythical and the scientific, as different but at the same time equal ways of thought. In contrast to the scientist, the individual bricoleur attains, gathers, and stores materials for future use.

In Rao, Monin, and Durand's (1987) sociological study of erosion of categorical boundaries, they explore bricolage as hybridization by using the blending of elements between traditional and contemporary cuisine styles in French cuisine to demonstrate the process. The close alignment of the terms "political bricolage" and "institutional bricolage" makes them effective to use, sometimes mutually to indicate the process of making do, by relating the elements of previous and current institutions for the foundations of new institutions (Lanzara, 1998; Stark, 1996). This way, the reference categories and frames in use are subject to an ongoing process of social reproduction by applying "bric-a-brac remains" (Douglas, 1986) of past debates and statements at challenging times. Individuals present themselves as bricoleurs by improvising, borrowing, and experimenting with new elements or

fiddling with existing ones. The concept of institutional bricolage has consequently been applied to developing case studies (Cleaver, 2000) to indicate a process through which institutions are built on making use of practices and styles of thought that are already part of existing institutions. Bricolage has been used to indicate resourcefulness and adaptability in an existing context. The bricoleur is thought to be prepared to implement whatever strategies are needed under different circumstances, like new organizational combinations, as a response to unexpected events or disasters (Johannisson and Olaison, 2007). The process of bricolage therefore represents a dynamic assembly of constant changes and reconfigurations (Lanzara and Patriotta, 2001).

In the social entrepreneurship literature, bricolage was used for analysing environments that are poor in resources (e.g., Baker and Nelson, 2005; Garud and Karnoe, 2003). The process of making do was investigated by Baker and Nelson (2005) by applying a variety of accessible resources to new challenge and opportunities. It was suggested that entrepreneurial bricolage takes place when entrepreneurs in resource-poor environments re-join elements at hand for different goal and therefore, exploiting contributions unused by other firms.

When it comes to social entrepreneurship, the inability of the private sector and government agencies to provide products and services to communities is the institutional gap in which social enterprises stepped (Mair, Marti, and Ganly, 2007). The financial limitations of insufficient market return or the governance gap resulting in an incapability to define and provide appropriate services is overcome by advanced strategies implemented by social enterprises to fulfil unmet demand. For example, Sunderland Homecare Associates based in Sunderland, England was founded based on relations and profound knowledge of the needs of their customers to build a SE that delivers domestic care services in Northern Ireland.

The business model deals with the limitations of the market based on contracts with local government agencies for delivering services, and their connection with carers and their clients is used to provide the services needed by each client individually. The concept of making do and refusal of being constrained by limitations require a close relationship in practice to improvisation.

Bricolage consists of using resources and adaptivity; of making do with available assets, implicit within which is a structural duality of ongoing processes and intermediary results (Lévi-Strauss, 1966). The capacity of bricolage to remodel resources involves that any legitimacy related to the main resource could be remodelled as well. In the process of resource re-use, the bricoleur can willingly (or unwillingly) trigger processes of cognitive connotation by creating copies of previously legitimized (or delegitimized) organizational forms (Stark, 1996). This course of development done through bricolage enables the standardisation of institutional “deviance” (Webb, 2009; Vaughan, 1996) as the re-purposed resource gains authenticity.

2.4.1. Resource Optimization vs Bricolage

Optimization and bricolage involve considerably different styles to the organising and gathering of resources (Baker, 2009). Although the two methods were previously acknowledged and discussed in literature (Miner et al, 2003; Baker and Nelson, 2005; Baumol, 1993; Garud and Karnoe, 2003; Klein, 2008), there has been insufficient comparison research of the previous factors that influenced their usage.

Following the good understanding of means-end relationships, regular, high-quality resources deliver the means for companies to improve their operations and organisation competences and achieve their goals (Kirzner, 1997; Shane and Venkataraman, 2000). While aiming for growth, companies have a straightforward idea of the objectives they plan to accomplish and are aware of the attributions of the needed resources. Additionally, they pursue the best available sources and they are prepared to pay market prices to access them.

The capacity of social ventures to improve the preparation of resources helps fulfil their task and improves their reputations (Novogratz, 2007; Waddock and Post, 1991; Zahra et al., 2008; Haugh, 2005). Although, resource optimization could assist a social venture build, sustain, and expand the organization, the course of purchasing resources could also restrain and delay the goal (Zahra et al., 2008). Like the case of social ventures that attempt to optimize by obtaining funds from local governments in the United States, where they are encouraged to balance funds from state, federal, or private grants (Berman, 2006). This results in a higher number of

outsiders determining the use of the funding and redirect from a venture's main goal (Brown and Moore, 2001).

Bricolage, however, is described as 'making do by applying combinations of resources already at hand' (Baker and Nelson, 2005). While optimization concentrates on achieving goal-directed resources, bricolage's main concern is tackling opportunities and complications with already available underestimated resources that frequently exist for cheaper or even for free.

Companies be involved in bricolage out of obligation due to not being able to afford the prices of additional standard resources. Consequently, the 'necessity based' bricolage is fulfilling in nature due to focusing on suitable objectives that are likely to be achieved with the given resources (Simon, 1957; Duymedjian and Rüling, 2010). Though, as a consequence of the diverse combinations (sometimes unintentionally), bricolage may occasionally end in initiating new competences (Di Domenico, Haugh, and Tracey, 2010; Gundry et al., 2011).

Additionally, companies might differentiate the capability of underestimated resources and how by combining them in innovative ways, they can bring value (Hull, 1991; Mair and Marti, 2009; Seelos et al., 2010; Garud and Karnoe, 2003). Hence, bricolage is sometimes used as a design philosophy for companies deliberately making use of unwanted resources to come up with new products and ideas. Additionally, bricolage often assists social ventures to diminish the circumstances that cause shortage of resources, and sometimes it allows the venture to identify opportunities to maximise operations and/or expand their mission (Di Domenico et al., 2010). For example, the establishment of Grameen Bank efficiently demonstrates the bricolage process (Bornstein, 1996).

Bricolage assisted the bank to prevail institutional banking standards and ethics that rejected the poor to extend their credits. Dr. Mohammed Yunus- the creator of the bank, along with his students used their personal resources and by learning on the field, and with the assistance of volunteers from poor regions that have been rejected for loans, they were able to create the microfinance project. When Grameen Bank continued rising and revealed high repayment rates from its entrepreneurial clients, the usual impression about the worthiness of credit for the poor was gradually changed into an appealing financing opportunity for large banks.

2.5. Social Capital Theory

There is insufficient theory, to date, related to social capital nation-wide. From an individual and group perspective, social capital is usually introduced as the mean to obtain resources by building social relationships (Payne et al., 2011). There are two types of social capital that are usually distinguished. The first one includes bonding strong-tie social capital and it indicates the relation within small groups. Nonetheless, increasing cohesion within a smaller group can risk reducing individual freedom, possibly rejection of non-members, or even hostility towards them (Landolt and Porters, 2000; Portes, 1998).

And the second one, weak-tie social capital, allows communication between group members of development and unconnected backgrounds. This type is mainly suitable at a national level, where social capital brings supplemental profit to the areas that could otherwise be described as weak ties, extending massive trust (Granovetter, 1973; Fukuyama, 2001; Adler and Kwon, 2002), or solidarity ties within certain communities. By expanding the “radius of trust,” more external outcomes are becoming internalized while strangers are not seen as outsiders anymore, and the society’s standards of collaboration develop (Westlund and Adam, 2010; Stephan and Uhlaner, 2010)

The existence of thorough weak-ties in a country decreases costs of transaction by giving access to current and more beneficial information along with other assets. Additionally, it boosts flexibility and it can diminish social exclusion, allowing a higher number of people to gain access to both opportunities and resources. Largely spread weak-tie social capital in a country can accordingly assist entrepreneurship (Kwon and Arenius, 2010). Because social capital at the domestic level is seen as “endowed,” rooted in stable cultural traits (Adler and Kwon, 2002; Westlund and Adam, 2010) it is usually viewed as irrelevant from a policy perspective (Fukuyama, 2010 Portes, 1998).

Yet, social entrepreneurship, by aiding societal goals and group requirements, helps building mutual effort and altruism and accordingly, the actions of social entrepreneurs, along with the enterprises optimize cooperative standards within a country. However, SE provide an outlook on social capital on a national level that is

buildable and increasing by usage.

Social entrepreneurship is able to successfully attain spillover effects due to demonstrating bottom-up social self-management that aspires to bring advantage to others. It delivers a positive message about being thoughtful towards others and illustrates of kindness and support. Furthermore, the organizations conceived by social entrepreneurs are frequently made to diminish social exclusion and to improve market involvement for disadvantaged. Hence, they form new bonds, regularly in order to breach current social boundaries (Mair and Marti, 2009; Mair et al., 2012) By communicating numerous societal challenges, social entrepreneurs form relations with multiple stakeholders and therefore bring together divers groups (Peredo, 2006; DiDomenico et al, 2010).

Due to this aspect, Fukuyama's (2001) "radius of trust" expanded and made SE an influence in developing relations founded on the national community rather than local social segmentation. From Mair and Marti's (2009) perspective, social entrepreneurship as similarly connected to institutional entrepreneurship; a support we lengthen by emphasizing that the informal institutions developed by the "social bricoleurs" have an effective social capital component that generates positive externalities. (Zahra et al., 2009) By recurrent cases of other concerning exchanges that bring group diversity of stakeholders, social entrepreneurs improve cooperation norms and build social capital that can be adopted by commercial entrepreneurs.

Social entrepreneurship, as a generator of social capital could bring to commercial entrepreneurs a significant advantage. Cooperative norms shown by the occurrence of social entrepreneurship are able to reduce transaction cost and hence assist commercial entrepreneurs in accessing new material and resources and at the same time find new opportunities (Kwon and Arenius, 2010; Stephan and Uhlaner, 2010).

Dees et al. (2002) considers that social entrepreneurs have to concentrate on the network connections that increase entrepreneurial performance, and for creating new measures to solve the society's challenges. Moreover, Leadbeater (1997) claimed that social capital that is available in the network of a social entrepreneur is essential to social entrepreneurship accomplishments. Social entrepreneurs should form effective partnership with leading firms and found collaborations with the appropriate stakeholders.

To put it in simpler words, a social entrepreneur's network has a huge impact on their entrepreneurial accomplishment. We shift to the notion of social capital, found in Coleman's (1988), as an appropriate shorthand label for the societal bonds which build a community, and as "an aid towards making the micro-to-macro transition without elaborating the social structural details through which it occurs". Nahapiet and Ghoshal (1998) propose in their research that social capital has three distinct dimensions: structural, relational and cognitive all of them very critical to social entrepreneurs.

Social entrepreneurship predominantly chases the advancement of social value. Hence, it is a challenge for social entrepreneurs when they try to raise funds from financial/ capital markets. Whenever social entrepreneurs with great level of intellectual interest and feasibility identify great amount of social capital, they will determine that they are able to organise the required resources to initiate social ventures, reinforcing their obligation towards social entrepreneurship activities.

Additionally, studies researching the connection between cognitive social capital and entrepreneurship are starting to arise (Liao and Welsch, 2005). A strong difference is made between various stages of entrepreneurial study and the efficient change of understanding (Corbett, 2005). Moreover, communication with the public improves co-operation for advanced level study (Soderling, 2003). Social capital implicates relations of trust and cooperation that constitute social networks (Halpern, 2005; Kock and Coviello, 2010). The influence of social capital on social entrepreneurship, largely perceived as self-employment in business, is "the assets that may be mobilized" with the help of networks, shared trust and the norm of reciprocity (Galbraith et al, 2007; Nahapiet, 2009).

Multiple current approaches to social capital observed that excessive social capital suppresses entrepreneurship possibly because it shields mediocrities (Light, 1972), reduces objectivity (Locke, 1999), enforces mental conformity on whole groups (Aldrich and Kim, 2007; Dana and Morris, 2007), or obstructs withdrawals from failing partners (Adler and Kwon, 2002).

2.5.1. Internationalisation and Social Capital

Start-ups can be highly beneficial to the internationalisation achievement by efficiently creating network ties. Scholars studying sociology and management are frequently making use of network theory and analysis in order to analyse the entrepreneurial and managerial challenges of internationalization (Jones and Coviello, 2005; Tsai, 2001; Burt, 1992). Academics have theoretically suggested and empirically found that network relations (along with the social capital they generate) enhance and speed a firm performance (Yli-Renko et al., 2002; Sharma and Blomstermo, 2003). Networks and social capital are particularly significant to small companies and start-ups because usually they face challenges of being new (Aldrich and Auster, 1986; Stinchcombe, 1965) and of being small (Hannan and Freeman, 1984).

Chen (2017) syndicates social capital theory with global new venture theory in order to deliver a context for analysing global social projects and recognize the circumstances for their survival. Desa (2012) observes the affiliation between social capital theory and resource deployment in international SEs and shows how political, technological, and regulatory institutions affect social ventures.

Orobia and George (2014) propose a framework that integrates entrepreneurial objective knowledge for the aim of explaining international social entrepreneurial ventures and the reasoning behind the fact that some SEs can seize worldwide opportunities while others operate domestically only. They describe international social entrepreneurship under the social capital scope as the innovative practice of discovering and developing social entrepreneurial opportunities internationally by applying business knowledge and skills, producing inventive social goods and services with the essential aim of creating social value compared to shareholder capital in the international markets (Tukamushaba et al., 2014).

Marshall (2016) highlights that based on their social nature, international SEs benefit from social capital commitment to a global scale social issue and a fundamental faith in the market as a transformational instrument to resolve the social issue. Social capital is an essential source of the resources and information needed in order to achieve a positive outcome (Prashantham, 2005). Whether start-ups are born-globally (Knight and Cavusgil, 1996; Oviatt and McDougall, 1994; Rennie, 1993) or

develop into ones (Johanson and Vahlne, 1977, 1990), they frequently undergo challenges deriving from newness (Zaheer, 1995). Social capital and relational capital accelerate the speed of internationalizing start-ups by gaining experience-based market knowledge (Arenius, 2005; Prashantham, 2005). Both social and relational capital diminish foreignness through constructing business relations knowledge (Johanson and Vahlne, 2003) and increasing intra- and inter-organizational ties (Yli-Renko et al., 2002).

Modern progress in network research proposes that by inter-company networks competitive advantage is intensified (Greve, 2006) and strategic clustering usually increases a company's achievements (D'Aunno et al., 2000; McKendrick et al., 2000). The function of social capital as a benefit that is used in the course of developing new ventures has been broadly examined (Ferrary and Granovetter, 2009; Johanson and Vahlne, 2003). The theory of social capital proposes that companies generate and are ingrained in multiple relations that can possibly grant access to different opportunities and resources. A variety of meanings has been attributed to social capital. A number of researchers see it in terms of resources that might be accessible to the company as a result of involvement of networks (Coleman, 1988; Nahapiet and Ghoshal, 1998), whereas others view it as a distinctive characteristic that expresses fragmented social structures (Bourdieu, 1980; Coleman, 1988; Putnam, 1993). The realistic view highlights the instrumental dimension of social capital, whereas the social behavioural perspective emphasises the tendencies of social ties. The instrumental perspective proposes that social capital is a belonging of individuals or social groups and that their commitment towards networks may ensue advantages otherwise unattainable to a firm (Nahapiet and Ghoshal, 1998). The instrumental outlook originates in Coleman's (1988) observation, that access to resources can be facilitated with the help of relationships. His philosophy assumes that actors within organisations, purposefully set up relationships in order to assist the progress or accelerate their activities.

The rational perspective mainly emphasises the idea that a company's objective is to begin and develop social ties carefully, according to the efficiency involved in a certain relationship. The rational view involves resource evaluation proposing that the capability of actors to set up relationships that could benefit them as well as the third parties is essential to having competitive advantage. Investigations at

companies' level proposed that social capital has the potential to develop the company's' links and the capacity of them within limitations and is central especially for small companies attempting to internationalise (Baker, 1990).

2.6. Triple Bottom Line Theory

Practically, research in business has mainly concentrated on how firms reach economic performance or maintained competitive advantage by implementing certain competences (Wernerfelt 1984; Barney 1991; Teece et al. 1997).

Nonetheless, the competences required to tackle ecological and, most importantly, social concerns are largely neglected (Norman and MacDonald 2004; Hart and Milstein 2003).

The resource-based view provided the terminology and framework required to have a better understanding of how firms develop economically sustained competitive advantage through resources and capabilities. The natural resource-based view adopted these resources and competences on the environmental result side.

However, neither one of them concentrated on social capabilities or TBL sustainability.

Social entrepreneurs analyse how Triple Bottom Line theory influences stakeholders from the demand and supply perspective of the business model (Thake and Zadek, 1997). Social business models provide benefit by tackling economic, environmental, and societal issues by encouraging honest relations between stakeholders and by implementing a reasonable revenue model (Boons and Luedeke-Freund, 2013).

Advanced social business models like so, intend to fully tackle all restrains: economic, social, and environmental of the background in which they are running, particularly in underdeveloped or developing countries. (Yunus et al. 2010).

They regularly involve concerns about resource scarcity, lack of connections, ineffective regulatory systems, contract-enforcing mechanisms (Khanna, 2005) and higher transaction costs (Hahn, 2014). Social businesses become more attractive when seen as laboratories that could detect competences required to manage the interests of a large number of stakeholder and the skills and resources required to reach Triple Bottom Line sustainability.

The economic bottom line, as the dominant bottom line frame, are able to project features of measurability and aggregation on to these systems that they do not have. Therefore, implying that the attributes are similar conveys an illusion of compensatory precision and validity. The triple bottom line report implications to deliver information on the position and advancement of the three sustainability dimensions. Nevertheless, most guidance linked to TBL publicised in the specialised literature has not been adequate. Allegations like “applying (the TBL) would not be as challenging as one would think” (Tschopp, 2003) are mixed with those stating that the TBL assists “investors differentiate firms that are effective and well-positioned to guard their market competitiveness” (Cheney, 2004).

2.7. The Social Entrepreneurship Matrix

Most of the researchers seem to agree that social entrepreneurship is an elaborate concept still not adequately understood (Fuller and Moran, 2001). Having the power of systems-based theory to clarify an elaborate phenomenon (Schoderbeck et al, 1985; Taylor, 2001), a practical next move in understanding it, is to examine how factors related to social entrepreneurship could cooperate. This will help this research to find the suitable quadrant to be fitted in order to target more efficiently the desired social entrepreneurs as groups.

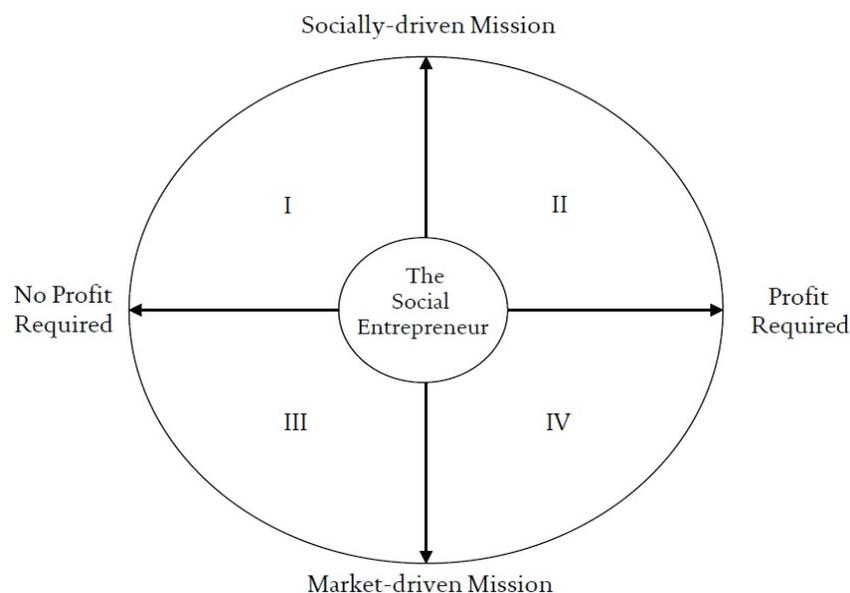


Figure 2 Social Entrepreneurship Matrix (Masseti, 2008)

As identified in Figure 2, the social entrepreneur can be in any of the four resulting quadrants. Each one suggests a distinctive method to business and can help guiding the social entrepreneur while he or she tries to improve and enhance his or her business. Additionally, the matrix can assist investors, analysts and other interested stakeholders to further analyse the social commerce's environment in connection to all potential business form opportunities. A short explanation of each follows beginning with Quadrant IV, flowing in a counter clockwise patters, backwards through Quadrants III and I, and ultimately to Quadrant II which is the main focus of this paper. An explanation of how the social entrepreneur fits into each is also included (Masetti, 2008).

Quadrant IV: The Traditional Business Quadrant.

Quadrant IV embodies the most common, typical approach to business: those companies that have a mainly market-driven mission and are essential to bringing profits. The organizations in this quadrant are of main concern to and well explored by all sorts of stakeholders, including; government, management consultants, venture capitalists, and the banks (Tiku, 2008). They generate the goods and services that the marketplace requires and make use of the generated revenue to pay investors and taxes as well as to develop and expand. In the case of failing to generate revenue, they stop functioning due to being taken down by competitors or by getting bankrupt. The strategy used for their survival is to remain alongside of the marketplace and adjust to match the demand, enabling them to present opportunities for social entrepreneurship. In case the marketplace agrees that a social cause deserves giving money to, the social entrepreneur in this quadrant will undertake it by being supportive of activities that are beneficial for increasing sales because they are considered socially responsible.

It is highly expected to see companies in this quadrant donating a part of the earnings from a sale to a certain charity, constructing "green" facilities or paying high prices to buy supplies from emerging countries. If a socially responsible action has an assured payback that could possibly increase profits, then the firm will select it. Starbucks is an example of SE that is classified in this category (Masetti, 2008).

Quadrant III: The Transient Organization Quadrant.

Quadrant III embodies organizations that react to market requirements but are not focussed on generating revenue. Thus, they might operate for a short-term. As explained by Dorado (2006), “the motivation for social entrepreneurs is not building a new organization but creating a well-defined path so participants can improve an elaborate social challenge, whether the intention brings a profit or not is not important.” In this quadrant, organizations should receive assistance for their efforts from public/ private donations, grants, or governmental funding. They detect a demand in the marketplace and make use of the earnings from fulfilling that need to sustain a social cause. Some examples are Live Aid and Partnership for a Drug Free America.

The only mean for SEs in this quadrant to survive is to always have support. Therefore, they should constantly keep up with market forces, varying their offerings to correspond with both the supporting forces and market requirements. When the supporting forces can no longer see an advantage, or in case market demands modify and their contribution is no longer attractive, the organization stops functioning (Massetti, 2008).

Quadrant I: The Traditional Not-for-Profit Quadrant.

Quadrant I shows organizations motivated by a social mission and do not need to make a profit, without paying taxes on surpluses and must only cover costs to survive. Foundations, charities, public museums, and churches fall into this category. Usually, they deal with essential social work that governments and traditional businesses did not give importance to. They rely on donations, grants, and member fees to support their operations. Social entrepreneurs from this category concentrate on using surpluses to make their operations more effective and expand them. Although they can get help from external sources, they tailor their organizations in a way to deliver goods or services for which they able to charge a fee. Because the organizations in this quadrant accomplish social objectives by design, this quadrant is thought to be the origin of the contemporary SE (Dart, 2004).

Quadrant II: The Tipping Point Quadrant.

Quadrant II, the main focus of this matrix represents organizations that are directed towards social missions but at the same time, they generate revenues to survive.

Recently, this quadrant is highly being focused on in entrepreneurial literature, since organizations in this quadrant highly commit to bringing economic transformation. Based on whether their “double-bottom line” approach to business reaches critical mass in the marketplace, they may tip the scale for how all business routine is measured (Gladwell, 2002). Traditional profit-based companies dedicated the last few decades externalizing all objectives except the ones related to increasing revenue, focusing even less on these aspects that will generate the highest payback for owners. Essentially, the corporate form of business requires managers, from a legal perspective, to prioritise generating revenue above all other social interests. Consequently, they became highly competent at saying or doing anything to gradually increase their narrowly focused bottom lines (Achbar, 2004).

Unfortunately, the costs to society of this method are rising rapidly. Environmental issues, corruption and propaganda are more and more supported, while health and human rights are increasingly disregarded. As frustration and confusion grow, instability will emerge. A new standpoint becomes vital to the maintenance of economic foundations (Keen, 2007). Enterprises in Quadrant II are able to deliver the required stability as well as new outlooks. Social entrepreneurs in this quadrant are highly dedicated to fixing the main issues that arise from both the not-for-profit and profit sides of our economic system.

Primary, instead of concentrating on any marketplace demand that brings profit regardless of the impact on society, they try to achieve only objectives that bring benefits holistically to the society. Secondly, instead of taking pride the valuable change they bring to society, they use revenue as an effective way to make sure that their resources do not remain unused. Thirdly, the more their profits grow, the more independent they become from the urges of market forces, like the wish for venture capitalists to earn back their investments more quickly, a foundation’s obligation to have social goals treated in one specific way, or government’s lowered funding in the face of congressional budget cuts.

Essentially, effective social entrepreneurs in this quadrant discovered a way to have their cake and eat it too. They can receive funds from traditional social support systems and commit to the income they make to stay prepared and independently receptive to their tasks, while unquestionably bringing value to the society (Masseti,

2008). As economic survival and profitability are major variables in social entrepreneurships, the following section will investigate measurement tools through SAC framework for the notion of profitability in social enterprises.

2.8. Measuring the Performance of Social Entrepreneurship Ventures (SAC Framework)

One clear understanding deriving from the current theoretical and empirical findings is that performance measurement for social entrepreneurs is filled with complexity. Metrics must be developed for organizational survival, process outputs, and finally, progress toward completion of the social mission. Accomplishing the social mission, relies on creating substantial adjustments in the organization, and frequently to external constituencies like policymakers and social opinion leaders. Lane and Casile (2008) suggest a framework, mentioned as the SAC (Survival, Action, and Change) framework for considering the measurement challenges faced by social entrepreneurs. As seen in Figure 3, the SAC framework is a partial three-by-three matrix that considers measurement of survival, action, and change (Lane and Casile, 2011).

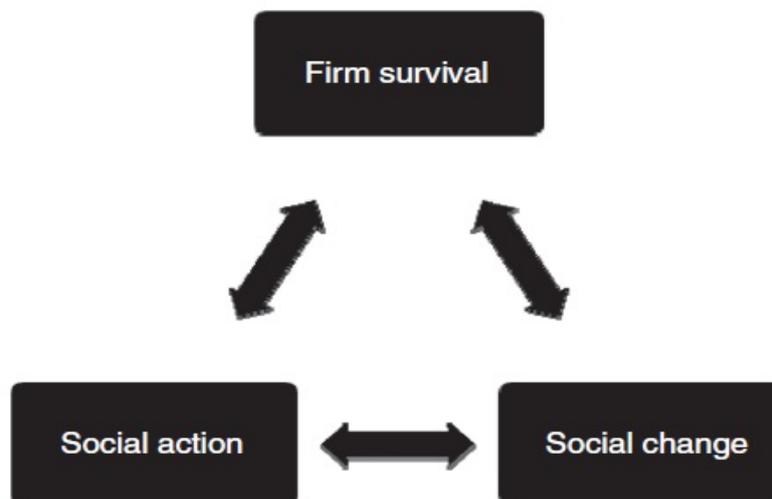


Figure 3, SAC Framework, Lane and Casile (2011)

First, the framework measures the economic survival, a wide term that can also include the notion of profitability. This dimension looks whether the balance between funding from all sources and the expenditures is adequate to maintain the venture. For this level of measurement, few common operational actions, such as cash flow and operating income, would be suitable for numerous social entrepreneurship

ventures. However, profitability and financial return on investment will more likely have a smaller function in social enterprises, where the operation is not fixated on revenue. For numerous social entrepreneurship ventures, effectiveness of operations will be an objective, not due to increasing margins of return, but because it allows the organization to do more with the same amount of resources. In some cases, effectiveness is a matter of survival. Shutting down shops when funds are scarce would be a humanitarian crisis and at the same time a business failure, an inconceivable choice for most social entrepreneurs (Lane and Casile, 2011).

This might be the reason why Light (2008) expressed that social entrepreneurs demonstrate unlimited positivity about the success of their company, even at uncertain times. As it might be with the majority of organizations that have a single objective, it is fundamental to the social entrepreneur's survival to secure both human and financial resources. Researchers discovered that social entrepreneurs acquire a range of original ways of funding and might often replace stakeholders as they explore new financing alternatives. They often to stay open to and observant for different sources of grants, retail operations, fees, new donors, and other financing opportunities. Their organizations regularly have a flat structure, with a high degree of autonomy in order for their members to operate independently and chase opportunities once available.

Secondly, social action involves process outcomes. Although this level might have some similarities to the production function of a for-profit manufacturing firm, or to the line functions of a for-profit service organization, there are two differences that are important to mention (Mason, 2015).

First one, in a social entrepreneurship venture, the connection between units produced or delivered services and generating revenue might be low or completely absent. Essentially, while production and delivery might be the primary goal the for-profit firm, it might be the least important objective social entrepreneurship ventures.

The second, and connected difference, is that a SE when deciding what amount to produce or deliver is unlikely to focus on boosting profit. As a result of their immediacy and operational nature, performance on many social action objectives is rather easy to indicate. Sadly, although these measures illustrate their direct

influence over the environment, they can frequently be inaccurate when considering if there is a sustainable “social impact and change” (Light, 2008).

Third level of measurement is related to social change. Numerous social entrepreneurs try utilizing creative ways to create permanent improvement in our society. Preferably, social change is measured in improvements to the targeted group, community, or society in general, compared to how things would have been if no action was taken (Clark et al., 2004).

Obviously, establishing a standard for the way things might have been if no action was taken involves high speculation. Change could also be quite hard to measure when it comes to the ultimate objective: improving perception and behaviour.

2.9. Resource Acquisition of Social Entrepreneurs

Despite the growing academic awareness in social entrepreneurship, there is still a lot left to be discovered. An important challenge is still being researched is how social entrepreneurs access the resources they need. Just like traditional entrepreneurs, they have to raise financial capital as well as other resources to be able to start and grow their organizations (Davila et al, 2003). In 2009, a survey consisting of 962 SEs based in the United Kingdom, 56% of respondents stated that funding has highly facilitated the realisation of their operations, while over 65% declared that due to the lack of external financing they could not obtain success (Leahy and Villeneuve-Smith, 2010).

Resources, competences and an organization’s tangible and intangible assets are essential to a company’s progress, competitive advantage, and achievement (Newbert, 2008). Due to their common role in organizational processes and effects, academics concentrated on a few matters connected to resources and their usage, like detecting what resource features are crucial for competition and knowing the effects of resource pooling, bundling and deployment allocation, and construction (Baker and Nelson, 2005).

Resource providers avoid committing resources to new ventures because of insecurity and asymmetrical information. High competition between new ventures for resources along with the lack of these resources means that emerging organizations

cannot wait passively for resource providers to notice and invest in their activities (Romanelli and Schoonhoven, 2001).

The majority of the available research concentrated on a couple of moves taken by entrepreneurs to deal with these concerns: improving networks and gaining legitimacy. Social networks composed of direct and indirect links amongst new ventures and resource suppliers can develop the entrepreneur's capacity to gain resources by enabling the exchange of information among the parties and by diminishing information asymmetry. Additionally, a new venture's social network, and especially its connections to high rank partners can operate as an indicator to resource suppliers of the quality and the business model of the venture (Martens et al. 2007).

Particularly, in a research of how new companies build relations with venture investors (important resource providers), it has been discovered that whenever new organizations developed ties in early stages, they achieved their initial network spot by founder links and human capital, while whenever new organizations developed their first ties later on, they had to attain their network place through the success of their organizations (Hallen and Eisenhardt, 2012).

Legitimacy is a universal view that the actions of an entity are desirable and proper within some socially constructed framework of norms, beliefs, and definitions (Suchman, 1995). Legitimacy is considered itself as a resource and is essential for attaining other resources. In case resource suppliers do not grant legitimacy to a new venture and its actions, they will be unlikely to invest resources, such as human and financial capital (Wernerfelt, 2011). It is essential to mention that gaining legitimacy and building social ties are not irrelevant activities.

Amongst the main ways that entrepreneurs prove to evaluators that their ventures are attractive, capable, and suitable is through building ties with high-status individuals and companies (Hallen, 2008). These high-rank partners will avoid forming such ties if they do not consider that a company's actions are legitimate. Hence, legitimacy and generating social capital are closely linked.

Part 2 (Commercial Internationalisation Theories)

2.10. Uppsala Model (Stage Model) of Internationalisation

The Uppsala model is essentially concerned with developing learning and knowledge. The bases and main ideas on this approach originate in Sune Carlson's study of the foreign decision process. The pillar of this perspective is based on the belief that not knowing how to run a business in an international market is a major drawback for firms that want to enter a foreign market (Carlson, 1966).

Thus, the main goal of the Uppsala model was to bring understanding on how organizations acquire knowledge by operating in foreign markets. As mentioned by Johanson and Vahlne (1977), the fundamental knowledge can be gained however, due to its tacit character, the most successful way lies on the company's operations (Johanson and Vahlne, 1977). According to Penrose (1959), there are two main types of knowledge: the objective or general knowledge and the experiential or market expertise knowledge. The first one can be clearly taught while the other one is acquired through personal experience (tacit knowledge).

Both types of knowledge are necessary for international activities. Hence, the Uppsala model emphasised the importance of gradual learning based on experience, which describes its unique structure. Experiential knowledge is essential because it is hard to achieve from objective knowledge (from marketing researches or reports) and it should be acquired mostly from direct experience. Therefore, the threats and opportunities when entering a new market will primarily be determined by those operating there. Experience creates business opportunities and is an influential strength for internationalisation (Johanson and Vahlne, 1990). However, experiential learning from a company's operations is one of the main reasons why internationalisation is frequently a time-consuming process (Johanson and Vahlne, 1977).

A second relevant aim of this model was to explain how the organizations' knowledge influences their ways of investment. Johanson and Vahlne (1977) demonstrated that the commitment decisions or foreign investments are made incrementally due to the market uncertainty and foreseen risks and opportunities. Not enough experiential knowledge in a foreign market leads the company to seek a

slow process of internationalisation defined by several steps described in what is known as “the establishment chain” (Johanson and Wiedersheim, 1975). The progress of activities in different countries is anticipated to have a gradual evolution except if companies have access to a big amount of resources that help them omit in-between steps, or the market environment is safe and similar so that the market knowledge can be gained in other ways than experience, or the company has significant experience from markets resembling to the one the company wishes to enter (Johanson and Vahlne, 1977; 1990). However, a strong link between market knowledge and market commitment has been identified. The greater the acquaintance with the market, the lower the risks. The companies delay each following stage into a specific market until the alleged threat linked to the new investment is inferior to the highest reasonable risk (Johanson and Vahlne, 1977).

The third major role of the model is the try to describe the main factors that need to be taken into consideration when deciding on the target market. Due to aiming to reduce market ambiguity and threats, instead of starting the internationalisation process in distant markets, companies prefer to start the process in countries closer to their base (Johanson and Vahlne, 1992).

Psychic distance was originally portrayed as the aspect blocking the movement of information between a company and the level of market development, education, institutional infrastructure, culture, and language (Johanson and Vahlne, 1990). According to Kogut and Singh (2007), the entry mode selection differed depending on the alleged psychic distance between countries. The higher the cultural barriers between the home and host country, the higher the chances of that the company to go for a joint venture to limit the insecurity of operating in those markets. However, O’Grady and Lane’s (1995) empirical research on 32 retail businesses from Canada that entered in the US market, proved that apparent resemblances might cause decision-makers to fail because they are not prepared for the contrasts.

Based on psychic distance argument, things in reality are more distant compared to their close appearance (O’Grady and Lane, 1995). The psychic distance notion was thought to be more complex than is commonly known in the literature. Business elements like legal and competitive settings need to be included when defining distance in the internationalization process. Additionally, it was pointed out that

psychic distance is can vary, and it could modify because of the advancement of trade and communication system (Rich, 2010). Consequently, psychic distance is not the central factor for international operations. Other main elements are the size and the potential worth of the target market.

Liability of Foreignness and Liability of Outsidership

When it comes to internationalisation of companies and models defining this process, it is more suitable to think of the foreign market as a business network rather than a country market. Thus, outsidership is a universal phenomenon in business network theory concerning every network, domestic or foreign, in which the firm is not embedded. Essentially, the principal distinction between a domestic network and a foreign one is the liability of foreignness. As a result, it might be argued that it is the liability of foreignness, and not that of outsidership that is the vital factor in a model on internationalisation. Liability of outsidership is central due to reflecting the challenges of forming a place in a network from the “outside”, however, in this context there is no distinction between foreign and domestic networks (Cantwell and Mudambi, 2011).

A primary belief in business network theory is that all companies are in one way or another “insiders” in a business network (except new ventures). Hence, even if this is an important factor in such theories, the idea that insidership in appropriate networks is needed does not specify the requirements of internationalisation, only the preconditions for expanding the company’s business in general. It is also confirmed by Johanson and Vahlne in their conclusion that the greater the psychic distance, the harder it is to develop relations. Also, they mention that this “is the effect of liability of foreignness”, which essentially means that the fundamental difference between domestic and foreign networks is liability of foreignness rather than liability of outsidership (Johanson and Vahlne, 2009).

Hence, the liability of outsidership in connection to foreign networks has to be expanded in order to have a better understanding of a company’s internationalisation process. Or else, more or less it demonstrates the same function as liability of foreignness. A potential way of doing so by starting with the proposition that while liability of foreignness is initially defined as the cost of doing business abroad

(Zaheer, 1995) a discrete border effect liability of outsidership can be looked upon as a continuous distance effect (Beugelsdijk and Mudambi, 2013).

A company's perceived outsidership is connected to the distance between its current business and the relevant foreign network. As a result, the concern of causal relationship between outsidership and internationalisation can be tackled by evaluating the features of the business network in which the company is embedded, and how it affects the distance to a potential foreign network. There is complex proof that network embeddedness influences the behaviour of companies (Grabher, 1993; McEvily and Zaheer, 1999; Moran, 2005; Wright and Myers, 2008; Granovetter, 1985).

Consequently, a common belief is that the characteristic of the business network in which a company is embedded affects both the chance of a company to become an insider in a foreign network and the growth of the company's foreign business. Frequently, a difference is made between structural embeddedness and relational embeddedness (Dacin et al., 1999). Structural embeddedness mainly concentrates on "whom one knows" whereas relational embeddedness focuses on "how well one knows them" (Moran, 2005). Structural embeddedness emphasises the benefits that a company can gain from the position it has in business network, while relational embeddedness focuses on the benefits of learning and the interchange of information in dyadic, close relationships (Hansen, 1999). Both of them can be applied to expand the knowledge of the internationalisation process and the function of liability of outsidership.

When it comes to structural embeddedness, a frequent concern is the benefits of open networks compared to the closed ones (Burt, 1992; Coleman, 1988). The benefit associated with open networks is a consequence of diverse information and the company's access to brokerage opportunities by bridging otherwise disconnected groups. It is connected to the position of the company in its network and to what degree this position provides access to information (Oehme and Bort, 2015). The benefit that comes with closed networks, as opposed to open networks, is connected to the social capital generated in a close-knit network. This type of social capital has a positive outcome on building social norms and sanctions that enable trust and cooperation (Gargiulo and Benassi, 2000).

2.11. International Entry Modes

Foreign market entry mode selection indicates the firm's level of resource commitment to the international market, the degree of risk in the foreign country, and the degree of control over international operations (Anderson and Gatignon, 1986). Replacing a current entry mode can be exorbitant and time consuming (Kumar and Subramaniam, 1997), therefore, the incorrect entry mode choice can negatively impact the firm's enactment (Lu and Beamish, 2008; Nakos and Brouthers, 2002). Small and medium sized enterprises (SMEs), in comparison to large multinational enterprises (MNEs), have distinct characteristics that are likely to impact their foreign market entry mode selection in regards to risks involved in the host country, their levels of commitment, and their control over operations in the host country.

Foreign market entry mode selection regulates the level of control, risk, and resource commitment that a firm undertakes in its foreign market activities. That is, some entry modes call for a large commitment of resources in the foreign market, while others allow resource commitments to be mutual between partners. For instance, launching a wholly-owned foreign green-field venture from start necessitates a high level of resource commitment, as the internationalizing firm has to bear all of the costs of starting a new firm and attending the foreign market (Hill et al., 1995).

On the other hand, contractual arrangements such as licensing and franchising reduces a firm's resource commitment to observing the personnel in their new operation environment (Hill et al., 2012). The degree of resource allocation in a joint venture lies somewhere between these two lines, subject to the nature of joint venture (majority, minority, or equity joint venture). Inseparably associated with the resource commitment, international market entry mode selection defines the level of risk to which the company is exposed in the foreign setting (Hill et al., 1990; Hill and Kim, 1988).

The added resources the firm commits, the greater the risk of losing valuable resources if the foreign venture is unsuccessful. For instance, a firm that commences an expensive green-field investment in the international market has a bigger risk of losing significant resources than does a company that establishes a licensing agreement with a partner in the same foreign market. On the other hand, a significant commitment mode like wholly owned subsidiary could minimise the risk of

accidental knowledge diffusion. The tendency of such diffusion is much more likely when a partner is involved in a joint venture or franchise agreement.

Entry modes also consist of varying levels of control over foreign market activities as control is defined by the company's degree of responsibility for operational and strategic decision making in the international market (Anderson and Gatignon, 2006). For instance, when owning a company in the host country, a firm may appoint certain key decisions to the foreign subsidiary, but the acquirer is in charge of the overall control (Hill et al., 1990).

However, in contractual agreements, control can be reached by means of contract enforcement but only to the extent to which hazards are contractually safeguarded. Degree of control in a joint venture remains between that of contractual agreement and acquisition and is dependent on the category of ownership and the number of bodies involved (Hill et al., 1990).

Franchising

From an entrepreneur's standpoint, franchise agreement is a significant means of doing business due to its forecasted benefits in certain external environments. Typically, franchise agreements take place in markets where high rivalry exists, customer demands are dynamic and highly localized market segments exist (Martin, 2012). Franchises are less likely to be implemented in foreign markets where higher wages and higher market risks are present (Michael 1996); higher wages are usually considered to be either a substitution for higher levels of technical skills (e.g., accounting, computer, etc.) or more segmented local markets (e.g., investment locations) either of which undermine the standardization pros provided by franchising (Combs and Michael 2004).

Generally, franchisors demand an advance payment for privileges to the franchise. This transaction is a fixed fee and franchisee's potentials may result in adjustment of this fee. The main purpose of the advance payment is to 'force' the franchisee to examine their entrepreneurial skill in order to determine whether they will be able to operate a successful business. The franchisor imposes a self-selection procedure to define the best candidates for franchising. The potential franchisee decides whether the advance payment is less than the potential profits foreseen from the franchise

(Caves and Murphy 2007). The franchisor benefits from successful franchisees as the franchisor receives royalties based on performance. Royalties account for a large portion of the profits for the franchisor (Azoulay and Shane 2001). Therefore, poor franchisees result in lower royalties. Hence, the upfront payment made to the franchisor is believed to help to select high quality franchisees that guarantee high royalties to the franchisor.

Licensing

Licensing agreements are market based substitute which allow the company innovations to be profitable (Fosfuri, 2006). Usually, R&D formulas, ideas, inventions, technological know-how, services, brands, and trademarks are licensed by a company (Mottner and Johnson 2000). In return, the licensee typically provides the licensor with an agreed-upon payment, or a royalty fee per unit and an obligation to follow the license agreement (Hill et al. 1990).

Companies which lack production and marketing capabilities are the most inclined to engage in granting license agreements (Fosfuri, 2006). Therefore, licensing is a wealth enhancing strategic decision for both parties as licensees are familiar with the application of licensed assets but avoid the costs allied with developing such assets while licensors are capable to profit from markets in which they cannot or will not invest (Kulatilaka and Lin 2006).

According to Sahay and Aulakh (2011), licensing has been neglected as an entry mode option in the strategic internationalisation studies. However, a few past studies have inspected international licensing as a foreign market entry strategy (Porter, 2006). International licensing delivers opportunities for companies that are hesitant to enter foreign markets; licensing provides the opportunity to such firms to use their mobile assets to develop internationally without bearing risks commonly associated with foreign direct investment (Mottner and Johnson, 2000). Therefore, licensing is a decreased involvement and decreased control entry mode option when; considerable control is granted to the licensee and equity is not required in order to develop internationally (Aulakh, Cavusgil and Sarkar 1998).

Low involvement international entry modes are chosen when the market risk is high (Chan and Hwang, 1992) or in situations when the market is too small to justify a

substantial investment of time or resources. In the context of international licensing, much of the risk is shifted to the licensee. Licensees tolerate the costs of serving the local market and own all assets associated with the business (Hill et al., 1990). In uncertain markets, limited resource allocations allow the licensor to gain a foothold in the market without having to make large resource investment commitments.

Despite minimizing risks, international license agreements provide more benefits to the company. License agreements require insignificant capital outlay, they lower transportation and tariff spending, and foreign governments are more interested in licensing because technology is being transferred into the country (Weinrauch and Langlois, 2008).

Associated risks with international licensing comprise of limited revenue and reduced control over the licensee (Cavusgil 1998). These pros and cons are analysed with other main factors to decide whether a firm should use licensing in a foreign market. Manager's experience and knowledge is considered a key factor when it comes to internationalization; past experience and information affect the tendency to license. Despite, market structure, know-how intensity, and resource factors affect the strategic choice to internationalize. High costs of learning in the foreign market increases the likelihood of selecting international license agreement (Buckley and Casson 2007).

An important element that affects the decision to license internationally is opportunism. One of the risks usually accompanied with licensing is the potential for opportunistic behaviour (Hill et al. 1990). Licensors are required to be careful in choosing licensees because a future rival could be created if the licensee performs opportunistically. In circumstances where opportunism threats are high, then costs related with monitoring increase (Hill et al. 1990). For example, when considering licensing intellectual property internationally, a company considers the level of enforcement protecting intellectual property rights in the foreign country market. Decreased levels of enforcement increases risks which in return results in reducing likelihood of an agreement being reached.

Alliances

A company's international expansion is one of the most important factors to explicate the choice of an alliance for an international market venture. Luo and Suh (2004), in a meta-analysis of academic studies on entry mode options conclude that firms with international experience tend to select equity-based alliance modes, confirming findings from earlier studies (e.g., Aulakh and Kotabe 1997; Contractor and Kundu 1998). Likewise, companies with experience in forming alliances are similarly more probable to pursue growth through alliances (Anand and Khanna, 2000). On the other hand, if a company combines an extensive experience of alliances and unsatisfactory performance as perceived by managers, the tendency to use further alliances declines (Kreiser and Weaver 2006).

Some papers on the topic suggest that companies are also influenced by their home country institutional settings (Lam and Qian, 2001). Makino and Neupert (2000) explain that Japanese companies tend to practice fewer joint ventures in the United States than United States firms in Japan and Terpstra and Simonin (1993) found that Japanese companies tend to use more contractual agreements than joint ventures.

To generalize, companies from feminine, collective, and uncertainty-avoiding backgrounds are more likely to practise alliances for foreign market expansion (Marino and Weaver, 2000) and companies from higher-power distance cultures tend to select equity-based alliances (Pan and Au, 1997). To structure on this line of enquiry, findings suggest that the occurrence and the success of cross-border alliances are dependent on the fit between country of origin features and brand characteristics (Bluemelhuber et al. 2007).

In addition to company-level features, the international strategy of a company has a solid impact on entry mode choice as well. Companies which have transfer of valuable resources to other countries in the heart of their international strategy are likely to select entry modes permitting both the transfer of and control over its valued resource, that eventually leads to the choice of equity-based alliances (Brouthers and Hennart 2007). Nevertheless, firms may reconstruct their national alliances in international settings (Mitchell and Swaminathan, 1995). On the other hand, firms may also need to pull local resources they do not possess. Access to local complementary resources is an additional major element of international alliance

establishment. Hitt et al. (2000) found that firms from developed markets form international joint ventures (IJVs) to access local market knowledge or unique competences possessed by a local partner, while firms from developing nations stress technical capabilities, financial assets, willingness to share expertise, and intangible assets. In a similar paper, Si and Bruton (2014) discovered that local knowledge acquirement is a substantial determinant of IJV establishment in the Chinese market. It can be argued that the more challenging to achieve or the more tacit the resource and the higher the degree of information asymmetry, the higher the tendency for forming an alliance (Kogut and Zander 1993).

Characteristics of the host country influence entry mode choice. Companies may be obligated to establish an alliance with a local partner by the country's regulations (Micinski 1992). It is also likely that businesses use alliances with local organizations to diminish country level risks and increase legitimacy in the host nation (Alcantara et al. 2006). Notably, industry specific factors influence entry mode selection, which further confuses the overall picture. Tse and Au (1997) discovered that the greater the scale of operations, the more probable the choice of an equity based expansion, such as a joint venture, and Pan and Tse (1996) established that firms in capital-intensive sectors are more probable to collaborate.

Wholly Owned

Usually denoted to as the diversification or establishment modes, the choice of acquisition as opposed to greenfield depends on the firm's competitive advantage. For instance, empirical studies indicate that, among other variables, MNEs establish greenfield branches to exploit exclusive technology abroad while acquisitions are favoured as means of overcoming technological barriers in R&D intensive markets or entering new markets rapidly (Chandy and Ellis 2005).

Despite the fact that acquisitions present an immediate formation of a local presence, they can be accompanied by post acquisition integration catastrophes which are usually embedded in cross cultural dissimilarities and technological differences. Additionally, while greenfields offer an opportunity to preserve and duplicate valued corporate advantages overseas, they necessitate both time to establish and the formation of mechanisms to transfer knowledge efficiently. Due to this fact, businesses tend to balance the benefits resulting from their firm-specific

advantages with those available from other firms in the target market, with industry specific characteristic, and with country specific environmental contingencies when defining the suitability of each entry mode. Section 2.16.1 of this paper discusses wholly owned mode more in debt from the transaction cost economies and knowledge based perspectives.

2.12. International Product Life Cycle Model

Raymond Vernon (1966) introduced a model that explained internationalisation patterns of a firm and how companies progress and develop into multinational corporations. Vernon's International Product Life Cycle model (IPLC) was intended to modernise trade theory beyond static model of comparative advantages. David Ricardo (1817) presented an economic investigation to illustrate the advantages to a country that was involved in international trade if they could produce all products at the reduced cost and would appear needless to trade with outsiders.

Ricardo indicated that it was profitable for a country with an absolute advantage in all product categories to trade and permit the industry to specialise in those specific categories with the maximised added value.

In contrast, Vernon (1966) emphasised on the dynamics of comparative advantage and drew inspiration from the PLC to enlighten the change of trade patterns over time. IPLC explained an internationalization process in which a producer in a developed country starts to sell a new product (usually tech-advanced) to consumers in the domestic market. Production facilities are built locally to obtain close reach with customers and to reduce risks and uncertainty. As soon as international demand is realized, production relocates in the foreign market which in turn enables the company to increase economies of scale and overcome trade barriers.

When the product reaches maturity stage and turns into more of a commodity, rising number of competitors are witnessed. Finally, the initial innovator is confronted in its domestic market and the exporting country turns into a net importer of the product (Aditya and Roy, 2007).

This product or service is produced either by a multinational manufacturer which initially was an own foreign based production facility or, by a competitor in a lesser advanced country, Please see figure 4. To clarify this nature better, Vernon (1966) introduced three stages of IPLC.

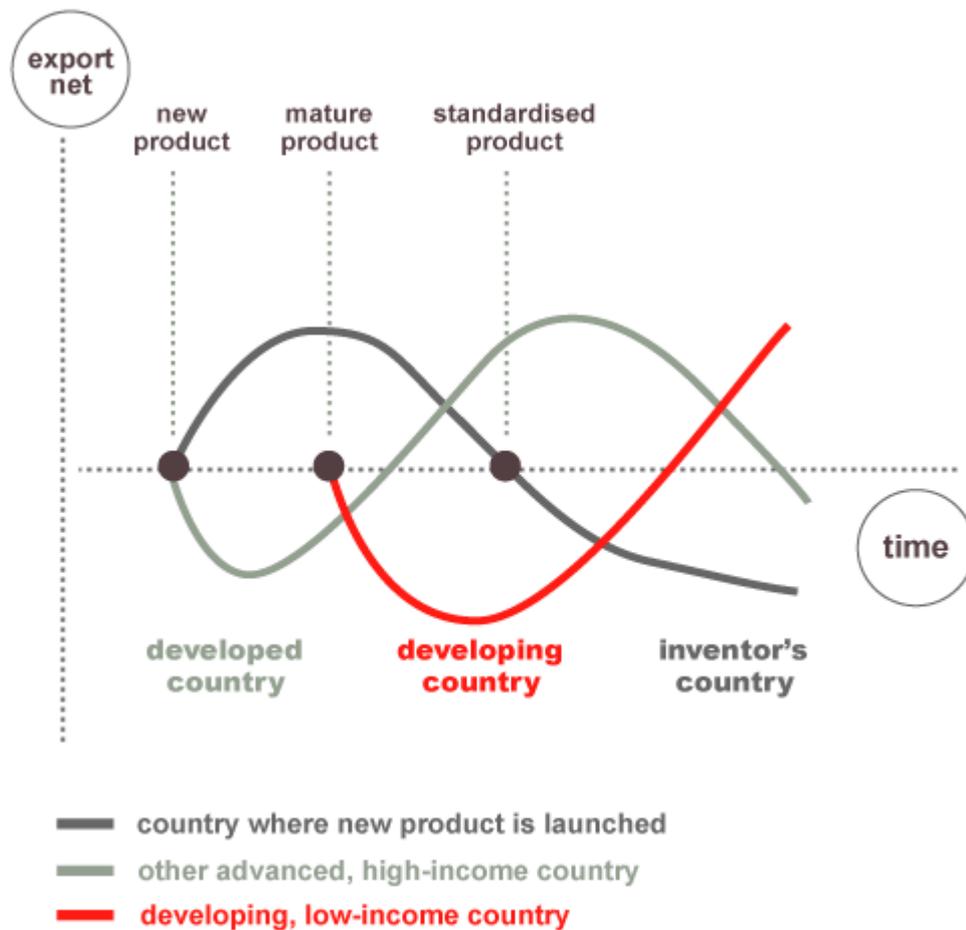


Figure 4, International Product Life Cycle, Vernon (1966).

New Product

The first stage of IPLC starts when a developed nation firm attempts to exploit a technological breakthrough by launching an innovative and new product in its domestic market. This market has higher chances to initiate in a developed nation as higher number of wealthy customers exist and they are open to experiencing new, innovative, and expensive products (Bos and Economidou, 2013).

Despite that, ease of reach to capital markets for funding the new product development exists in developed countries. Production stage is highly probable to take place locally in order to reduce uncertainty and risk: a geographical location whereby markets and executives can communicate directly regarding the product in an easy and swift manner. Exporting to other nations may take place at the end of this stage that lets the producer to maximise profits and increase the downward descent of the products experience curve. Similar advanced countries have consumers with likely demands and purchasing power making the export an easy

initial step of the internationalisation venture. Competition may arise from a minimal number of local rivals that produce their own innovative product variations.

Mature Product

Exports to markets in developed nations further grow by time, making it economically conceivable and sometimes politically necessary to start domestic production. The products design and production procedure becomes progressively stable. Foreign direct investments (FDI) in production units reduce unit cost because labour cost and transportation cost decrease. Offshore production facilities are meant to serve domestic markets that substitute exports from the organisations home market. In spite of that, production requires high-skilled, high paid personnel. Competition from local companies initiate in these non-domestic developed markets while export demands will start to come from countries with lower incomes (Choung and Hwang, 2014).

Standardised Product

At this stage, the main markets become saturated. The innovator's original comparative advantage based on functional advantages has battered. Therefore, the company starts to focus on minimizing the process cost rather than introduction of new product features. As a consequence, the product in question and its production process become highly standardised which allows further economies of scale and increases the shifting of manufacturing process. Eventually, workforce can begin to be replaced by capital. In a situation where economies of scale are being fully exploited, the main difference between the two locations is likely to be labour costs. To counter price competition and trade barriers or to fulfil local demand, production units will relocate to countries with lower incomes. Similarly as in advanced nations, local competitors will have access to new information and can start to imitate and sell the product (Hallak, 2006).

At this stage, the demand for the initial product in the domestic country declines due to the arrival of new technologies, and other advanced markets will have turned highly price sensitive. The remaining market is shared between competitors who are predominately from foreign countries. A multinational corporation will internally enhance offshore production to low wage nations as it can transfer capital and technology, but not workforce. Consequently, the domestic market would need to import capital insensitive products from low-income nations. The equipment and

hardware that operate the manufacturing units usually remain in the country where the product was first invented (Klepper, 1996).

2.13. Born Global Theory

Born global firms are the ones that undertake international operations at or right after foundation. In spite of the minimal resources that often characterize new ventures, born global firms achieve international sales from an early stage in their development.

Despite the limited resources that usually characterize new businesses, BGs achieve international sales from an early stage in their development. These businesses tend to go global in a faster pace than those of the traditional ones which operate domestically for some time before expanding abroad (Cavusgil and Knight, 2009).

Born global firms are increasing in numbers around the world, the phenomenon has confronted traditional perspectives on internationalization in which international business was dominated once (Eurofound, 2012). Born global businesses are considered entrepreneurial start-ups which from foundation, seek to generate a considerable proportion of their profit from sales of products and services in global markets.

On the other hand, international new ventures (INVs) are similar to born global firms; they are referred to as INVs as they are businesses that from inception seek to derive significant competitive advantage from the use of resources and the sale of products in many nations. According to Knight and Cavusgil (2004) born global term focuses on young companies which sell primarily outward to the international markets. However, INVs are new ventures of different types inclusive of older ones, established MNEs and a wider range of value chain activities and entry strategies. Few born global firms are truly born global, but they expand internationally very soon after formation and usually within three years of foundation. These firms are mainly regional in their internationalization, specifically in the early years of expansion (Lopez and Kundu, 2009).

The term born global has been adopted as a proper phrase that conveys the import of these companies and the new paradigm they represent in a global economics. They can't be considered new, they have existed for a very long time, especially in countries with minimal national markets (Cavusgil and Knight, 2009). But, recently they have developed in high numbers around the globe. The internet, globalization,

and other communication innovations are considered the facilitators of this trend which has fostered foreign expansion of resource poor and small firms. Dependable with the macro-level globalization, founders of born global companies implicitly or explicitly view the world as a marketplace (Cavusgil and Knight, 2015). Born global firms' establishment and progression classically are supported by distinctive entrepreneurial expertise, championed by founders or managers who occasionally happen to have previous managerial experience in international markets (Hewerdine and Welch, 2013). These ventures are usually smaller firms with inadequate concrete resources. They encounter numerous constraints in internationalization, including deficient economies of scale, often inexperience in international business, and general shortage of financial and human resources (Freeman et al., 2006). However, born global companies are often gifted with unique intangible resources and capabilities and are especially expert at allocating their resources under asset parsimony (Cavusgil and Knight, 2015).

The prompt and fast internationalisation of born global firms in this modern day represents a structure of international development that is extraordinary.

The rise of born global companies represents an alteration from an emphasis on the well-developed and large corporations applying a monopolistic or oligopolistic logics, efficiency-seeking, and power, to a logic of resource-constrained and young firms focusing on profit, resourceful innovativeness, and opportunity (Zander and Rose, 2015).

Born global is associated with international entrepreneurship which explains the entire process of discovering, developing, and exploiting opportunities that appear beyond a company's local market. (McDougall and Oviatt, 2000).

The research into internationalisation and the increase of born global firms in this modern era is realized as a natural development in the international business arena. As various factors affect companies to venture beyond the domestic market, new entrants take the opportunity to derive higher margins to their advantage from extended markets. Similarly, venturing into global markets in an early time in a company's lifecycle has followed.

Comparable to the pattern of expansion in the internationalisation literature, born global topic has not benefited from an intensity in theoretical momentum as multinational enterprises did during early days of emergence in international

business (Liesch et al., 2011). The degree of theorizing multinational enterprises has not been replicated with the small company and nor born global firms within this squad.

It is considered vital that reviews and analysis are reported sporadically to have a perception of developments and shortcomings and to stimulate the progress.

Born global firms are typically young small and medium-size enterprises known by their limited resources, nevertheless, numerous firms like these generate substantial trade flows across the international economy. Born global firms are greatly recognised as distinctive and important organisations in international commerce (Eurofound, 2012).

Born global firms were first observed in a few advanced economies such as United States and Australia in mid 1990s. These companies soon after accounted for a significant share of export growth.

According to European Union (2015), it is estimated that 25% of new enterprises in the EU are born global. These firms account for up to 40% of young firms in Denmark, Belgium, and Romania, contributing to national economic growth by nurturing innovation, creating knowledge, supporting industrial growth, and enabling value added curriculums (OECD, 2013).

2.14. The Network theory

A number of scholars have attempted to give a definition and to classify the types and levels of networks. Although, definitions of network and classifications of network slightly differ by the perspective of the study. Coviello and Munro (1997) describe network as a set of two or more connected exchange relationships. Hoang and Antoncic (2003) define social networks as a set of actors (individuals or organizations) and the linkages between these actors. Whereas Zain and Ng (2006) define social network as the relationship among a firm's management team and employees with customers, suppliers, competitors, government, distributors, bankers, families, friends, or any other parties that enable the firm to internationalize its business operations.

Zhou and Luo (2007) define networks as webs of connections and relationships cultivated for the purpose of securing favours and organizational action. Like the variety of the definitions given to network, there has not been an agreement between academics related to the area of social networks on how to classify types of

networks. Three types of networks are classified by Adham and Entekin (2011). The first type is the institution network, representing the supporting government agencies. The second type involves business associates and it consists of local or foreign SMEs or multinational corporates.

Third type includes personal networks such as family, friends, and colleagues. Ojala and Kontinen (2011) categorise network into formal ties, informal ties, and intermediary ties. The first one regards a present tie between individual business associates where they exchange products or services for money or barter. The informal ties are connected to personal relations with family and friends. And intermediary ties consist of relationships that have no direct contact between the seller and buyer, but rather with a third actor, such as an export promotion organization, who facilitates the establishment of relations between the seller and buyer.

Academics have further studied the effectiveness of networks. The distinction between strong and weak ties is done by analysing the degree of understanding, reliance, respect and commitment. Lee and Chang (2005) researched the effect of entrepreneurs' four types of relationships, named "guanxi networks", in the Chinese context. The guanxi network is described as a group of people linked through particularistic interpersonal ties, built and preserved through trust, duty and mutuality. The four types of relations compose a guanxi network in the Chinese culture: family ties, business ties, community ties, and government ties.

Many findings showed that networking is essential and is vital to the achievements of SMEs regarding starting, enabling, and maintaining their internationalisation. They offer information, guidance, and emotional sustenance for entrepreneurs (Ozgen and Baron, 2007). Social ties are furthermore considered to have a significant function in decision-making by start-ups and they are an essential tool for accessing the resources needed to develop a business (Majano and Zhan, 2014).

When it comes to the internationalisation of SMEs, network theory is a largely used method that provides a better grasp on the process of internationalising entrepreneurial companies (Evers and O'Gorman, 2011). Networks help improve operations in international markets by accumulating knowledge. Additionally, networks are perceived as a main strength that aids decreasing resource restraints

in SMEs' efforts to internationalise. Therefore, an awareness for international opportunities is developed and it helps deciding on how to internationalize and when is the right time to do so (Mejri and Umemoto, 2010). Networks can also influence the mode of entry when internationalising. According to Johanson and Mattsson's network approach, as firms internationalise, the number and strength of relationships in the networks increases, facilitating their international expansion.

Typically, modes of entry include exporting, turnkey projects, licensing, franchising, and joint ventures. Each mode of entry varies in the degree of involvement, relationship structure with partners, advantages, and disadvantages (Zain and Ng, 2006).

2.15. Eclectic Paradigm Theory

John Dunning firstly voiced the eclectic paradigm, his attitude towards the elaborate concept of MNE was vigorous and in time, it became one of the most significant understanding in international business literature. The eclectic paradigm describes the emergence of multinational enterprises depending on three types of competitive advantage: ownership, location and internalization advantage (Dunning, 1981, 1988, 1993). Although it has a leading position in the area of international business, to-date, the theory has not been standardised through all of its sections in a universal equilibrium model. While some academics (such as: Markusen and Maskus, 2001; Ethier, 1986; Markusen, 1998), borrowed ideas from the eclectic paradigm and used it in the shaping of multinational enterprises, several others believe that the paradigm is too complex to be formalized (Cantwell and Narula, 2001; Eden, 2003).

Dunning's eclectic paradigm (Dunning, 1981, 1988, 1993) clearly delivers the key understandings of its research group by discussing to the overall effect of ownership advantage, location advantage and internalization advantage on foreign entry mode selection by internationalizing firms.

Ownership advantage is a firm characteristic. It is established by firm-specific ownership of immaterial assets such as technological or marketing knowledge, as well as by greater managerial capabilities to control and organise international transactions. The factors constituting ownership advantage are viewed as an "intra-firm public good", transferable between different units of an MNE around the world.

Location advantage is a country-specific characteristic. Theoretically, it is similar to comparative advantage, familiar from international trade theory. Location advantage is represented by the comparative cost of country-specific inputs (e.g., materials, labour, and natural resources) available by enterprises operating within that country's borders, or by the cost of trade barriers between countries, which may comprise transportation costs, tariffs and non-tariff barriers. The factors that create location advantage are country specific and are location bound, they are internationally immovable.

Internalization advantage is a transaction attribute. It stems from the fact that the factors constituting ownership advantage become a private good once transferred outside the boundaries of the firm. Internalization advantage applies to the case where the firm prefers to exploit its ownership advantage internally, rather than by licensing or any other collaborative mode, in order to minimize the transaction costs associated with the inter-firm transfer of proprietary knowledge and capabilities (Jones, 2009).

Dunning assumed in his initial research that a company's ownership advantage derives from its home country, where its motivation to internationalize is market seeking, or resource seeking, or efficiency seeking, or other global strategic considerations (Dunning, 1977, 1988, 1993). Nonetheless, later, Dunning and other academics (such as Cantwell, 1995; Dunning and Narula, 1995; Kogut, 1991) paid more interest in knowledge-asset-seeking motivations of internationalization. Knowledge asset seeking mainly involves that ownership advantage is not necessarily derived from a company's domestic country, rather was developed and improved abroad, and hence provides motivation for internationalisation.

2.16. Transaction Cost Theory

Transaction costs entered the discussion about firms with Ronald Coase's influential 1937 article, "The Nature of the Firm." Coase argued that entrepreneurs internalize activities within firms to reduce the costs of search, communication, and bargaining. Absent these transaction costs, production could be organized through networks of independent contractors, with their interactions mediated by the price mechanism. In other words, without transaction costs, there is no reason for firms (Klein and Mondelli 2013).

These arguments have been elaborated most forcefully by Oliver Williamson, who developed insights from Coase, John R. Commons, Herbert Simon, and others into a more general transaction cost theory of economic organization. Transacting is costly not only because of the problems described by Coase but also because complex transactions often require co-specialized investments, and investing in relationship-specific assets exposes trading partners to particular risks. Forward looking agents will structure their relationships to minimize these risks. Unlike conventional economics treatments of firms and industries, the focus here is on transactions, not firms. And on the difficulties of contracting, not the technical aspects of production (scale, scope, etc.). Also, in contrast with industry and competitive analysis as developed by Michael Porter, the key to the firm's success is seen as its ability to organize transactions efficiently, not its ability to leverage market power. As in the resource-based view of the firm, TCE focuses on assets but is interested in how they are organized and governed, not their ability to generate rents (Shane and Venkatarman, 2012).

A more detailed illustration will help. Consider vertical integration, the first problem to be studied systematically in transaction cost terms. Economists traditionally viewed vertical integration and other forms of vertical coordination as attempts by dominant firms to earn monopoly rents by gaining control of input markets or distribution channels, to engage in price discrimination or to eliminate multiple mark-ups along the supply chain. TCE, by contrast, emphasizes that in-house production or procurement from particular suppliers in long-term relationships can be an efficient means of mitigating contractual hazards. However, vertical coordination creates other types of transaction costs, namely, issues of information flow, incentives, monitoring, and performance evaluation. The boundary of the firm, then, is determined by the trade-off, at the margin, between the relative transaction costs of external and internal exchange (Shane and Venkatarman, 2012).

In a world of positive transaction costs, contracts are unavoidably inadequate; they deliver solutions for only some potential upcoming contingencies. This evidently applies to written contracts for all except simplest forms of trade. Additionally, it applies to relational contracts, agreements that describe shared goals and a set of general values that govern the relationship, and to implicit contracts agreements that, while unstated, are assumed to be understood by all sides. Contractual

incompleteness can bring several threats to the contracting parties. Firstly, if there's an unexpected change of circumstances, the original governing agreement might no longer be efficient. The need to adjust to unexpected situations brings an extra cost of contracting, failing to adapt results in what is described by Williamson as maladaptation costs (Klein and Mondelli 2013).

2.16.1. Transaction Cost Economies and Knowledge Based View

One of the prevailing theoretical standpoint in the literature on wholly owned entry modes is Transaction Cost Economics (TCE) (Rata and Sanchez, 2007).

Transaction cost economics (TCE) clarifies the existence of companies as a means to lessen the opportunistic potential that rises in contract based organizations. The primary concern of this perspective is the prevention of conditions that create market failure and the formation of the most efficient form of governance which reduces firms' transaction costs (Williamson, 1975).

When transaction cost economic is applied to the greenfield mode decision it is directed primarily towards the choice of entry mode that reduces the transaction costs related with the exploitation of present advantages. For example, companies which intend to exploit their advance technological competence and preserve it from external market imperfections tend to choose greenfield entry mode and typically impose their organisational practices on the subsidiary (Chang and Rosenzweig, 2001). Greenfield investments tend to provide an efficient way to limit distribution of firm-specific advantages and to avoid complications associated with imposing company know-how on existing local personnel (Brouthers, 2000).

On the other hand, if the intended local operation is massively dependent on product-specific or local knowledge, the likelihood of acquiring a local firm and its knowledge increases. For instance, Japanese companies entering international markets while diversifying their current business activities tend to prefer acquisitions because they fulfil the need for an increase of new product-specific knowledge. Likewise, technologically fragile companies seek to balance their existing resources by acquiring another firm, thereby accessing and integrating its knowledge-base and organizational know-how (Larimo, 2003).

In comparison to the transaction cost economics explanation of establishment mode selection, the knowledge-based view of Grant (1996) proposes that the driving force behind establishment mode assortment is the management of a company's competences in terms of the expansion and deployment of its knowledge-base (Kogut and Zander, 1992). The knowledge-based view hypothesises the firm as a set of transferable resources that are converted into competences through dynamic and interactive firm specific processes (Amit and Schoemaker, 1993). The increase of firm capabilities is viewed as a dynamic procedure in which the ability of the firm to, evaluate, acquire, diffuse, integrate, deploy and exploit knowledge is critical (Madhok, 1997). Therefore, whereas the transaction cost viewpoint treats each foreign entry as a separate and distinct event and is considered 'static and equilibrium oriented' (Madhok, 1997), the knowledge-based view incorporates the dynamics of learning and capability development. The knowledge-based view is considered the second most desired theoretical perspective in the field of establishment entry mode research (Slangen and Hennart, 2008).

The knowledge-based view finds its origins in the resource-based theory of the firm, assumes that company resources that are valuable, unique and imperfectly imitable can provide the foundation for a firm's competitive advantage (Amit and Schoemaker, 1993). In order to pursue competitive strategies, companies employ both tangible and intangible resources, but it is those of the intangibles that are most vital for firms' competitive advantage as intangible resources tend to be rare, socially complex and hard to imitate (Black and Boal, 1994).

Tacit knowledge is usually embedded in a firm's human capital (Grant, 1996).

Therefore, while setting up a new foreign entity, investing companies typically send expatriates to employ and train the local labour force in harmony with the organization's common strategic practices (Hofstede, 1991). Hencewise, companies have a preference for greenfield investments to exploit firm specific advantages which are rooted in the organization's labour force and cannot be detached from the organizational structure (Hennart and Park, 1993). In comparison, acquisitions generate difficulties as transferring knowledge across organizational borders and imposing beliefs and corporate values on a foreign subsidiary can be very hard if not impossible (Prabhu et al., 2005) and might not attain the ideal deployment of the investor's core capabilities (Casson, 1995).

Relatedness of investment can be considered another important predictor for establishment modes. An investment made in a related or unrelated business. When a foreign investment is made in a new industry for the parent firm, the investing firm normally lacks the product-specific knowledge essential to effectively function in that specific industry. Due to this lack of knowledge, it is likely that the investor selects an acquisition entry over a greenfield substitute to acquire the product-specific knowledge needed. Based on transaction cost debates, obtaining such knowledge on the market in disembodied form is challenging if at all probable therefore the most efficient alternative is an acquisition. Empirical support for this variable is mixed with only five studies finding a significant and positive relationship among unrelated type of investment and the tendency to enter via acquisition (Chen, 2008).

Parent firm asset-specificity, projected as technological strength is another common indicator of establishment mode choice. The nature of the firm-specific advantage the investor aims to exploit abroad normally determines whether the establishment mode choice will be a greenfield or an acquisition. Advantages shaped by advanced technological competences are often hard to syndicate with an acquired foreign organization as they are tightly bound to the parent firm. Therefore, the most efficient method to exploit such firm specificities is by recreating on foreign soil a clone of the foreign parent (Hennart and Park, 2008). The greenfield establishment mode permits firms to develop a subsidiary that ties closely the organizational culture of the parent, making knowledge sharing more efficient.

2.17. Institution Based View

There has been a significant academic movement focused on new institutionalism through the social sciences in the past decades (DiMaggio and Powell, 1983, 1991; North, 1990, 2005; Scott, 1987, 1995, 2008b; Williamson, 1975, 1985). This has led to the realisation among strategic management researchers that organisations are more than its contextual situations (Oliver, 1997; Peng and Heath, 1996).

Organisations are responsible for controlling its actions and directions as it creates and implements strategies (Ingram and Silverman, 2002). Subsequently, this has resulted in an institution-based interpretation of strategic management (Peng, 2002, 2003). Some argue this perspective to be one of the most important views in

strategic management, in comparison to the industry-based and the resource-based perspectives.

Although the influence of “environment” within organisations has been discussed in previous literature, research on strategy has mainly preferred a “task environment” perspective. This perspective places more importance on economic variables such as technological changes and market demand (Dess and Beard, 2007). Until mid-1990s, researchers seldom examined past the task environment to research the relations between institutions, organisations, and strategic selections (Narayanan and Fahey, 2005). Instead, more importance has been placed on a market-based institutional framework, and official organisations (such as laws and regulations) and unofficial organisations (such as cultures and norms) have been considered as “background”. Some argue that the consideration of organisations as background situations is inadequate to attain a profounder understanding of strategic behaviour in advanced economies (Clougherty, 2005; Oliver and Holzinger, 2008; Scott, 2008). The lack of this consideration becomes more prominent within strategy research in business landscape of developing economies (Lau and Bruton, 2008).

According to McMillan (2007), when markets are operating efficiently in advanced economies, there is limited importance placed on organisations supporting the market. It is also argued that when markets are operating poorly in developing economies, the lack of strong market-supporting organisations is noticeable. Due to the increase in developing economies globally since the 1990s, strategy researchers are increasingly placing more emphasis on these countries (Hitt et al., 2004; Lyles and Salk, 1996; Tong, Reuer, and Peng, 2014).

With a variety of theoretical tools in their research range, researchers often select to position an institutional viewpoint. It is believed that this provides them with the most optimum extent in relation to other theories in progressing strategy research on developing economies (Wright, Filatotchev, Hos kisson, and Peng, 2005). The importance placed on the institutional perspective when searching for a deeper understanding of the competition in developing economies is apparent considering that this perspective is the most utilised (Peng et al., 2008). Therefore, considering organisations as “background” (or “control variables”) will not progress strategy research on developing economies. The significant differences within the

organisational frameworks between developing economies and established economies compel scholars to place more importance on these differences along with considering industry-based and resource-based aspects (Khanna and Yafeh, 2007; Li and Peng, 2008; Zacharakis, McMullen, and Shepherd, 2007).

Although there are many operations of organisations, their most essential function is to lower uncertainty and give meaning (Peng, 2006; Scott, 2008). Generally, organisations lower uncertainty for different players by setting out the presiding standards of conducts and placing limitations of authenticity. Consequently, players reasonably seek their benefits and make selections based on a set institutional outline (Lee, Peng, and Barney, 2007). It is difficult for players to make decisions due to uncertainty, and the indications that advice decisions and actions come from the related organisations, providing resolve and meaning for decision-makers such as strategists (Jarzabkowski, 2008).

In previous literature on institutions, economists have placed more emphasis on formal laws, rules, and regulations (La Porta, Lopez-de-Silanes, and Shleifer, 2012), and sociologists have focused more on informal cultures, norms, and values (DiMaggio and Powell, 1993; Rowan, 2007). North (1990) and Scott (2005) have reinforced a balancing interpretation in which research on the influence of institutions examines both formal and informal mechanisms.

For example, considering the political breakdown in the previous Soviet Union, several Russian businesses endeavoured to maintain themselves by depending on social networks within their local systems (Puffer and McCarthy, 2007). Informal social connections enable economic interactions, providing steadiness for companies enduring formal institutional changes (Peng and Heath, 2004). Additionally, the importance of informal institutions in the appreciation and misuse of opportunities is also highlighted in research on informal actions such as corruption (Webb, Tihanyi, Ireland, and Sirmon, 2009). The mutual situation in these relatively exclusive environments is the merging to informal institutions instead of lacking or non-existent formal institutions. Explicitly, there is a major dependence on network-based strategies depending on informal associations (Peng, 2003).

Therefore, individuals and companies often seek methods of changing the terms of their formal and informal contracts to evade the opposing consequences of weak

formal contracting institutions (Acemoglu and Johnson, 2005). Many believe that depending on informal networks is a strategy employed only by companies in developing economies, and that companies in established economies implement only market-based strategies. However, this is not the case and formal rules apply to a limited part of institutional restrictions in companies in developed economies, and informal networks are prevalent (North, 2006). Companies compete with each other in product markets, however, they also compete in political markets categorised by informal networks (Oliver and Holzinger, 2008). The companies with the most significant connections are in the most optimum position to obtain benefits. A report in Business Week (2007) states that for every dollar the U.S. defence companies spend on politicisation, an average benefit of \$28 is received, and more than 20 companies receive \$100 or more.

This desirable return on investment (ROI) relates positively to capital expenditure (in which \$1 receives \$17 in revenues) or direct marketing (in which \$1 receives \$5 in sales). Generally, the institution-based perspective advocates that when a company is unable to gain competitive advantage through cost, differentiation, or focus leadership in product markets, competitive advantage can be achieved through other methods, such as through nonmarket political ground in which informal connections hold immense value (Oliver and Holzinger, 2008).

2.18. Resource Based View

The RBV theory focuses on the nature of companies, instead of other theories such as transaction cost economics which focuses on explaining why companies exist. Therefore, the RBV entails little limiting assumptions regarding the nature of strategic behavior. The RBV is generally regarding the operations of companies. The simplistic characteristic of the RBV's assumptions makes it difficult to formalize. The RBV's view that companies' performance differs due to different resource capabilities holds value. However, there are theoretical understandings regarding the theory's fundamental beliefs. Barney (1986, 1991), Peteraf (1993) and Rumelt (1984) have discussed the sustainable competitive advantage method to the RBV. Using resources as the component of investigation, the theory attempts to explain the level of sustainable competitive advantage a company may have. According to Barney (1991), sustainable competitive advantage depends on the certain resources that a

company may possess, which have the following characteristics (1) it must hold value; (2) it must be rare; (3) it must be unique; and (4) it must be non-interchangeable. Barney (1991) has termed these characteristics as VRIN: valuable, rare, inimitable, and non-substitutable. Valuable resources may be utilized to take advantage of opportunities and/or counteract threats for a company. Rare resources refers to resources that are limited in supply and are not similarly available to the company's current and possible competition. Inimitability is the level to which the company's resources can be imitated or reproduced by other companies, which may be due to several characteristics such as social intricacy (Dierickx and Cool, 1989), fundamental uncertainty and certain historical situations (Barney, 1991). Non-substitutability means that a certain resource cannot be replaced by any other resource.

Basically, RBV provides an understanding of the presence of profits in balance according to a company's heterogeneity. However, if that was all RBV offered, the concept would be fundamentally inconsequential. It would be equal to the statement that companies are different in performance because they have different characteristics. Although this is accurate, it is not very valuable. Therefore, it is hardly surprising that opponents of the RBV (for example, Priem and Butler 2001) state that advocates of the theory provide repetitive reasoning by ascribing the creation of competitive advantage to ownership of those resources whose own value reproduces these shortage rents. However, scholars of the RBV literature have attempted to create hypotheses regarding those features of such contributions that are likely to extract them strategic resources in the form of being a source of sustainable rents.

The VRIN framework outlined above, developed by Barney (1991), states the general situations required for a resource's relative shortage to raise it to strategic implication. According to Peteraf and Barney (2003), it is important to start with the assumption of resource heterogeneity and then deliberate which (if any) set of resources are according to the VRIN situations stated above. They state that resources are different in their influence on the company's capability to create cost or differentiation advantages, and therefore performance. Furthermore, if the cost of a resource is in accordance with the complete possible rents it may create, it is not possible for it to be a basis of competitive advantage.

A resource market deficiency may be exogenous, which means that it is consequential from the company's ownership of some higher level of physical, organizational or intangible resource which is accrued from the company's exclusive historical progression. Otherwise, it may be endogenous, which means that it is consequential from a mindful strategic decision by the company's managers. This decision may have been applied to acquire a resource to enable the company's own production and/or ensure a competitive advantage over other companies. For example, a department store company's choice to become the 'anchor' for a new shopping center is an attempt to attain a resource (market access) and a way of obstructing another competitive company.

This equals the difference between structure and conduct in the SCP standard in industrial economics. In these situations, market structure has been generally presented as exogenously represented by the fundamental industry characteristics. Instead, company conduct is the endogenous result of management decision-making, although within the limitations outlined by structural characteristics. Therefore, for example of involvement is generally attributed to be enabled by high concentration, is incorrectly expected without additional demonstrating (Stevens and Carly, 2008).

According to Wernerfelt (1994), resources are 'semi-permanently' secured to the company, and the RBV realizes that, in the short term, the resources set challenging specific managers is mostly exogenously determined. Nevertheless, it also allows a role for the manager in distinguishing opportunities, corresponding them to the accessible resources and, within bounds, expanding the latter with such further resources as are required to implement its strategy.

2.19. Social Entrepreneurship Motivational Factors

Motivation is described as a process that dictates human actions in order to satisfy needs and is associated with interpersonal experiences (Weinstein, 2014).

Motivations are aspects that strengthen human behaviour (Atkinson, 1964; Steers et al., 2004). According to Borzaga (2010), 'motivation of leaders of social ventures is a function of their conviction, self-confidence, and extroversion'. Another driving motivation is to create a transformation and to assist communities (Renko, 2012).

Powerful social principles mean that individuals feel sympathetic towards suffering and make attempts to perform activities to make a difference. Strong morals are often developed from having disadvantaged backgrounds and therefore having personal experiences and understanding of the assistance required (Williams and Nadin, 2012).

Yitshaki and Kropp (2015) studies the ability of identifying opportunity and motivations of 30 social entrepreneurs in Israel. They interviewed social entrepreneurs, of which 60% were mainly motivated by pull influences, and 40% with push influences. There were five categories representing pull factors: (1) present life situation – the want to assist individuals experiencing similar hardships to them; (2) past life situation – the want to assist individuals to overcome situations which they have overcome themselves; (3) social consciousness from childhood – having an upbringing that places significant importance on social consciousness and principles; (4) motivations from principles – perceiving the community’s potential if they do something; and (5) direction from above, spiritually or mystically – religious beliefs that encourage them assist others and do well.

From the 18 social entrepreneurs motivated by pull factors, 55% became social entrepreneurs because of life events. One pull factor recognised was according to religion, which is an important aspect of Israeli society and therefore may have impacted this outcome. Only two push factors motivations were recognised which related to job dissatisfaction, which means not being satisfied with the current job and natural career progression, therefore leaving the current job to work within a social enterprise. Approximately 40% of the interviewees believed the second factor to be their motivation.

Boluk and Mottiar (2014) studies several social enterprises in Ireland and South Africa. According to these scholars, social motivations are apparent and associated to a ‘fundamental desire to make a contribution to their community’ (Boluk and Mottiar, 2014). They recognised three main themes: (1) participating in a network and acknowledgment – individuals want their companies to be perceived as different to other commercial businesses; (2) lifestyle – they seek and appreciate the life that develops through operating a social enterprise; and (3) profit – they want to obtain sufficient funds to be sustainable.

Omoredede (2014) studied four case studies of motivations of social entrepreneurs in Nigeria. The study identified four main aspects: local situation, the planned state of mind, interest in a cause, and social network support. Two local situations were recognised: (1) economic deficiency – governments providing insufficient support to resolve social issues, and religious principles and unawareness; and (2) the want to create awareness among the community to enhance their lives and knowledge. In relation to economic deficiency, the social entrepreneurs interviewed expressed that the disparities within their own country motivated them to contrive concepts from other countries to lessen the problems. The second aspect, the planned state of mind, was discussed with a consciousness of social issues. These social entrepreneurs were motivated to produce a change because they perceived the problems within their societies and therefore perceived this to be an opportunity. The social entrepreneurs' interviews stated that they felt directed towards social entrepreneurship due to their religious principles and ethics.

In terms of having an interest or passion for a cause, the social entrepreneurs expressed an emotional attachment to the concept and believed that they are willing to make sacrifices and could not imagine retreating from the cause. In the last aspect of social network support, the interviewees expressed that friends and family provide physical and emotional support for the social entrepreneurs (Omoredede, 2014).

All of the three research studies discussed above have identified awareness of social issues because of life situations as an important motivation for becoming a social entrepreneur. This motivation to resolve social issues was also predicted to be apparent in the current research which is UK-based.

The studies in Israel and Nigeria both identified religion having a critical impact, as both of these countries place emphasis on religion as important in daily life. Interestingly, the researches in Ireland and South Africa did not highlight religion as an important motivational factor. Therefore, as religion is generally not considered an essential element of daily life in the UK for all people, it was not expected to be a motivational factor.

According to Germak and Robinson (2010), there is a shared outline of SE motivation that involves the following motivational aspects: a need for personal accomplishment, the want to assist the society, a non-financial emphasis,

accomplishment orientation, and familiarity to the social problem. Each one of these motivational aspects were prominent in the social entrepreneurs. A combined motivational profile inclusive of these motivational aspects is illustrated in the figure below.

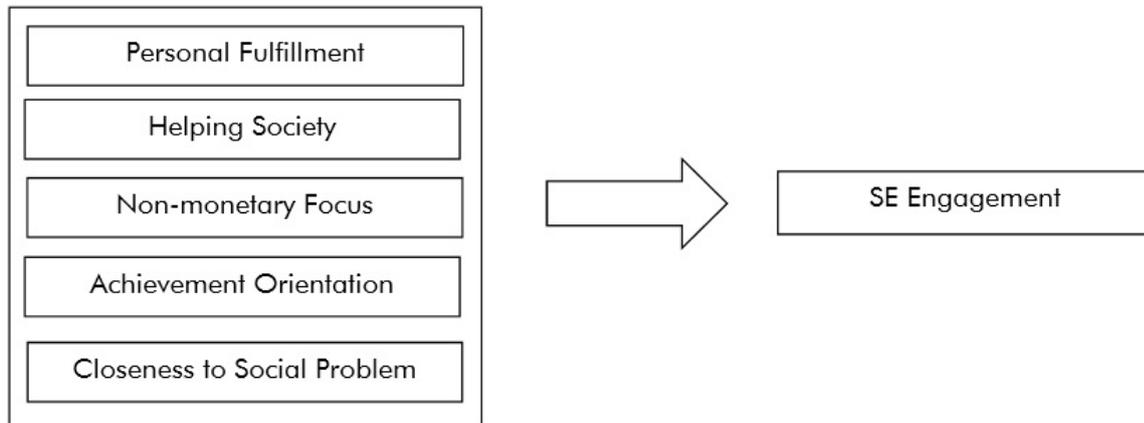


Figure 5, SE Motivational Framework, Germak and Robinson (2012)

Maslow's hierarchy of needs theory (Maslow, 1943), which concludes with the need for self-actualisation, may be utilised to discuss an entrepreneur's motivation on some stages. For example, the basic need to generate sufficient funds to provide for individual and family's needs may explain why some individuals establish businesses, even if these businesses merely provide the basic necessities and do not provide extraordinary financial growth (Zanakis et al., 2012). According to Hessels et al (2008), this can be referred to as a basic necessity motivator of entrepreneurship. This means that the basic needs of life are the main motivations for entrepreneurial behaviour. However, this level of need usually does not represent social entrepreneurs, and therefore may be relevant to certain commercial entrepreneurs.

Maslow's self-actualisation concept (Maslow, 1943) is better suited to describe the motivation of individuals to launch businesses, particularly social enterprises. This means that individual receive the highest level of satisfaction by operating their own businesses, working independently, and completely realising their full potential as human beings. Therefore, it may be concluded that social entrepreneurs may seek their work for a need of self-actualisation, because this would enable them to satisfy needs that are beyond the basic necessity needs. Moreover, the existence of the double or triple-bottom line in social enterprises may require a more complicated

level of motivational aspects. For example, it would be insufficient for the social entrepreneur to be motivated by satisfying self only, without holding a larger self-actualisation purpose. Therefore, the concept of self-actualisation is associated with personal accomplishment motivation. A social entrepreneur may be more motivated in comparison to a commercial entrepreneur to achieve self-actualisation or to take actions in order to be personally satisfied. This is different from the need to assist the society or the notion of compassion (Miller et al., 2012), as self-actualisation is a personal need instead of a pro-social need, although it ranges past basic life necessities.

Additionally, research on public service motivation (PSM) reports that specific individuals feel more inclined towards the public-social sector work because of a calling or a duty to work in certain situations instead of corporate companies, and therefore they support the society by their work (Denhardt et al., 2009). Although PSM research is usually not associated with entrepreneurship, the notion that social entrepreneurs are motivated by a service-related calling is related to the idea of personal achievement motivation. Social entrepreneurs may seek their work because they feel a personal call or want to achieve a personalised vision.

In conclusion, research suggests that parents may have an important impact on their children's motivational factors to accomplish, which may lead towards an inclination for entrepreneurship for children of entrepreneurs (Maqsd and Coleman, 1993). According to Nicolaou et al. (2008), entrepreneurial behaviour is hereditary and children of entrepreneurs are more likely to seek entrepreneurship themselves. Many other scholars have studied the associations between family impact and entrepreneurial behaviour (Dyer and Handler, 1994).

2.19.1. Motivations of UK Social Enterprises

Applying positive change for social enhancement can be an overwhelming and formidable assignment. Usually it is simple for the UK social enterprises to become discouraged with the fear of their final objective and difficulties of unpredicted challenges along the journey (Phillips, 2015). According to Social Enterprise Scotland (SES) (2016), among all, three motivating factors are considered the most persuasive to UK social enterprises which are; personal fulfilment, moral responsibility, and exploiting change.

Applying change as a new phase is a motivating factor for SEs. Change offers the possibility to develop fresh values in subject matters that have not been discovered yet. SEs in this category of motivation recognise changes in global perception and shortcomings in regards to but not limited to; sanitation, environment, medical health, and education. Therefore, they adopt and change their personal capabilities and/or tangible offerings to impact on and increase the social value. On the other hand, moral and ethical responsibility are substantial motivating factors for many social enterprises in the UK. These SEs display strong signs of inner affection towards a cause which they consider as tragic for social wellbeing. Another factor is personal fulfilment; this motivating factor is considered as “selfish rational” by some SEs in the UK. For instance: if someone foresees a commercial benefit in making donations to a good cause fund, they may not feel morally inspired. However, this will fulfil the social entrepreneur in a personal level. Despite the fact that the act may not contain ethical or moral motive and is considered “selfish” by some, it still creates social value via personal fulfilment.

In order to effectively implement the social good tasks, social enterprises need to apply a new approach to an old concept of managing motivations which is considered an essential ingredient to the success of the SE (Ruvio and Shoham, 2014). The success of UK social enterprises are often published as positive stories on reports, news, magazines, and other publications; however, it is rarely instructed how to overcome the daily challenges, failures, and frustrations. SEs must plan for delays and maintain a practical projection on their progress in order to prevent their motivations from dwindling (SEUK, 2018). The motivation of small and medium sized social enterprises in the UK is generically divided into four areas. First, SEs must learn on how to focus and appreciate the small successes. Many social enterprises set their goal and/or mission statement visionary such as obtaining world peace or ending world hunger which are admirable but declining the motivation and the SE turns hopeless and begins to feel that their objective is overwhelming (Perrini and Vurro, 2010).

According to Karl Weick (2017), the chances of tackling social issues are very high once they are broken down into smaller sub-categories of feasible goals. Many successful UK social enterprises which are often small in size, split their goals to realistic objectives to remain motivated. This is often done by simple procedures

such as setting up a weekly or monthly target. This technique is seen practicable which consequently helps the social entrepreneur to remain optimistic and motivated. The progressive gathering of work in each week finally results in achieving the larger goal in the big scope (British Council, 2016).

Second, SEs must realise that failure is not terminal, meaning that SEs should consider failure as a window of opportunity for future lesson and growth which will reduce loss of motivation and not as the end of their journey. Simply by seeing the struggles and failures as positive learning curves, SEs can maintain their motivation level and celebrate their small social impacts. A high number of new social enterprises view lack of exposure as a failure, to some it is the end of their venture. However, this loss of motivation could be easily managed by organising and increasing various networking efforts in order to achieve a great interconnectedness with charities, corporations, media, individuals, and other social enterprises.

Third, social entrepreneurs can maintain and increase their motivation by rewarding and appreciating the successful behaviours even if at a low level. As it was discussed in the previous section, the brain can be trained to salivate with believe of an incentive. The reward theory of motivation can be utilized to generate a positive feedback loop to one's brain producing an increase to motivation.

According to a study conducted by British Council (2017), Depending on a social enterprises' motivation source, whether it is intrinsic or extrinsic, incentives can have different outcomes. The main objective in using rewards is to focus on rewarding SEs performance and not the outcomes which are out of control. In an occasion that the reward can be associated with SE's strategy or objective, the outcomes could be compounding. For instance, if a conference is arranged which is of a high interest to the SE and can help boost their network, this situation could be treated as an effective incentive, directing the SE to the following method of motivation.

Fourth, it is imperative upon SEs to create their surround settings with likeminded individuals. Majority of entrepreneurs who developed their non-profit, social enterprise, or business are known to be "lonely". Family, friends, and other close circles may not realise a social entrepreneur's passion and strive for accomplishment of the social good objective. Therefore, it is vital for SEs to surround themselves with individuals and groups who understand the hardship, help the SEs, and finally

motivate them. This comes with the opportunity to join forces with the ones who have the same circumstances and can offer valuable advice. Despite, the SE also benefits from exposing their product or service to a like-minded public.

Part 3 (Supporting Frameworks for Internationalization of Social Entrepreneurs)

2.20. Role of International Organizations in Development of SEs

The literature in this part discusses the contributions of International Organizations (IOs) to the progression of the social enterprise environment globally. In this framework, the definition of international organizations (referred to as IOs) is organisations that are primarily established by member states (sovereign states or a single state), obtain an international stance and existence in many countries, and are in control for managing official development assistance (ODA). IOs may be multilateral or bilateral.

SEs function through several representations of service deliver (NGOs, cooperatives, traditional start-ups), financing, and regulatory frameworks (Darko and Quijano, 2015). However, regardless of the differences, there are shared characteristics in the notion of SE, such as the restricted spreading of profits (except if recipients are societies themselves), high social result, and a social and commercial purpose. Depending on the countries in which they are operating, SEs may be represented as sustainable citizen sector organisations, public social initiatives with produced earnings, companies, initiatives that operate in line with a social purpose, enterprises that have a high social impact, companies that have a social mission, local enterprises, and divisions of global companies (Defourny and Nyssens, 2010 and Kerlin, 2006).

SEs are not private companies that operate only to generate profits. They are not governmental companies that are owned and operated by the state. They are not charitable organisations that are solely reliant on donations. SEs can be placed somewhere in between of profit-making and non-profit organisational models. Additionally, several SEs have developed globally and progressed due to technical and financial support from IOs, especially grants (World Bank, 2016).

An example of such an establishment is the Grameen Bank in Bangladesh which operates with funds attained at concessionary charges from domestic and external sources. International donations were given for a majority of the bank's operations in forms of grants and low-interest loans so that the bank may increase and enhance its operations. By the mid-1980s, donations from other countries, including the Norwegian Agency (NORAD), the Swedish Agency (SIDA), and the United States Agency for International Development (USAID), had provided donations in excess of 230 million Tk. (Bangladeshi Taka). This is equal to an estimate of 3 million US dollars. The International Fund for Agricultural Development (IFAD) gave the Grameen Bank's a majority of its initial operating costs at a 3% interest rate (Khandker, Khalily and Khan, 1995).

The Bangladeshi story, which portrays the Grameen Bank as an important character, has raised interest within IOs in considering SEs imperative channels of foreign support. The Grameen Bank has been an exemplary model which has demonstrated that SE models are able to significantly lower poverty levels (Khandker and Koolwal, 2010). The sections below discuss some of the different plans supported by IOs for SE development and progression.

2.21. Embeddedness and Co-Production of Goods and Services

The theoretical incentive for exploring the conformist depiction of social enterprise derives from economic sociology, where the social involvement of economic phenomena, economic actors, their preferences, and the markets they generate, and the industries they occupy is a first belief (Granovetter and Swedberg, 2001).

Therefore, if economic phenomena are socially entrenched, then it can be argued that social services are occupied in all economic action. They correspond with each other in causal and simultaneous manner (Granovetter, 1985).

Therefore, economic sociology has placed emphasis on how economic results are not only the function of markets but also correspond with social networks, political and state institutions (Evans, 1995), culture (Meyer and Rowan, 1977), and civil society (Bartley and Child, 2012; King and Pearce, 2010). Therefore, if civil society corresponds to and is shaped by economic activity, there are more factors contributing to the success of social enterprises than is recognised. Within the social enterprise industries, the theories developed to provide an explanation of the non-

profit sector are not very informative in analysing connections between civil society and market activity. Market, government, contract, and intended failure theories have been mainly utilised to provide an explanation for the demographic combination of non-profit and profit-making organisations (Brown and Slivinski, 2006), and not to gain an understanding of their dependencies. Even though the theories do not disregard the probability that profit-making and non-profit organisations may have balancing relationships, researchers are usually more interested in investigating the competition between these two types of organisations (Abzug and Webb, 1999; Frumkin, 2002; Salamon, 2012).

Although there is previous research and literature on associations between profit-making and non-profit organisations (Abzug and Webb, 1999; Galaskiewicz and Colman, 2006; Useem, 1987), this is marginally important for the purposes of this discussion. A majority of research on associations has a normative value instead of a theoretically descriptive value. It discusses what associations should appear to be like instead of what they do appear to be or why they exist (Austin and Seitanidi, 2012). A majority of studies on associations places emphasis on explicit corporations and partnerships, in which profit-making companies often provide some resource to non-profits (Galaskiewicz and Colman, 2006; Young, Salamon, and Grinsfelder, 2012). Although these forms of relationships do exist in fair trade industries, the scholarship does not emphasise the balancing between civil society and profit-making actions that have a large scope.

Therefore, although it is generally not discussed, but is mentioned in some economic sociology literature (Bartley and Child, 2012; King and Soule, 2007), and other studies (Galaskiewicz and Colman, 2006), that non-profits or other civil society organisations form profit-making companies in approaches that are usually not apparent or are not resulting from an explicit partnership. Instead of just co-existing, competing, or cooperating, relationships between fundamentals of civil society and the market may co-produce products and services. The word 'co-produce' is utilised in this context because of the limiting implications often involved with words such as 'partnerships' and 'collaborations', which usually associate that they are equally productive, officially agreed, distinct in scope and measurement, etc.).

Co-production may include, but is not limited to, the basics of partnership and competition. For example, social movement players may provoke an organisation in a way that outcomes the organisation altering its products or practices. Although this is essentially not a competitive relationship, as they are not competing to be in the same social space, it is not a partnership either. However, the collaboration has co-produced a different product and a different organisation. The following section highlights some of the ways in which non-profit organisations support the practice of market-based social initiatives.

Lending and Other Financial Supports

One characteristic of the social enterprise infrastructure founded in civil society, which is predominant particularly in the fair trade industry, is financial and a result of social enterprises' exclusive formal location. As they perform within the private and profit-making segment, traditional charitable organisations are reluctant to grant them financial support. Since they are new, alternative, or comparatively small companies that may or may not render high profits, banks and other lenders are hesitant to provide credit (microcredit lending to individuals are an exemption to this). Consequently, a number of non-profit social finance organisations have developed, such as Acumen Fund, Root Capital, and RSF Social Finance (RSF). They give loans and other types of financial provision to prosocial companies (and non-profits) or the ones they work with, and therefore enabling the achievement of social enterprise.

Traders of fair trade coffee primarily partner with farmers' organisations, instead of with large organisational estates. However, the organisations that they source from usually do not have the ability to finance the pre-harvest investment required to achieve the contract. In these situations, the importers or roasters of coffee may not be able to or are unwilling to provide the financial support required. Through providing loans to farming organisations, the non-profit financiers offer financial support to the fair trade coffee industry. An example of this type of lender is Root Capital, established in 1999 by William Foote, previously a financial analyst. The lender provides financial support and financial management training to grassroots enterprises (Devaney, 2011; Milder, 2008). According to experts, Root Capital's direct and indirect funding of the farmers and organisations that establish the support

for the fair trade coffee industry is essential in both qualitative and quantitative aspects. It is difficult to determine the level of Root Capital's influence as there is no definitive data on the number of farming organisations present throughout the different areas of the world. However, there are measures that offer an indication of the company's importance in the industry. According to information provided by Root Capital, between 2005 and 2010, the company gave approximately US\$250 million in credit to more than 300 organisations in the world. According to its Form 990 filing, between 1999 and 2009, Root Capital worked with approximately 265 grassroots organisations, with 370,000 farmers in Latin America and sub-Saharan Africa. As a comparison, Fair Trade USA, which is the principle fair trade authorisation enterprise in the United States, provided figures in 2009 that there were 318 certified producer companies selling to U.S. markets and 865 producer companies selling globally (TransFair USA, 2010).

Footnote has termed coffee as Root Capital's primary "innovation space" (Keim, 2011). In 2009, there were 183 fair trade companies trading to the U.S. (TransFair USA, 2010). Although Root Capital's primary purpose is to assist farming and craftsperson societies, its influence is also apparent in the supplementary financial support it has given to organisations that source from farmers, such as Starbucks, Whole Foods Market, and Equal Exchange (the withstanding leader of fair trade movement) (Milder, 2008). These types of indirect benefits would accumulate these organisations irrespective of whether the loans are provided by non-profit financiers. However, conventional financiers are hesitant to enter these markets relative to their non-profit counterparts.

Sustainable Harvest is another beneficiary of Root Capital's financial support. It is a large profit-making social enterprise that enables direct collaborations between farmers and roasters, such as Green Mountain Coffee Roasters (Keim, 2011). For example, in 2006, Root Capital assisted Sustainable Harvest from financial failure when it did not receive financial support from its conventional bank (Paskin, 2008). This is particularly important due to Sustainable Harvest's essential participation in the coffee industry. According to Reynolds (2009), the company manages approximately 15% of the country's Fair Trade Certified coffee imports, with partnering with around 200,000 farmers in 14 countries as of 2010 (Keim, 2011).

Root Capital is a non-profit organisation and therefore it is important to emphasise the influence of Root Capital's operations. Similarly to other non-profit organisations, Root Capital depends on donations, grants and other financial support, such as low-interest loans by foundations, and tax exemption from the federal government. While the company aims to support its operational costs through conventional banking activities, in the early 2010s it depended largely on donations for approximately 20% of its costs (B. Milder, Senior Vice President at Root Capital, personal communication, December 15, 2011). Since Root Capital is a public charity, it obtains a significant portion of its finances from donations and grants. In 2009, this was approximately US\$8.5 million, which is three quarters of its total financial earning to form 990 filings. Consequently, a case study of Root Capital demonstrates how distinctly market-based social enterprises may struggle to function completely in the market and are dependent on nonmarket sources of financial support. Although Root Capital have been discussed here as an example, the company signifies only one of the many similar attempts to give financial support to social purpose organisations.

3. Chapter Three (Conceptual Framework)

The prior literature highlighted that with the selection of social entrepreneurship theories and the supporting frameworks and formal institutions play an essential role in supporting the process of social enterprise internationalization. While commercial internationalization theories provide valuable information as a base reference point. Building on both these literatures this chapter provides a synthesis traditional entry mode process for social enterprises. The conceptual model proposed by the researcher illustrates a three stage process. (1) Pre-entry stage. (2) Selection of entry mode (from equity to non-equity). (3) Post-entry stage.

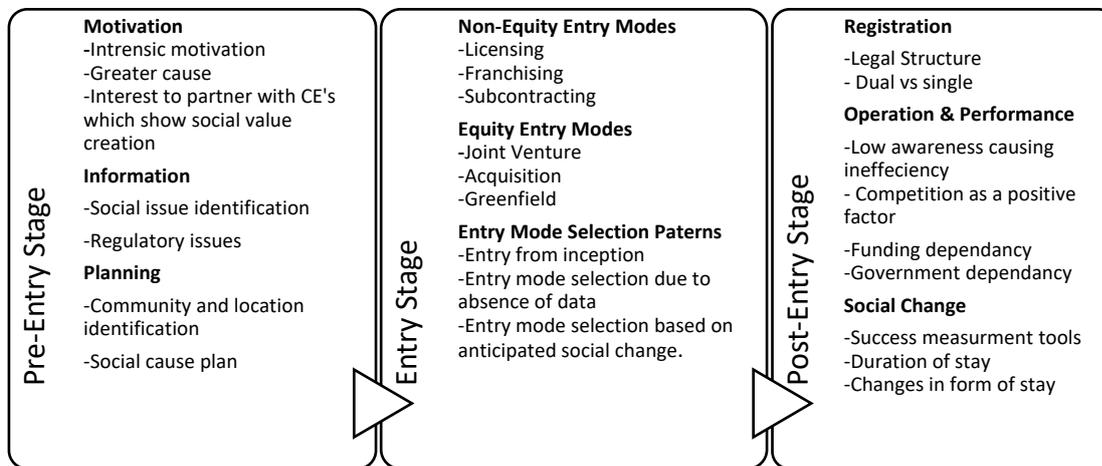


Figure 6, Conceptual Model of Social Enterprise Internationalisation Process

The above conceptual framework suggests that social entrepreneurs in pre-entry stage consider three major elements before selecting their entry strategy. First and foremost their intrinsic motivation for solving social issues starts their journey. Second motivational factor is their impulse to solve issues that they perceive greater than those of their home country, these two major intrinsic factors lead to build a criteria for their partner selection (the potential partner must show social value creation in their operation). Consecutively social enterprises identify the social issue which they can solve or interests them in treating it. At this planning stage they tend to consider the regulatory issues which might affect their future entry. After acquiring the right

information they start to plan their entry by considering factors such as which location to operate and which communities to serve. The research conceptualizes that pre-entry stage ends after a social cause plan for the foreign target country is made.

As discussed in the literature review chapter, majority of research on social entrepreneurship places more emphasis on individuals. However, this presents challenges as this type of research does not discuss the collective (Spear, 2006). These researches describe the characteristics of social entrepreneurs to be idyllic and admirable. Mainly, these individuals are pronounced as “entrepreneurially virtuous” (Mort et al., 2003), community-focused (Sharir and Lerner, 2006), activists and radicals (Schumpeter, 1934), and have an increased sense of responsibility for the results achieved in spite of having little resources (Drucker, 1989). Consequently, they take actions in line with their vision and purpose and are characteristic of “change agents” (Sharir and Lerner, 2006; Schumpeter, 1934), also mentioned as “change-makers” (Ashoka Foundation, 2010). Conclusively, the accounts of social entrepreneurs in previous literature portray ‘heroic claims’ (Parkinson and Howorth, 2008), and these individuals described to be superhuman.

Some perceive entrepreneurship to be a contradiction. It is described as an ‘individualistic economic action’, but also as discusses that entrepreneurs may be motivated by moral principles (Anderson, 1998). According to Martin and Osberg (2007), the main difference between entrepreneurs and social entrepreneurs is that entrepreneurs are driven by financial gains, and social entrepreneurs are motivated by selflessness (Ostrander, 2007). This viewpoint is also repeated by Pomerantz (2003), who mentions that social entrepreneurs focus on “the development of innovative, mission-supporting, earned income. According to Dees (1998), social entrepreneurs aim to create “mission related impact” which is their main focus, and not personal wealth, and “wealth is just a means to an end”.

In Europe, it is important for social enterprises in the pre-entry stage to be knowledgeable regarding the policy and legal context, which encourages social enterprises to be more welfare actors. Legal frameworks represent the definite legal tradition, welfare regime model, and key social and economic matter are handled at national level. Therefore, a variety of methods are applied and solutions predicted.

Majority of social enterprises are organised by legal forms of collectives and associations in many cases. Social enterprises were originally organised as associations in some countries where the legal form of associations provides a level of freedom in selling products and services to the market, for example in England, France and Belgium (Barbetta, 2009).

On the other hand, participation in social entrepreneurial networks and strengthening the links with foreign social enterprises is a key variable in pre-entry stage.

Researchers argue that this can take place in three different ways: (1) the organisational network which constitutes of the supporting government agencies; (2) the business partnerships which involve foreign and local social enterprises; (3) personal networks which involve family, friends, and colleagues. According to Kontinen and Ojala (2011), network can be categorised into formal ties, informal ties, and intermediary ties. A formal tie can be described as a present tie between individual business partners which involves the exchange of products and services through money or trade. Informal ties are personal relationships with family members and friends.

The second stage of the framework focuses on the choice of entry mode into the international social enterprise market. Although companies usually need to utilise the system of entry set out by the host country government, scholars are interested in obtaining knowledge and understanding of how companies make the selection when it is available. Three key schools of thought have been presented to describe the selection of entry modes. 1) Business operations within another country is risky due to the differences within its political, cultural, and market systems.

This perspective suggests companies to take a gradual approach to entry in foreign markets (Johanson and Vahlne, 1977, 1990; Root, 1987). It is preferable for a company to apply a low resource commitment method, such as export, in its initial stages of entry in an overseas market. As the company gains more knowledge, understanding, and experience within the overseas market, it may develop a more complex resource commitment strategy with higher risk, control and profits.

Consequently, this viewpoint usually suggests a gradual progressive participation. It is the theoretical basis for demonstrating entry methods with a range of increasing

levels of resource commitment, risk exposure, control, and profit starting from export to completely owned subsidiaries (Chu and Anderson, 1992).

The second perspective focuses on transaction costs (Anderson and Gatignon, 1986; Beamish and Banks, 1987; Caves, 1982; Erramilli and Rao, 1993; Williamson, 1986). The key principle is that companies will adopt activities that can operate at low costs, and subcontract activities that other companies have a cost advantage. When companies subcontract any of their operations to another company, there will be transaction-related costs. Comprehensively, these transaction costs involve all costs, including outputs and inputs, related to the several features of the value-added chain starting from production to consumption of products and services. These costs may include monitoring, supervising and checking performance and product quality, developing networks of supplies and managing business relationships, product marketing and post-sale analysis, moving materials and people, the attainment and utilisation of information, and the management of risks (Dunning, 1988). While considering entry methods, it is suggested that managers contemplate all methods of entry at the same level and that all factors hold the same relevance for all methods of entry (Kumar and Subramaniam, 1997).

The third perspective focuses on the importance of factors regarding location (Hill, Hwang and Kim, 1990). Dunning (1998) has combined several elements of international business theories in an extensive model of international production. The model is based on three pillars of ownership-specific factors, location-specific factors and internalisation factors. Dunning highlights that location-specific factors are increasingly becoming more important in influencing a company's international operations. These factors have a growing influence on non-production related costs, such as transaction costs. This view holds value in the current global competition environment as non-production costs are increasing quicker than production costs.

From study of the literature, it may be argued that the selection of entry methods can be explored from a hierarchical viewpoint in the entry stage of the theoretical framework.

Social entrepreneurs may begin with structuring several entry methods into a multi-level hierarchy and determine an assessment criteria for each level. This means that social entrepreneurs consider a selective criteria of factors at each stage of the

hierarchy, and different criteria of factors at different stages of the hierarchy. The first stage of hierarchy is between equity and non-equity entry methods. Once a decision has been reached regarding equity or non-equity methods; social entrepreneurs consider which particular method within equity or non-equity to further contemplate. This viewpoint focuses on if equity investment is involved. This means that entry methods may be perceived as two key categories of equity-based methods, completely owned operations and equity joint ventures, and non-equity-based methods, contractual arrangements.

This research does not regard export modes as entry modes, therefore, the entry modes which will be targeted in this research are mainly licensing, franchising, subcontracting, joint venture, acquisition and green-field. This research conceptualizes that three main patterns lead to entry mode selection of the social entrepreneurs: SE's with basic-need product categories internationalise from inception, entry mode selection can be due to absence of required data, and finally, SE's select their entry mode based on the anticipated social change. The final stage of the framework emphasises on post-entry of the social enterprises. Elements such as registration, operation and performance, and social change are the main considerations. However, the main determinant of success for the internationalization of social enterprise is the social change.

One distinct conclusion that can be made from theoretical and practical studies is that performance measurement for social entrepreneurs is complex. Standards for measurement must be created for organisational survival, process outputs, and progression towards accomplishment of the social aim. However, accomplishment of the social mission depends on making important changes within the organisation, and to external communities such as lawmakers, social opinion leaders, and resource providers (Lane and Casile, 2011).

According to Townsend and Hart (2008), social enterprises take advantage of complementarity of dual registration to integrate and manage collaborative aspects of social and business goals. For instance: SE's have the option of registering as a CIC in home country and choose another legal structure in a different location depending on their service and product offerings in different regions.

Light (2008) highlighted that social entrepreneurs express infinite confidence in their company's success, even when it is difficult to be optimistic. It is usually the case with single purposed company that attaining both human and financial resources is critical to survival. Research suggests that social entrepreneurs apply a range of creative methods of financing and change stakeholders very often as they pursue new ways of funding. They tend to be alert and knowledgeable of new sources of retail operations, donors, grants, fees, and any other potential funding. The organisations tend to be flat, with a lot of autonomy, which means that members behave independently and seek options as they arise.

Preferably, social change refers to the extent of changes to a specific target group, community, or society in comparison to how the situation would have been if no action was taken (Clark et al., 2004). However, developing an outline for how the situation would have been if no action was taken requires significant speculation. It is very difficult to measure change when it relates to changes in perceptions and behaviour.

The conceptual framework above suggests that registration of social enterprises in the host country takes place right after they enter the foreign market, social enterprises select their legal structure on single or dual format. SE's post-entry operation and performance could be affected by lack of awareness among government, financial institutions, and local people due to newness of the social entrepreneurship phenomena. On the other hand, it is conceptualized that social enterprises see competition as a positive factor. Moreover, some resource sensitive social enterprises will have dependency on funding and government facilities in order to operate successfully. Finally, after one to two years of post-entry, social enterprises start to realise their positive social impact by using their specific measurement tools i.e. surveys. It might be at this stage that they decide on their duration of stay of bringing changes to their form of stay. This is different to social enterprises which have very short term operation such as handling emergency situations and responding to natural disasters.

After reviewing the extant literature on topic, attending social enterprise conferences, meetings, events, and networks, the following propositions are presenting in this chapter.

3.1. Research Propositions

Proposition 1. Social entrepreneurs have innate motivation to solve social issues irrespective of the geographical location of the issue.

Proposition 2. Internationalization of social enterprises is due to their impulse to solve greater causes compared to those of their home country.

Proposition 3. Social enterprises form strategic alliances with organisations which demonstrate social value creation in their operations.

Proposition 4. Social enterprises with essential-need products and services internationalize soon after foundation and enter into remote areas.

Proposition 5. Social enterprises' entry mode decision originates from absence of accurate and tested internationalisation data on topic.

Proposition 6. Social enterprises select an entry mode based on anticipated social change comparison.

Proposition 7. Low awareness about social entrepreneurship activities among host country public, government, financial institutions, and foundations causes inefficiency.

Proposition 8. Social enterprises perceive competition in the host country as a positive factor as all social enterprises have a shared mission of increasing social welfare.

Proposition 9. The success of a chosen entry mode is measured by achievement of the targeted social change in the host country.

Proposition 10. Social bricolage is considered a strategic approach in increasing resourcefulness and enhancing the success rate of internationalization venture.

4. Research Methodology

The approach towards methodological supporting the research enquiry will be outlined in this chapter. The current chapter initiates by reviewing the research philosophy, exploring epistemological and ontological traditions in the selected research paradigm of positivist realism (Wells and Wass, 1994) and the other designs and methodological aspects selected for this thesis.

Moreover, the chapter will have extensive overview of the qualitative method strategy employed and the reasons for methods chosen in the empirical research to study social enterprise internationalization in the social entrepreneurship arena.

4.1. Research Philosophy

To attain information and understanding regarding the social sector, it is important to establish a research strategy that outlines the logic of investigation which includes “specific groupings of ontological and epistemological assumptions, which provide an assessment of social reality and notions on how information can be developed” (Blaikie, 2010). The ontological and epistemological assumptions supporting this study form the basis for developing an appropriate research method (Wass and Wells, 1994).

Ontology

Ontology derives from the Greek word for ‘being’, and relates to the concept of existence and ‘reality’. The ontological spectrum involves ‘realism’ at one extreme and ‘idealism’ at the other (Crotty, 2011). The philosophy of realism is the belief that reality and the existence of objects and the world is an abstract idea separate and independent from one’s mind and concepts. However, there are several arguments regarding the exact meaning of ‘realism’.

According to Trigg (1980), the most important characteristic of realism is the ‘notion of objectivity; objects being the case whether people identify them or not’. These definitions may provide an explanation for ‘absolute reality’. According to Kwan and Tsang (2001), there are different types of realism and it is important to differentiate between ‘dogmatic’ absolute realism and critical realism. Both of these types of realisms ascertain that theories may be either true or false and that “rigorous

scientific research can move us progressively towards a true account of phenomena” (Kwan and Tsand, 2001). Other absolute or dogmatic realists accept an idea comparable to the primitive type of positivism, which reliable scientific approaches can direct towards universal laws.

This notion determines that “current theories correspond (almost) exactly to reality” and that there is little allowance for critical analysis or mistakes. On the contrary, whereas critical realists believe in developing towards the ‘truth’, it is also believed that our theories, explanations and approaches to inspect phenomena are imperfect, since reality occurs independent of our minds. Therefore, it is argued that “verification and falsification are never conclusive, especially in social sciences” and it is important to continuously and critically analyse theories and assumed universal laws (Kwan and Tsnag, 2001).

In comparison to realism, idealism is established on the belief that reality is determined by individual interpretation. According to Kant (1972), idealism can be defined as “the theory which states the being of objects in space without us to be either doubtful and indemonstrable, or false and impossible”. The assumption ascertains that one does not have information of objects as objects by themselves and maintains that one only knows a phenomena.

Constructionism or constructivism (Creswell, 2009) is an idea positioned somewhere in between the two extremities of realism and idealism in their absolute arrangements.

It is an ontological stance which believes that the reality is created. Crotty (2011) recognises assumptions which constructivism is based upon: subjective meanings are created by individuals as they participate within the world they are incurring, which progresses towards diverse and various interpretations that the research depends on (Creswell, 2009).

These individuals interpret the world on the basis of historical and social viewpoints. Although there are many empirical literature in business and management research, few studies openly articulate the ontological position of the study (Johnson and Duberley, 2011; Laughlin, 1995; Morgan and Smircich, 1980). Therefore, the research supposes the ontological stance by the epistemological position.

Epistemology

'Epistemology' is the term used to describe what establishes knowledge (Burrell and Morgan, 1979). The traditional dichotomous framework establishes that knowledge is either objectivist or subjectivist (Burrell and Morgan, 1979). The principle of the objectivist epistemology is that meaning occurs separately of the perception and the condition (Crotty, 2011). According to Wass and Wells (1994), this position is the positivist epistemological viewpoint. Both of these are based on a realist ontology in which observation is separate from subjective interpretation. Conversely, a subjectivist method (also called interpretivist) highlights the effect of interpretation reasoned by the researcher in the formation of this knowledge, and therefore aligning with the idealist ontological stance.

The term 'naturalism' is also used by Wass and Wells (1994) as an epistemological viewpoint which is founded on the idealist ontology that assumes reality is not present external to the awareness of the individual. Wass and Wells (1994) attempt to resolve these two extreme views through combining the positivist and interpretivist perspectives by recognising "the existence of an external reality, its subjective interpretation and the role of human agency in affecting the external social world".

However, other researchers argue that although this paradigmatic synthesis seems to syndicate strengths and hinder the weaknesses of the original specific methodologies, it may be difficult when endeavouring to combine features that are too contrasting to be joined (Wass and Wells, 1994; Burrell and Morgan, 1979).

The research perspective, the ontological or the epistemological, chosen to conduct the research determines the research design and methods that are developed and implemented through the research process. The table below (Table 2) provides an outline of the methodologies generally related with the specific philosophical paradigms.

Epistemological Perspective	Positivism/ Objectivism ←		→ Naturalism/ Subjectivism
Enquiry Approaches	Deductive: abstract theories, operational hypotheses, observations, inference using statistical tests 'predictive'	'Retrodutive': iterative cycle observation, theory	Inductive: theory grounded in empirical world observation, reflection, construction of abstract concepts 'descriptive' explanations
Methodology	Nomothetic. Experimental research. Applying protocols from the natural sciences	Methodological pluralism, triangulation, interactive, participatory, action research; method determined by subject of research	Ideographic. Ethnographic; grounded theory; heuristic approaches. Techniques that access cultures and social groups/communities
Methods	Quantitative, systematic and precise; directly observable and measurable. Use of statistical controls	Quantitative and qualitative; complete tool kit of techniques often in context of a case study. Methods combined with a view to compensate for weaknesses in a single method	Qualitative, intangible. Participant observation, unstructured interviews, textual analysis.

Table 2: Framework of philosophical Research Paradigms (Crotty, 2011).

The two pillars at each end of the spectrum specify positivism/objectivism and naturalism/subjectivism correspondingly. The middle column specifies the many other different epistemological positions as supported by several academics. Such as, Wass and Wells (1994) consider this to be a realist epistemology. Miller and Tsang (2010) indicate that 'retrodutive' methods are approaches utilised in a critical realist epistemology. However, clearly the epistemological viewpoint ascertains the general research methodology and the related methods.

4.2. Qualitative Vs Quantitative

Quantitative research can generally be related with positivism, particularly when utilised with prearranged and highly organised data collection methods. It is related with an inductive approach when the data is utilised to analyse the theory. The primary feature of this research approach is that it inspects the associations between variables which are analysed numerically (Saunders et al, 2012). However, as this type of study is limited, it is important to develop a rich theoretical perspective. Therefore, a qualitative research approach is determined to be the most suitable approach to be utilised for this study. Several variations of qualitative research commence with a deductive approach, which involves a naturalistic and developing

research design to progress a richer theoretical perspective than is already present in the literature (Bryman and Bell, 2007).

4.3. Qualitative Data Collection

The typical methods of qualitative data collection include focus groups, interviews and participant observations (Fossey et al., 2002). Generally, the research commences with an initial questionnaire stage, which is followed by interviews as the qualitative phase. Semi-structured interviews, instead of structured or unstructured interviews, were chosen for data collection due to various important considerations. Semi-structured interviews provide a suitable basis for the investigation of the participants' insights and opinions relating to multifaceted and often sensitive topics, while also providing scope for further questioning for explanations of responses (Barriball and While, 1994). Semi-structured interviews also provide appropriate flexibility to approach different participants differently while conducting the same range of data collection (Noor, 2008). Social enterprises are encompassed of various employees, with differences in their educational, social and professional experiences, which prevents the utilisation of standardised interview methods (Barriball and While, 1994). Interviews are utilised to enable a more intensive investigation of a particular topic (Fossey et al., 2002). Therefore, interviews are inclined to be structured by a range of prearranged open-ended questions (DiCicco-Bloom and Crantree, 2006) utilised as an interview guide (Fossey et al., 2002), followed by other non-predetermined questions developing from the discussion during the interview (DiCicco-Bloom and Crantree, 2006).

Semi-structured interviews provide the opportunity for further questioning where suitable and also provides the interviewers the flexibility for the wording of each question (Barriball and While, 1994; Hutchinson and Skodol-Wilson, 1992). In addition, further questioning can also be used as a method to confirm dependability of the data (Barriball and While, 1994), as it:

1. Provides allowances for explanation of specific and relevant topics mentioned by the respondents (Hutchinson and Skodol-Wilson, 1992),
2. Allows opportunities to investigate sensitive topics (Bailey, 1987; Nay-Brock, 1984),

3. Provides the interview opportunities to investigate and explain inconsistencies within the participants' responses,
4. May assist the respondent in recollecting information (Smith, 1992).

Although face-to-face interviews provide an opportunity for the researcher to perceive the respondent's informal and non-verbal communication (Creswell, 1998), there are several advantages to telephone interviewing. Sturges and Hanrahan (2004) conducted a study which concluded that in a comparison of transcripts between face-to-face interviews and telephone interviews there were no significant differences in the interviews. An important advantage of telephone interviewing is its ability to access geographically dispersed respondents (Sturges and Hanrahan, 2004; Fenig and Levav, 1993). It may be able to reduce respondent hesitation (Creswell, 1998) and obtain information that may be difficult to access in person (Miller, 1995; Tausig and Freeman, 1988).

Telephone interviewing is also cost-effective for the researcher (Miller, 1995; Tausig and Freeman, 1988) in comparison to other research methods which involve the researcher travelling to the respondent's location. In addition, the partial anonymity provided by telephone interviews may increase the validity of the responses as it may reduce the discomfort related to responding to emotionally or socially sensitive questions in a face-to-face interview (Fenig and Levav, 1993). The researcher may utilise certain behaviours, such as hesitations or sighs (Sturges and Hanrahan, 2004) as indications for probing or further questioning. Due to these several advantages of telephone interviewing, this research method is utilised within this study, countering the notion that telephone interviews are generally only appropriate for short (Harvey, 1988), structured interviews (Fontana and Frey, 1994) or certain situations (Sturges and Hanrahan, 2004).

The semi-structured interview format is the most suitable for the research and corresponds with the realist paradigm. Semi-structured interviews provide the flexibility for the respondents to explain and elaborate on their responses, while the whole interview process is guided by several main questions and themes that hinder significant digression from the topic. The table below outlines the primary strengths and weaknesses of qualitative data collection and provides an analysis for its appropriateness to this research. Please see table 3.

Qualitative Research	
Strengths	Weaknesses
The data are based on the participants' own categories of meaning	Knowledge produced may not be generalisable to other people or other settings (findings may be unique to the relatively few people included in the research study)
It is useful for studying a limited number of cases in depth and for describing complex phenomena	It is difficult to make quantitative predictions and to test hypothesis and theories
Provides individual case information. Provides understanding and description of people's personal experiences of phenomena (emic)	It may have lower credibility with some administrators and commissioners of programs
Can conduct cross-case comparisons and analysis. Can describe, in rich detail, phenomena as they are situated and embedded in local contexts	It generally takes more time to collect the data when compared to quantitative research and the data analysis is often time consuming
Can study dynamic processes (documenting sequential patterns and change)	The results are more easily influenced by the researcher's personal biases and idiosyncrasies
Identifies contextual and setting factors as they relate to the phenomenon of interest.	Researcher's presence may bias responses
Can use the primarily qualitative method of "grounded theory" to generate inductively a tentative but explanatory theory about a phenomenon	May require the researcher to seek information from hard-to-find places or sources
Can determine how participants interpret "constructs" (self-esteem, IQ). Determine idiographic causation	
Data are usually collected in naturalistic settings in qualitative research. Qualitative approaches are responsive to local situations, conditions, and stakeholders' needs	
Qualitative researchers are responsive to changes that occur during the conduct of a study (especially during extended fieldwork) and may shift the focus of their studies as a result	
Qualitative data in the words and categories of participants lend themselves to exploring how and why phenomena occur	
Can use an important case to demonstrate vividly a phenomenon to the readers of a report.	

Table 3, Qualitative Research Method Strengths and Weaknesses (Creswell, 2009)

4.4. Research Paradigm

The principle paradigm for this study is interpretive. The epistemological supposition of interpretive research is that knowledge is attained through social constructs and the common meaning of actors (Klein and Myers, 1999). Neuman (2006) described this approach as the methodical examination of socially expressive action through the direct and comprehensive examination of people in natural settings to conclude and provide explanations of how people generate and uphold their social worlds. Protagonists of the interpretive approach question whether knowledge that is

separate of the individuals that experience and understand it can be attained (Gephart, 1999; Morgan and Smircich 1980). Therefore, knowledge is perceived as comparative and facilitated by the meaning ascribed by the individual.

This research is outlined by an interpretive constructivist positioning, which agrees with the relativism of the interpretive approach. It perceives the social world to be a concept that is subjectively experienced (Mottier, 2005).

The predisposition will be constructivist concentrating on the subjective (internal) insights of the participants. The constructivist approach is different from the constructionist approach which is concerning the socially (externally) constructed. Jones et al (2008), and Lindgren and Packendorff (2009) applied the constructivist approach to social entrepreneurship research. These authors agreed that there was a need for a conceptualisation of social entrepreneurship which is founded on the creation of meaning by actors (Parkinson and Howorth, 2007). Therefore, this research methodology provides a basis for the confirmation of the viewpoint and common experience of the social entrepreneurship actors in the social entrepreneurship discourse.

4.5. Identification of Social Enterprises and the Trends

Generally, many researchers ascertain that it is difficult to describe and categorise social enterprises as for-profit or not-for-profit. Therefore, this paper will briefly describe the social enterprise tree, the number of social enterprises in the UK, and the international social enterprises in the UK. Following, the paper will introduce the cases selected for this study

The decision tree logic utilises the criteria which are easy to categorise, such as charitable status and legal form. For example, an organisation with a charitable status has been verified with a social purpose by the Charity Commission. Therefore, it is not necessary to investigate whether the organisation maintains social goals. The charitable status also enforces restraints on utilisation of profits and therefore it is not necessary to investigate whether certain regulations are implemented. However, an organisation with charitable status may participate in trading up to certain levels. An organisation with 50 percent or more of its income generating from trading is considered a social enterprise. An organisation with less than 50 percent of its

income generating from trading is considered as a ‘traditional’ non-profit. In proportion to the developing market trends, the decision tree also provides a basis to distinguish between strictly commercially oriented SMEs and the ones with a social or environmental orientation.

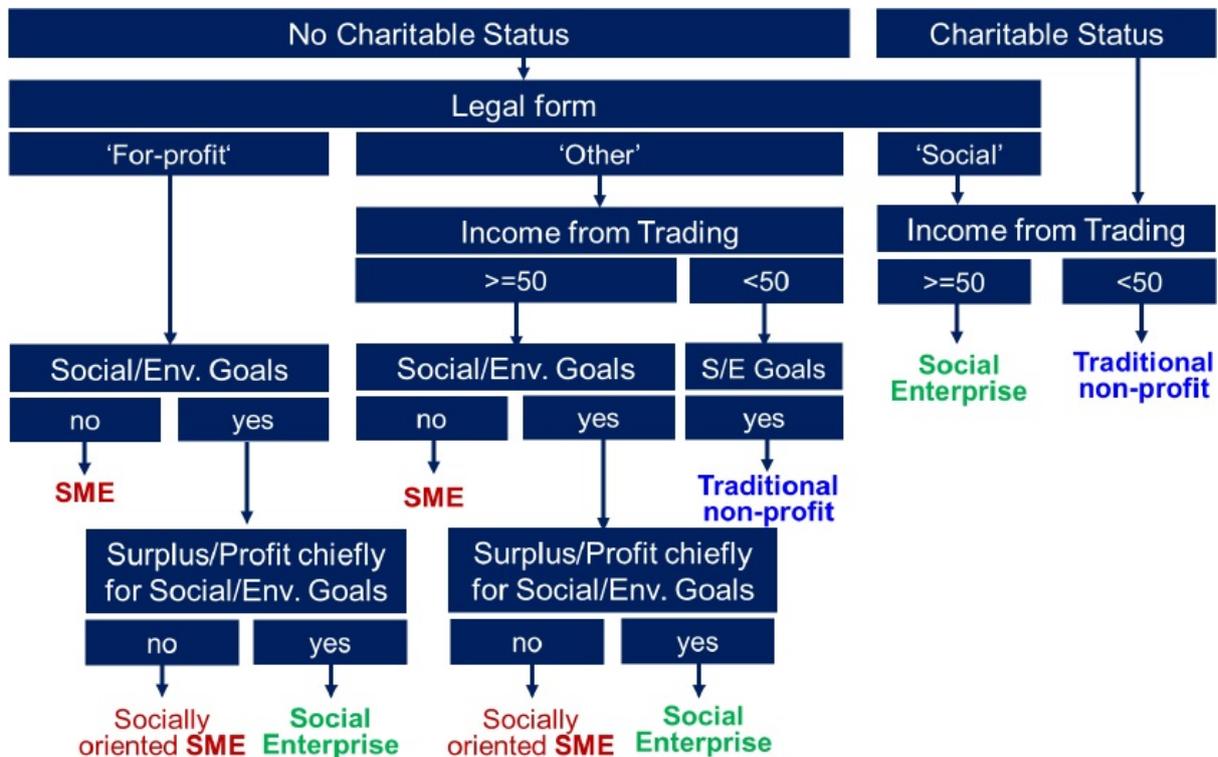


Figure 7, Social Enterprise Tree, DCMS. 2017

Using the decision tree above, here are the numbers of enterprises which fall into each classification by relating the proportions from the survey conducted in 2016 by Business Population Estimates. In total, it indicates that approximately 471,000 enterprises in the UK small business population are social enterprises, 99,000 of these are employers and 371,000 have no employees.

According to age, 72 percent of social enterprise employers are ten years and older, in comparison to 62 percent of SME employers. A majority of social enterprise employers in the UK, 86 percent, are located in England. There is no difference between the SME employers and social enterprise employers in terms of regional distribution within the four UK countries. Social enterprises can also be distinguished between its legal forms – there 44 percent of social enterprises employers and 60 percent of SME employers operating as private limited companies. 14 percent of social enterprise employers are sole proprietorships, and 13 percent are charitable

unincorporated or incorporated organisations. In 2016, 17 percent of social enterprises, and 27% of SMEs internationalised their goods and services outside the UK. (Department for Business, Energy and Industrial Energy, 2017).

From a total of 16,000 international social enterprises in the UK, only 3,400 of them fit the criteria set by government inclusive economy unit (GIEU) which considers their size, number of employees, type of social action, and company form (charitable or non-charitable). Due to the fact that exporting has no international involvement of the social enterprise in the host country, this study doesn't include the international social enterprises which use exporting as the only method of international entry.

4.6. Research design

Whilst social enterprises appear to be beneficial at face value, empirical evidence regarding the value and contribution they make is limited, and this gap must influence the research agenda (Haugh, 2005). In his evaluation of the South African context, Hall (2008) called for case study research that would enable others to learn from the benefits of international social enterprises. In response to Haugh (2005) and Hall (2008), the multiple case study design is used for this research. This research design is considered to be appropriate to answer the research questions because it would allow for the exploration of the phenomenon across different contexts with different sets of actors. The units of investigation are 18 international social enterprises across United Kingdom that are different in terms of their products and services, environment, organisational factors, and beneficiary profile.

Triangulation is a method of measurement frequently utilised by researchers to discover phenomena in space by depending on two recognised points to 'triangulate' on an unidentified fixed point in that same phenomena. Social scientists have utilised the idea of triangulation to ascertain its use in the justification process in measuring the accuracy of social science research outcomes. There are other viewpoints on the utilisation of triangulation which contend the method's practicality as a 'dialectical' process whose goals pursue a more detailed nuanced consideration of research conclusions and explaining dissimilar outcomes by placing them in discussion with each other (Mertens, 2012).

Triangulation technique is used for this study as a convenient tool in order to systematically reconcile all the data from every source for a comprehensive analysis. After collecting data from interviewees face to face, the researcher has interviewed their international colleagues in the host country, this helped validate the information and create a robust understanding of the topic in question.

On the other hand, the researcher has utilized all the available secondary sources in the triangulation process based on their relevance. These already available and analysed data were majority published and also unpublished data. The published information were obtained from library centrals, government sources, organizational sources such as British Council and SEUK, SE networks and international subsidiaries, journals (social enterprise, international business, business management, etc.), newspapers, magazines, books, reports by social entrepreneurs, and public records to name a few. The unpublished secondary data were inclusive of biographies of social entrepreneurs, notes of research workers on the topic, social associations, and other organizations and private individuals. Please see figure 8 for the complete process.

The need to focus on this level of analysis in international social entrepreneurship research was emphasised by Mair (2006), Hackett (2010), and Lehner (2011). However, Langley (1999) and Baxter and Jack (2008) draw attention to the data collection difficulties involved in isolating units of analysis because of permeable boundaries. As such it was recognised that the individual and context levels would be factors in the data gathering process.

Considering the above, this study was designed as illustrated in Figure 8. This research was partly triggered by researcher's personal interest due to his past academic encounters to the social enterprise arena, and also his originating country circumstances. As a consequence of this interest, the researcher was enthused by the knowledge from the extant literature on both: commercial internationalisation perspective and social internationalisation which led to development of propositions for this research.

Appropriateness of qualitative research method was confirmed for this study as it could answer the why and how questions. The data for this research was collected initially by desk research of secondary information followed by empirical research of

18 social enterprises via semi-structured interviews. The data collections from social enterprises started with a pilot study and then started the main field work in the UK. A total of 30 interviews were collected from the cases which included face-to-face interviews of founders and co-founders in the UK and Skype and telephone interviews of their international branch in the foreign market. All the interviews were recorded, transcribed, and content analysed. Secondary data was also collected and analysed which also helped shaping the propositions of the research. Finally, the reconciliation of primary and secondary data finding were produced.

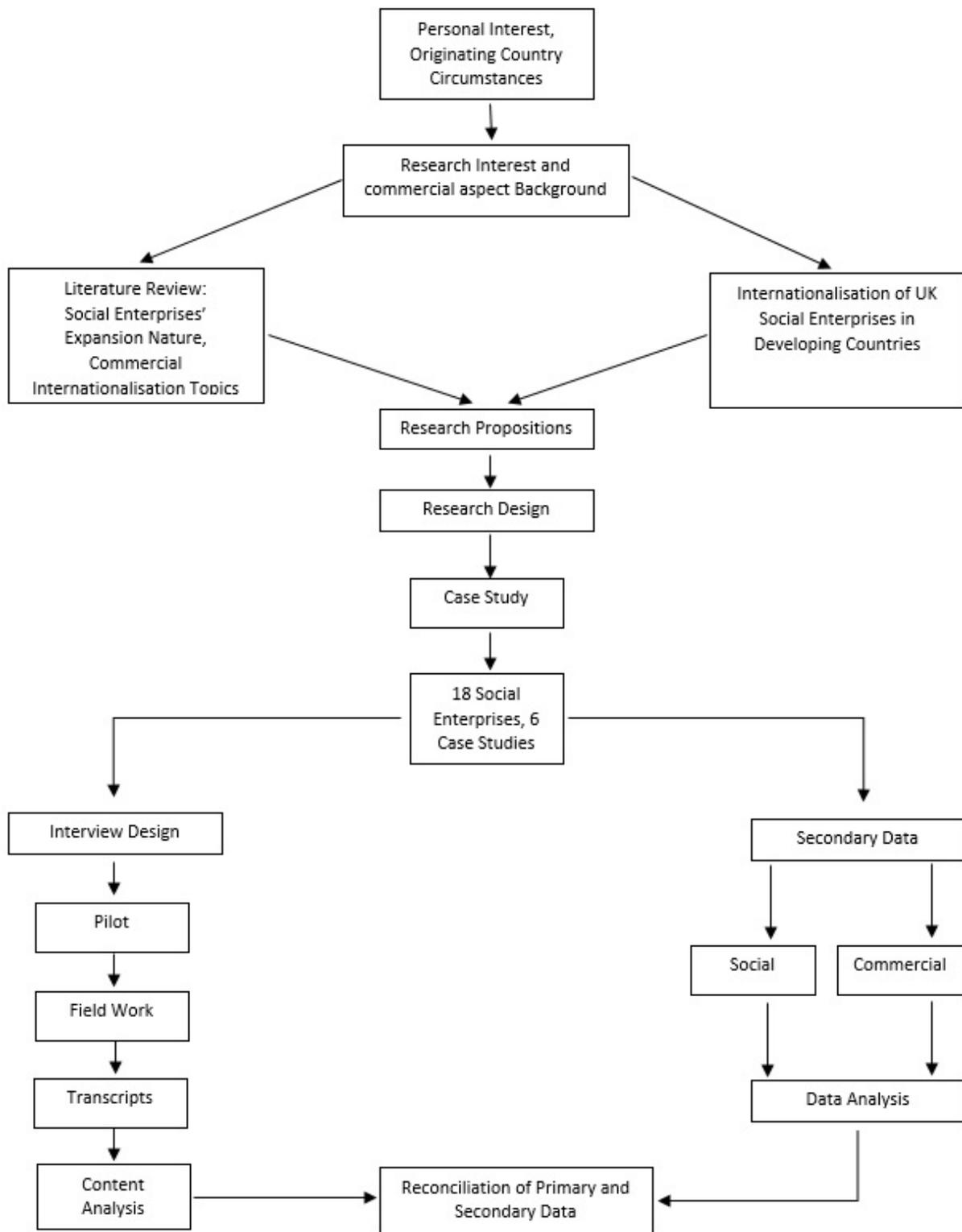


Figure 8: Research Design.

4.7. Case Study Design

The research method selected for this study was the exploratory case study. Burns (1990) lists six reasons for the use of the case study:

They provide data that precedes further research.

They provide in-depth investigation opportunities.

They provide both anecdotal and general findings.

They can dispel generalisations.

Behaviour cannot be manipulated.

They can cover unique historical events.

The case study is selected for this research because it provides an opportunity for investigating the social enterprise within its environmental setting and real-life context (Burns, 1990; Baxter and Jack, 2008), allowing the researcher to benefit from multiple voices and points of view (Tellis, 1997) of the international social entrepreneurship participants. The case study design is also applied to social enterprise by the following researchers: Alvord et al (2004), Spear (2006), Nicholls (2009), Urbano et al (2010), Ormiston and Seymour (2011).

In addition to the above mentioned reasons for the appropriateness of the case study method, the multi-perspective (Baxter and Jack, 2008; Tellis, 1997) opportunity that the case study provided through various sources of data means that the phenomenon of international social entrepreneurship could be understood from the different lenses of the various social entrepreneurship stakeholders.

Eisenhardt (1989) proposed that theories could be built from case studies by following rigorous research processes. This assertion was supported by Cooper and Schindler (2003), who stated that the well-designed case study, as a method of research, could be a good basis for new constructs and theories.

The implication of these assertions for this research study is that a rigorous, well-designed case study approach can contribute initial theoretical propositions to the field of international social entrepreneurship.

The multiple case study design is considered to be most appropriate to answer the research questions of this study. This is because the exploration of entry modes of social entrepreneurs had to include multiple social settings. Eisenhardt (1991)

elaborated further on the strength of the multiple case study in providing the researcher with the opportunity, firstly, to corroborate findings and reduce chance associations and, secondly, to develop a more complete theoretical and practical picture of the phenomenon under investigation.

Yin (2009) adopted a more measured stance by advising that the multiple case studies can have both advantages and disadvantages. He stated that the main advantage is that the evidence from multiple case studies is seen to be more compelling and robust, and the main disadvantage is the time and resources required to conduct a multiple case study design.

4.7.1. Case Study Selection

Commenting on the value of having a clear strategy for case selection, Flyvbjerg (2006) highlighted the importance of information-oriented case selection, which entails selecting cases on the basis of the information that is expected. He described information-oriented strategies as targeting deviant cases, seeking variation, and ensuring the existence of critical cases, and cases that could change paradigms.

This research recognises and distinguishes social enterprises based on the three principle factors below. These factors are also key identifying variables used by organisations such as British Council and CIC UK to legitimise and certify social enterprises.

- Depending on their social mission, social enterprises should follow a double or triple bottom line (social and economic) or (social, economic, and environmental). The core aim of a social enterprise is value generation for the society by investing over 50% of its surplus into solving social issues.
- Dissimilar to philanthropic organisations which survive with donations and carry out symbolic corporate social responsibility related tasks, social enterprises must be able to fund their activities. Meaning that they should have an income base by sales of services and products. Their pricing strategy should be structured in a way that covers the costs at, or less than market value. They need to subsist at a minimum, but given ideal conditions, they must develop and expand.

- Social enterprises often tend to fill governmental voids at a national and international stage. They do this by providing goods and services that are either lacking or unobtainable via private and public segments.

All the social enterprises selected for this study are certified by CIC and have a registered entity with the UK government. Their authenticity as a social enterprise was also confirmed after an extensive desk research prior to selection.

Despite that, In terms of case selection, three features had to be present in all cases to be researched; they must have been international, have presence in the UK (Mainly England and some parts of Scotland), and they must have had a minimum of 2 years international operation experience. Most of the participants were selected via researcher's networks with social enterprises. The researcher has established the necessary contacts by joining social enterprise events and conferences in the UK. The researcher has selected semi-structured interviews with different international social enterprises that have distinct entry mode approaches in order to cover all types of entry modes for social enterprises.

4.8. The Interviews

The interviews are a vital and most important aspect of the qualitative research within this study. A semi-structured interview format was utilised for the purposes of this study. According to Robson (2002), semi-structured interview is suitable "individual historical accounts are required of how a particular phenomenon developed". Specifically, multiple stakeholder interviews were utilised as this assimilates multiple perspectives. This is very important in relating procedures of change and for attaining knowledge of how participants understand specific events (Weiss, 1994). These interviews provide the researcher with a basis to gain knowledge into perceived fundamental implications (Yin, 2003). It is important to achieve two criteria during an interview process: following a line of investigation, and asking questions in a way that does not portray or create bias (Yin, 2003). According to Eisenhardt and Graebner (2007) interviewing is a very practical method of gathering valuable experiential data.

One of the limitations of the interview research method is that poorly constructed interview questions may result in inaccuracies and discrepancies. In other situations,

the respondent may provide responses that he/she believes would benefit or hinder the interview (Cohen, Manion, and Morrison, 2001; Yin, 2003). Open-ended questions may assist in minimising interviewer influence by asking each interviewee the same questions. This decreased the likelihood of bias and also issues of gathering systematic and complete data from all interviewees.

4.8.1. The Phase

The interview process involved the development of a topic guide which included the main topics to be discussed during the interviews. This assisted in making sure all important areas of inquiry were discussed in the interviews. Smith et al. (1991) suggest that a topic guide assists in following and interesting flow to the interview and enables a continuous discussion.

The research began with a pilot interview which was conducted using the initial interview questions and a topic guide. According to Baker and Aldrich (1994), pilot studies assist in 'trying out' specific research methods to determine its appropriateness. It allows pre-test and to make alterations as required. It provides the researcher with an interviewing experience that assists in developing confidence and interviewing skills.

According to Stake (1995), interview participants' selection may be carried out by utilising a simple criterion for choosing participants who give the most optimum opportunity for attaining knowledge regarding the research topic.

The development of interview questions for this study started by outlining the broad research questions of the thesis and selecting the expansive areas of knowledge appropriate in answering the questions. This was followed by development of questions inside each of these major topics in order to shape the final interview questions to be inclusive of all questionable elements in the research and also effective to produce responses for them. While developing the interview questions, the researcher adjusted the language of the semi-structured interviews in accordance to the interviewees' knowledge, position, and status in order to bring about a fluent and understanding dialogue.

Despite, probes were also created to elaborate more on the key areas of enquiry. The interview questions were arranged in a logical flow of topics which started by a

simple first question to give the interviewee the opportunity to answer easily and lengthily as a warm-up. The duration of interviews varied by their method; face-to-face interviews were 45-60 minutes in length whereas cyber interviews took 30-45 minutes. Nevertheless, many interviews were later followed by post-interview email questions where the researcher realized the need for more elaboration during analysis process.

In this study, employees from social enterprises and international operations were both considered to be important for attaining knowledge for this research topic. Individuals with significant influence include company founders, board of directors, senior managers, and senior executives. International operations employees are able to provide valuable insight into the company's key defining variables and milestones that took place within the enterprise's international undertaking.

However, the quantity of data does not represent its quality. The table below outlines a summary of the interview conducted to provide an overview of the data utilised for analysis.

No	Company Name*	Position of Interviewee	Interview Method
1	Clean	Founder, Head of Program	Face-to-Face, Cyber
2	Delight	Director, Manager in Host Country	Face-to-Face, Cyber
3	Clear Vision	Co-Founder	Face-to-Face
4	Social Tech	Managing Director, Senior Manager	Face-to-Face, Cyber
5	Well Ex	Founder	Face-to-Face
6	Child Care	Head of International Operations, Manager	Face-to-Face, Telephone
7	Edu Social	Managing Director	Face-to-Face
8	Farm Aid	Survey Manager, Founder	Face-to-Face

9	Provision	Director in Host Country, Manager	Face-to-Face, Cyber
10	Enhance-Treat	Co-Founder, Host Country Staff	Face-to-face, Cyber
11	Start Assist	Managing Director, Program Manager	Face-to-Face, Telephone
12	Step	Branch Manager, Staff	Face-to-Face, Cyber
13	Active Youth	Director	Face-to-Face
14	Alfa Consult	Head of Hub, Founder	Face-to-Face, Telephone
15	Eco-Project	Co-Founder, Staff in Host Country	Face-to-Face, Cyber
16	Mezzanine	Founder, Program Manager	Face-to-Face, Telephone
17	White Trade	Chief Executive Officer	Face-to-Face
18	Olive	Co-Founder, Manager	Face-to-Face, Cyber

Table 4: Interviewed Participants (*Pseudonyms are used for anonymity protection*)

4.8.2. Developing Case Studies

This study has selected eighteen UK based international social enterprises divided in six different entry modes. Thirteen social enterprises operate in strategic alliance form including equity and non-equity, and five social enterprises operate in wholly-own approach in the host country. Six case studies will be presented in the next chapter each representing one entry mode. Please see figure 9.

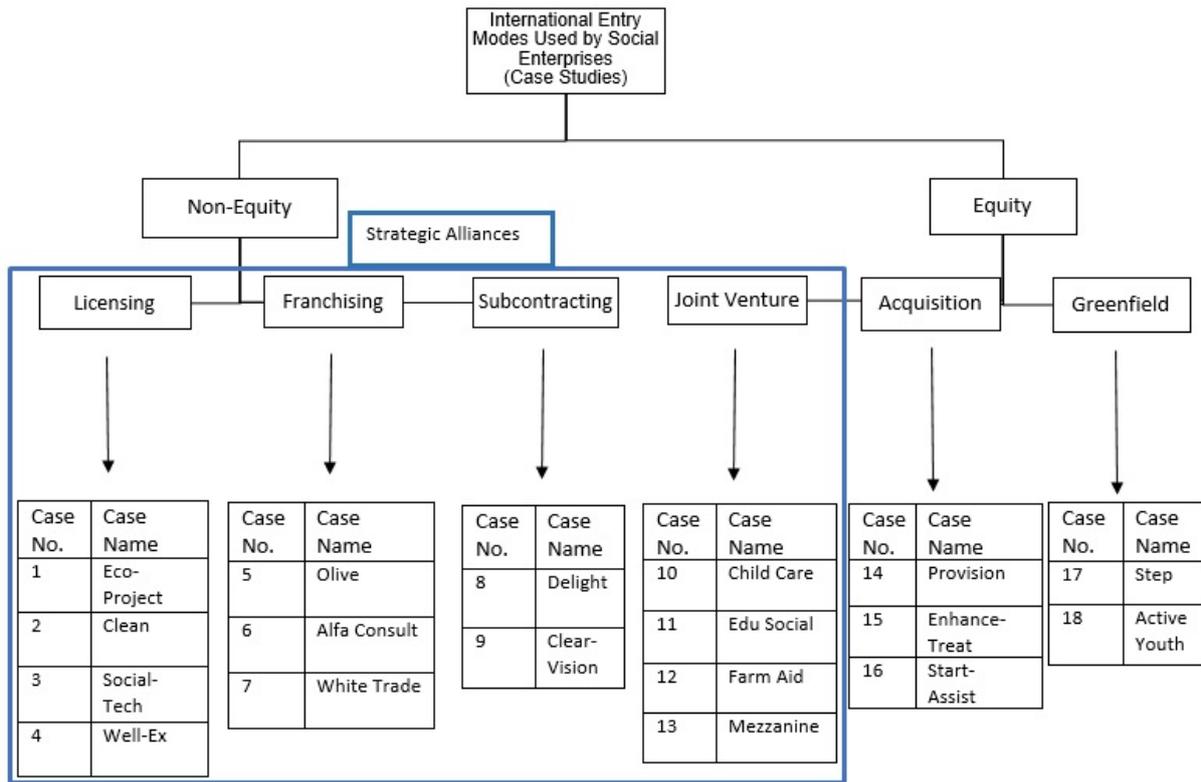


Figure 9, Summary of social enterprises

4.9. Data Analysis (Content Analysis)

Data analysis is said to be the most important, demanding and challenging aspect of qualitative research (Miles, 1979; Basit, 2003). The prominent challenge presented by the analysis of data is data overload (Kohn, 1997). To manage this challenge, a proper sense-making (Langley, 1999) or data-analysis strategy must exist to maintain the integrity of the chain of evidence during the analysis process (Yin, 2009).

As qualitative data collection is an inductive approach, data analysis commences with a comprehensive accumulation of data in text form. The text may include detailed transcripts of unstructured interviews or focus group discussions, notes from an ethnographic investigation, documents, diaries, or life stories. Following the accumulation of data, the next stage involves the researcher analysing all data. This stage involves the analyst keeping a diary to record ideas, outcomes, issues, and problems as the analysis progresses. The initial process involves reading through the entire contents of the data. This may trigger and result in theoretical and strategic analysis which will be recorded in the diary (Bryman, 2004).

Depending on the size and volume of research conducted, it may not be possible or necessary to analyse all data gathered. Therefore, the researcher may implement a process of data selection, which may be random or it may be relevant to certain emerging theoretical themes. This selection criteria may become clearer as the process continues, which may be checked for reliability in the selection process.

As the selection process develops, the fragments of text will be utilised to develop general concepts and ideas. These concepts may be associated to the type of words in the fragments of text. Within well-defined parts of qualitative research, theoretical analysis will enable coding of text fragments into distinct or conceptual outlines, and less well-defined ideas coding may result in the (NVivo) classification which refers to staying very close to the respondents' words.

As for suitability of content analysis structure to this study, this thesis investigates the factors involved in internationalisation of social enterprises and their entry mode choice. Hence, the design of the study and the primary data collection serve the purpose. Moreover, the interview questions were asked in relation to the propositions. Interview recordings were transcribed and the content was analysed according to the respondents' answers.

Nvivo, the qualitative data analysis software was initially considered to use for analysing the data as the software can be helpful in marking themes, sub-variables, and variables in a data-set. The software is also useful for comparing and clustering variables, therefore at the start it was seen useful to use the software for achieving the targeted data analysis objectives.

However, the drawback of the software was identified in terms of automatic and conscious data analysis inability. The software can help confirm the recurrence and location frequency of the evidence in the context, Hence, the result of solely use of NVivo may be incomprehensible or disguise.

Therefore, the researcher considered that manual analysis approach could promise a more complete and useful results for this study.

4.10. Validity in Qualitative Data Analysis

Expansions in qualitative methods have endeavoured to improve claims for rationality by addressing some alleged insufficiencies in qualitative social research

as it is printed. These insufficiencies include: The failure to offer comprehensive accounts of the research process and the unavailability of field notes and/or interview transcriptions as they are not included in the archives, the utilisation of certain 'telling examples', pursuit of and selection of cases that support the researcher's preferred argument, and failure to provide description of how representative selections are of the complete dataset.

Therefore, it is increasingly important in qualitative data analysis to provide the obligations intended to improve the quality and validity of the analytical processes. The two most important trends are: the importance on transparency and the emphasis on measures of validity (Creswell, 2013).

Transparency refers to an obligation of being clear and honest about the data collection and analysis process. This provides the reader with a basis to critically analyse the conclusions and arguments made by the researcher regarding the research topic. Therefore, many qualitative researchers aim to reach transparency by allowing their data to be stored in archives so that it can be retrieved by analysts. This provides for the reproduction of analysis and therefore further 'validation'. Transparency is a primary necessity within qualitative research as it gives the reader the opportunity to ascertain the data collection and analysis processes. With this information, the reader may analyse and determine the level of assurance in the findings and conclusions and also assists in replication of data collection and analysis in a different context (Yin, 2013).

This research assures transparency in both the data and data analysis. This study's contents are evidence to back all the empirical claims. The nuance of data can be appreciated in the sources and direct quotations provided, these sources and contents can be assessed precisely in order to judge if they narrate to the claims and also assess if they have been inferred accurately.

The discussions regarding validity criteria in qualitative research have focused on if qualitative research should create its own criteria of validity. Recent attempts to create these criteria of validity imply the reliability of the research based on credibility of and whether the research process can be checked by other's transparency (Bryman, 2004).

The notion of validity recommends that there is a social reality distinct from our insights of it. The idea of validity is particularly important with qualitative research and therefore it is imperative for researchers to consider how to make claims for validity. As resources, validity criteria ascertain enquiries that require resolution in the process of social research. However, the post-modernist approach does not place importance on validity as it argues that rules of research process do not govern the creation of valid descriptions of reality. The 'rules' of research process are simply 'repertoires' for individuals who pursue validity credited to the 'reality' within a research community (Yin, 2013).

4.11. Research Limitations

One of the main limitations experienced during this research was the richness of data available to the researcher at the time of fieldwork. At first it was anticipated to interview between three to four people in each social enterprise during data gathering phase. The plan was to interview two people in the UK and two people from SE's international office in the host country via telephone or Skype. But unfortunately, difficulties were found in gaining access to host-country managers to investigate SE's operation from a triangular aspect. It was seen that not all UK managers liked to grant access to interview their staff in other regions and not all international employees and managers preferred Skype interviews.

As a method of solving this challenge, the researcher tried to become more flexible in the way data was being collected. Many overseas interview candidates did not have access to Skype or social media communication means, therefore, telephone interviews replaced that. Due to high costs of overseas telephone shorter interviews were conducted and additional data was agreed to be sent by email.

Moreover, while it might be stressed that the sample size for the study of six entry modes of social enterprises in this research might be limited, theoretical saturation paradigm was viewed as an instruction for the quantity of semi-structured interviews needed to be collected, in answering the required number of interviews Bunce and Johnson (2006) suggest that saturation can happen in as little as twelve interviews to enable construction of meaningful themes.

Despite that, Weller (1986) argues that a small sample size of four could be satisfactory to present reliable outcomes. Hence, putting all these factors into consideration, the researcher decided to initially interview the social enterprises' co-founders and founders themselves as the main priority followed by the few overseas managers and staff to ensure that the findings were enrich and data saturation was achieved.

4.12. Conclusion

The research methodology adapted for this research was explained in this chapter that initiated by reviewing the investigation philosophy, exploring the explicit epistemological and ontological assumptions in the selected research paradigm of positivist realism. Following, the chapter discussed the selected data collection method which is qualitative and by semi-structured interviews. Triangulation technique is used for this study. After collecting data from interviewees face-to-face, the researcher interviewed their international colleagues in the host country, this helped validate the information and create a robust understanding of the topic in question. A total of thirty interviews were collected from the cases which included face-to-face interviews of founders and co-founders in the UK and Skype and telephone interviews of their international branch in the foreign market. All the interviews were recorded, transcribed, and content analysed. Secondary data was also collected and analysed which also helped shaping the propositions of the research. Finally, the reconciliation of primary and secondary data finding were produced.

The principle paradigm for this study is interpretive. The epistemological supposition of interpretive research is that knowledge is attained through social constructs and the common meaning of actors (Klein and Myers, 1999).

The chapter briefly identified social enterprises in England with some figures in order to simplify the selection on samples for the study. The case study design was selected for this research because it provides an opportunity for investigating the social enterprise within its environmental setting and real-life context (Burns, 1990; Baxter and Jack, 2008), allowing the researcher to benefit from multiple voices and points of view (Tellis, 1997) of the international social entrepreneurship participants.

5. Chapter Five

Findings and Discussion (Case Studies)

5.1. Non-Equity Licensing

Licensing involves the social enterprise insuring contracts are predominantly grounded on social targets and increasing the social change. The licensing agreement is between a UK based social enterprise water producer called Clean and Bangladesh based manufacturer and supplier of drinking water called United Vista. Clean transfers the right to produce the bottled water in Bangladesh by the licensing contractual agreement.

The licensee does not pay any fees to the licensor as the end customer receives the service as a donation. Instead, the licensor (social enterprise) makes payments to licensee for the extension of their social mission.

Clean Case Study

5.1.1. Introduction

Clean, UK

Clean was founded in 2009 and started to produce mineral bottled water with the aim to help reduce the world water crises. That idea has now grown to over 16 products, from personal care products to baby care. Clean is a social enterprise that commits all of its profit to increase the social welfare and end global poverty. Currently, they can be found in over 600 outlets in England, including all major supermarkets. The Clean consumer movement has raised millions of pounds to get safe water, toilets and child and maternal health programs to hundreds and thousands of people in need.

The social enterprise invests all its resources and capabilities to produce competitive products and remain innovative in SE market. Clean does not have any private shareholders and it is 100% owned by Clean Trust. They commit over 80% of their profits to the trust which then distributes it to impact projects that help global water issue and poverty. The SE has contributed £5M to fund water access, sanitation, and hygiene around the world and empowering 750,000 people globally.

SE's solution to the pure water issues in the international market is to work closely with local impact partners which can be government, local social enterprises, and communities. The breadth and depth of these networks help enable universal change and ensure people have access to clean water.

United Vista, Bangladesh

United Vista was founded in 1995 in Dhaka-Bangladesh and are specialised in production and supply of drinking water. The company has supplied drinking water to multinational companies, corporate offices, schools, universities, clinics, and many retail customers. The company utilized advance filtering and processing equipment and is capable of timely production and deliveries across the country. The company is certified by Bangladesh's Ministry of Commerce.

Company's legal entity is Limited Liability Company. The company is also registered at Bangladesh SSI (Small Scale Industry), this registration is mainly for attracting government subsidies.

A brief introduction to the licence agreement between Clean and United Vista

The license agreement between Clean and the licensee took place for the first time in 2011. As a result of this licensing agreement United Vista produces bottled water using the recycled bottles and logo provided by the licensor. The license agreement has high emphasis on social and environmental objectives when it comes to production, recruitment, selection of suppliers, and waste management. The bottled water production is not constant and regular. The social enterprise requests production when there is an immediate water shortage or a natural disaster.

As a result, the licensee must be prepared for large orders at any point. Mainly the emergency water shortage takes place in the summer and the social enterprise aims to tackle it in less than 24 hours.

5.1.2. Pre-Entry Stage

The founder of social enterprise has an inner motivation to invest his time for social good. He describes the UK market as wealthy and not in need of urgent attention for social help. The SE recognises a vast demand for social enterprises in regions where genuine unfortunates exist. The founder of the social enterprise who has work

experience in non-profit charity was struck by poverty and living conditions after a trip in Bangladesh. After witnessing lack of access to safe water, sanitation facilities and lack of hygiene methods of waste disposal, he recognised the gap for a social enterprise to help minimise this.

Clean is motivated to tackle the situations where the society requires immediate response and there are life threatening circumstances. As an initial phase to plan the international expansion the SE formed a research team to familiarize itself with the host market internal factors such as infrastructure, regulations, funding opportunities, government incentives, demographics, and entry mode or partner selection. The SE's founder considers morals and inner good intention as a capital for such ventures.

"It's mainly about someone's morals and decency towards humankind to end up doing something like me. I and my team give our 100% to work for helping those who need us the most not the ones who thank and appreciate us" – The Founder.

Clean funds its operations to tackle water shortage crises by sales of its products in England and most parts of Europe. SE's bottled water come in different sizes of 350ml, 600ml, and 1,5L. These are sold in major high end super markets alongside other products such as personal care, gift sets, and baby care. The majority of profit from sales of these products are invested into social good projects internationally.

Clean acquires ranges of resources which gives the SE the potential to enter a new market. Capital is the main enabler of Clean to venture into such costly social good venture abroad. The SE has recently witnessed great funding prospects from 3rd party organisations such as UNICEF, World Bank Group, Government of Bangladesh Ministry of Drinking Water and Sanitation (MDWS), and World Health Organisation (WHO).

Active participation in social entrepreneur networks was one of the influencing factors to enter the Bangladeshi social enterprise market. These networks aim to assist social enterprises to achieve their environmental, social, cultural, and economical targets. Clean collected useful country and society related information by

being part of two main social enterprise networks; Global Social Enterprise Network (GSEN) and Social Enterprise UK (SEUK).

The social enterprise sees the existence of primary data on the social issues an important factor for selecting a market to enter. Access to information on water shortage and sanitation held by organisations like Water AID Bangladesh (WAB), and Sanitation and Water for All (SWA) helped the SE to select the right regions in the country and develop hubs accordingly.

The SE utilized social networks, commercial links, and personal link in order to find the right partner in the host country. Clean found partner selection a challenging task as all potential partners were commercial and had difficulties to come in line with social enterprise license contract factors. Despite the fact that the SE was expanding via licensing agreement, it had to register in Bangladesh as a not-for profit organisation.

The SE is classed as no risk-averse which indicates that the SE is not apprehensive or hesitant regarding country and market selection for expansion. The important factor for the SE is assessment and comparison of anticipated social change as an outcome when deciding on market selection and entry mode.

Clean expresses the ideal entry mode as ease of set up, immediate response, and flexible for short operation. The SE sees low awareness or lack of information regarding social enterprises among local banks and other supporting organisations as a barrier for entry.

5.1.3. Entry Stage

Clean started its entry into Bangladesh social enterprise market in 2011 by signing a licensing agreement with a local water producer called United Vista. As a result of this licensing agreement the licensee is required to produce bottled water in only 2 sizes of 600ml and 1.5L.

The license agreement also factors use of recycled bottles and putting high importance on internal and external operations of licensee. These include recruitment of long-term unemployed people, working with suppliers which are socially responsible, and handling waste management according to environmental standards.

“You can’t be considered a social enterprise if you meet your mission but in order to reach that mission you commit things that are considered unethical or harmful for the environment...that is the wrong way of doing right” – The Founder.

The licensee is in charge of producing a specific quantity of bottled water in a given time. The production is irregular, thus, it requires the licensee to be prepared for urgent orders. The licensee is not charged any license fee nor is it responsible for selling the product. The licensee is paid a fixed fee for every 700L bottled water produced. The SE describes the entry mode as suitable for emergency operation with its quick and easy nature of entering into a new market. Clean finds it convenient that the agreement eliminates border and tariff barriers.

5.1.4. Post-Entry Stage

As soon as the SE signs the license agreement with the host country entity, they register their presence in the host country as a not-for profit organisation. This registration is approved by ministry of social welfare. Once the legal and regulatory procedures are completed, the social enterprise places its orders to the licensee for production of bottled water according to license agreement factors.

The licensee produces the requested quantity in the given timeframe and delivers them to SE’s pre-defined distribution hubs. Finally the distribution hubs are in charge of supplying the water to targeted communities and areas. Please see figure 10.

These communities include migrants who left their homes due to flood and bad weather conditions in winter, or the ones who suffer from dry earth conditions and require urgent attention in summer. Recently, the SE has helped the people who have fled from Myanmar to Bangladesh due to government conflicts and live in critical conditions.

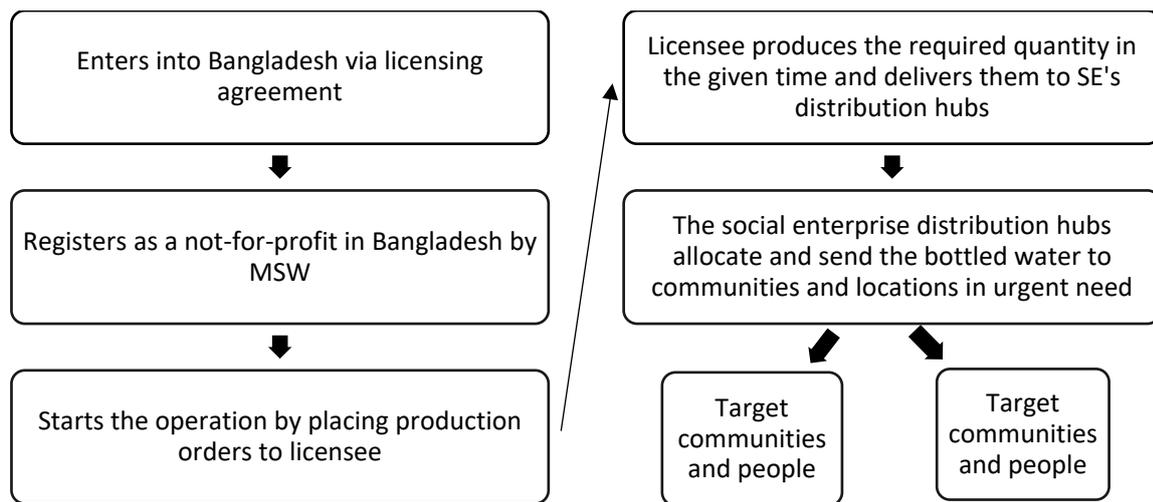


Figure 10: Clean SE's Operational Framework

The SE considers its operational framework responsive and efficient for their objective and mission. Despite, the SE works closely with its project partners and advisors to develop an even better measurement and reporting structure to enhance the project performance further. The SE has developed clear and open lines of communication between the social enterprise, government and funding organisations, franchisee, and distribution centres. This efficient communication bridge is seen as a necessity due to the urgent operation nature of the SE.

There are a number of social enterprises which operate to help increase water access and sanitation such as Sustainable Sanitation Alliance (SSA), UK-Water, and End Water Poverty (EWP), but their nature of operation varies to that of Clean. Therefore, the SE sees the competition as moderate in field but describes it as highly competitive when it comes to overall SE market in Bangladesh and this is evaluated by difficulty of granting government funds, incentive, or transportation assistance.

“The problem is that if you are a social enterprise and go to grant givers and donors don't like that you ask for money to make a business out of it, and when you go to banks and they don't like that you have a charity characteristic in you and give away money...it is hard to construct something to convince both sides” – Head of Program.

Clean funds majority of its operations from its trust fund but also receives resources from the local government's ministry of water and sanitation and international organisations such as PEPSICO Foundation and Cartier Philanthropy.

SE's success is purely measured by its social impact. The social impact rate originates from regular surveys and assessments conducted from territories of operation. Clean has spent approximately £5 for water and hygiene. This has helped nearly 800,000 people to have access to safe water.

The SE explains its future entry modes as potentially long term once the product line is extended to toiletry and hygiene products and contemplates on joint venture entry mode. The social enterprise predicts its role as a key player in eradication of global water poverty in long term future. SE's strategy for this immense long term objective is to fund projects that address the base foundation of global water crises.

5.2. Non-Equity Franchising

Franchising involves an agreement which franchisee gains access to the exclusive processes of the franchisor. This agreement does not require the franchisee to pay a periodic royalty fee as the end customer does not pay for the service of the franchisee. Instead, the franchisor (social enterprise) makes payments to franchisee for the extension of their social mission.

With more restrictions in place compared to licensing, franchising impacts the franchisee to an extent that they must follow certain regulations when it comes to hiring staff or selecting secondary suppliers.

Alfa Consult Case Study

5.2.1. Introduction

Alfa Consult, UK

Alfa Consult was founded in 2001 headquartered in London as a consulting firm offering clients services such as transformational change, creation of new organizational models, channel strategies, supply chain management, and creation of technology strategy to name a few.

After 3 years of successful operation, the firm was transformed into a social enterprise. The founder and CEO of the firm supported his decision by demonstrating how small-scale social enterprises can become active agents of constructive social change by the help of experienced and professional consultants.

While enduring consultancy services for businesses in the UK in exchange of a fee, the SE uses the profits to fund projects to assist emerging social enterprises internationally. The SE emphasises that small social enterprises should have access to free expert opinion, and all experts should passionately put their ability to good use.

Alfa Consult's programs initially address main milestones in SE's strategy and provide them with a comprehensive proposal to help them expose their growth potential and demonstrate their environmental and social influence on the public.

Consecutively, Alfa Consult maintains open communication channels for the social entrepreneurs for circumstances in which they require assistance or advice.

Rotan Solutions, Lebanon

Rotan Solutions is one of the biggest professional services firm in Lebanon providing a wide range of insurance solutions, commercial solutions, retirement solutions, and data analytic services. The firm was founded in 1993 by a Lebanese couple who were graduates of ETH Zurich University. Since then, the firm has expanded considerably and currently operates in 12 regional countries.

A brief introduction to the franchise between Alfa Consult and Rotan Solutions

The franchise agreement between Alfa Consult and Rotan Solutions took place in 2014 for the first time. As a result of this agreement, Rotan Solutions gained access to proprietary processes and trademark of Alfa Consult. The main factors included in the agreement were the following:

- The consulting and training services to be provided by the franchisee
- The employment structure obligated by the franchisor
- The fee structure
- The equipment and services provided by the franchisor
- The use of SE's trademark and its limitation

- The ethical observations

The agreement between the two did not require the franchisee to pay any royalty fee to Alfa consult, this was due to the fact that the franchisee was not allowed to sell the service to end customers as it was a free service. Rotan Solutions were paid directly by the franchisor periodically.

5.2.2. Pre-Entry Stage

Alfa consult's founder was motivated by the potential he saw in small social enterprises and that led to the decision of switching to the third sector and form a social enterprise in order to help them achieve their goals professionally and systematically. He believes that knowledge expansion is a mandate and the SE thrives to work towards that mandate.

Alfa consult utilises its in-house resources and has very minimal dependency on 3rd parties such as government funds and foundations. The most critical resources owned by Alfa Consult are capital, specialised expertise, human capital, and intellectual property. The SE funds all its operations for assist social enterprise by selling its consulting services in England and some parts of Scotland. Despite that, the SE has received senior executive support on many occasions from the host country government on part-time basis.

Nevertheless, social networks were also indirectly influencing the founder of Alfa Consult to internationalise into Lebanese market. The SE participated in social enterprise networks such as; Social Enterprise UK (SEUK), British Council, and School for Social Entrepreneurs (SSE). Due to SE's background and expertise, they utilised the data gathered from these networks purposefully and helped them with their franchise decision as well.

The social enterprise considers prior SE operations in the host country and their social impact as an important factor and an indicator of challenges and opportunities in the host nation. Alfa Consult identified patterns which were followed by other SE's operating in the host country, these patterns were then analysed and used to safeguard the SE against threats and barriers to entry.

Information gathering process was carried and governed by the founder and his internal team. The team completed an expedition in Lebanon in end of 2012 which

not only helped them identify potential franchisees but also meet many social entrepreneurs who were excited to work with Alfa Consult. Country specific data and entry mode selection data were also collected from online sources. SE considered scrutiny of dynamic changes on topic as catalysts to make the mode selection swift.

Alpha Consult is a so called “low risk averse” social enterprise which means that the SE is not opposed to the risks attached in selecting an entry mode for the first time and entering a new market which results to a faster entry mode selection. Despite that, the social enterprise decides on entry mode by assessing and comparing the anticipated social change as an outcome between various entry modes.

Another factor which resulted to selection of franchising as an entry mode was inaccuracies within the data the SE had collected from their expedition and desk research. Despite, obsolescence of data for comparing entry modes suitable for SEs added further to the issue. Alpha Consult considers the low awareness or lack of information regarding social enterprises among government, banks, and other supporting organisations as a challenge for entry.

5.2.3. Entry Stage

Alfa consult completed its registration as a charity in Lebanon in 2014 as a required legal procedure. In the same year, the SE signed a franchise agreement with a Lebanese consulting company and marked its official entry in the host country.

The agreement between the two did not require the franchisee to pay any royalty fee to Alfa consult, this was due to the fact that the franchisee was not allowed to sell the service to end customers as it was a free service. Rotan Solutions were paid directly by the franchisor periodically.

This agreement was in a form of master franchise agreement. Alfa Consult granted Rotan Solutions to sub-franchise to additional numbers of franchisees. In this context Rotan Solution was functioning as a franchisor and extending the agreement factors and requirements to the sub-franchisees.

This approach was selected by Alfa Consult for many reasons;

- The SE required rapid expansion around the country.

- The master franchisee (Rotan Solutions) had enough knowledge of cultural, political, and social issues.
- Large capital base was not required
- The master-franchisor had a strong network of professionals in Lebanon

As a result of this agreement, Rotan Solutions gained access to proprietary processes and trademark of Alfa Consult. The agreement required the master-franchisee to extend all the obligations to sub-franchisees. Violation of agreement factors could have resulted to cancellation of the alliance.

The major factors are; assurance that minorities and less fortunate parts of the community are employed where necessary, the social impact attributes are fully implemented along the line of sub-franchisees, no fees or commission is charged from end clients. Alfa Consult provided training to franchisees and issued an instruction booklet with description on how to help small social enterprises through consultation. Nevertheless, the SE has a team of expatriates to visit the master and sub-franchisees on frequent basis and make sure the operation is in-line with the social good targets.

5.2.4. Post-Entry Stage

As soon as franchise agreements are completed, and an interactive website developed, the SE starts its operations. The small local social enterprises that would like to receive the free consultation should register their interest online using Alpha Consult's website. The online registration form requires some basic information from the applicant alongside secondary information such as the sector they work, their SE's name (if they have one), skills they need (market analysis, sales/distribution, social impact, soft skills, business modelling, etc.), and the social cause they support. The next step is selection of appropriate program offered by Alpha Consult. The programs are usually two months long which include training and one-to-one consultation. On exclusive topics such as health and women related issues tailored lectures and cooperative workshops are offered.

Alpha Consult runs periodic impact assessments on these small SEs and the ones with desired score receive media exposure via Facebook, Twitter, and Instagram which help them connect with possible foundations and attract donations, this

programme also adds to small SE's credibility. Some small SE's are also selected to have access to Alpha Consult's international impact investors and customers' network. Please see figure 11.

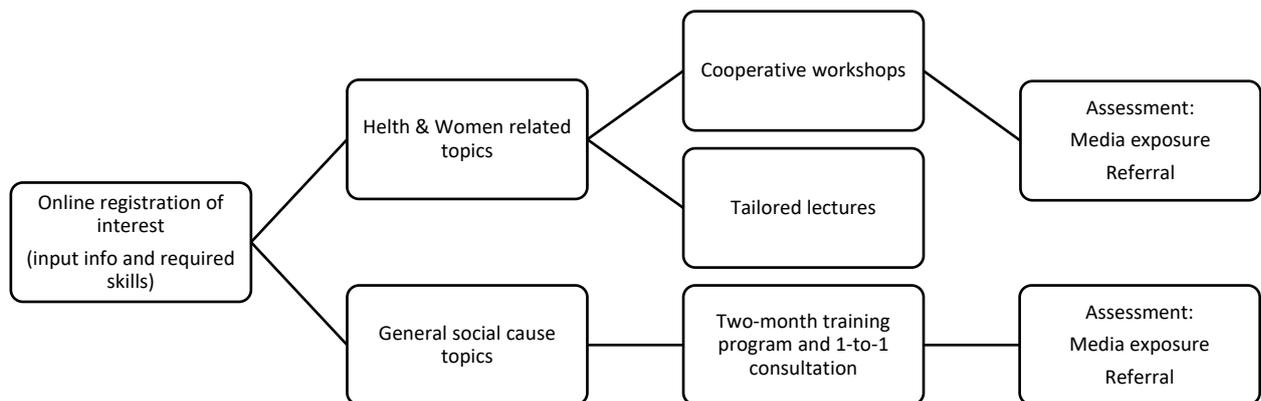


Figure 11: Alpha Consult's training process

The SE considers its framework process as successful and responsive, nevertheless, they work closely with their project partners to update the programs and work on feedbacks received.

“We think the most valuable asset in social enterprise sector of any country around the world is its young, motivated, and responsible social entrepreneurs, if you want to bring long term changes you should develop and train their internal social capital... our campaigns practices bring many extraordinary caring locals and we welcome everyone who comes to us. – Head of local hub.

The SE doesn't have any competitors in social enterprise market in Lebanon. They claim that there is no other social or commercial enterprise that would offer professional and effective free consultation to enhance small SE's performance in the host country. However, they describe the social enterprise market in general as competitive which causes difficulties when it comes to receiving loans or funding from the host country government.

Alpha Consult's success is purely measured by its social impact. The social impact data originated from number of social entrepreneurs trained, number of social entrepreneurs reached to an expert level, and to what level their social impact has increased. To date, Alpha consult has trained 4,300 social entrepreneurs, 1,300 of them reached expert level, and 200 have become part of exclusive international network and directly connected investors.

The SE explains its future entry mode linked to their financial position. They need to allocate larger funds to be able to use modes with increased control. Occasionally, the SE suffers from lack of control over sub-franchisees which has resulted in closing that specific sub-franchisee in the past.

“At the start when we were small and didn't have many sub-franchisees, it was much easier to work and keep an eye open on operations, and now that we got bigger sometimes we can't insure that the sub-franchisee really does as agreed... I think we were focused too much on expanding that we lost the management bit... We have seen that some of sub-franchisees were asking for money or favours from the social enterprises who had to be trained for free, we had no option but to close them” – The Founder.

5.3. Non-Equity Subcontract

Subcontracting as an entry mode for social enterprises involves completion of a project by the subcontractor based on a pre-arranged agreement. The contract is between a UK based SE and India based electrical solutions company. The UK based SE is the main contractor which enters into the host country and is responsible for execution and completion of the contract. The original entity remains the same and hires small local subcontractors for the project. The final product is used only in that local region and not exported elsewhere.

Delight Case Study

5.3.1. Introduction

Delight, UK

Delight was initiated in 2006 by Jacob and Sam, who developed the starting prototype of the solar lamp and further sought to design a power that would be safe, clean and bright light as well as one that is affordable to almost all the members of the family. When it first entered into the market in 2008, the solar products from the company started to change the lives of the people. Currently, Delight is considered to be a global success and the major pioneer when it comes to the delivery of solar-powered energy solutions at the most affordable costs among the developing nations.

The target of the SE is to reach over two people households existing in the developing nations, especially who until the present age do not have access to electricity. The SE offers its solar products to small companies as well as households and farmers thus transforming the energy sector and the way people pay for both lighting and other energy services.

The SE is currently headquartered in the UK and has branches in Africa and South Asia. The hubs have enabled Delight to sell over 10 million solar products internationally and impact the lives of about 45 million individuals.

Pune Electrical Installations, Pune-India

PEI was founded in 2011 as a limited company in Pune-India. The company is now offering variety of electrical and installation services for domestic and commercial

customers. The company also offers welding services, door and window manufacturing, and piping. The company is approved by ministry of power in India.

A brief introduction to the subcontract project between Delight and PEI

In the year 2011, Delight and PEI signed an agreement to work towards completing solar products. Delights is the first social enterprise to offer solar energy producing panels and solar lightening products in India.

As a result of this subcontract agreement PEI has finalized over 67,000 units including solar lanterns (A2 and S3), solar home system (X850 and D330), and solar panels for farms (thermal). There are around 23 (part-time and full-time) personnel working in the workshop which are mainly the disadvantaged members of the society including a few disabled workers at assembly points.

Recruitment of disadvantage people as a priority is one of the main criteria in the contract. Despite that, a full time supervisory team is appointed by Delight for quality and operation checks on subcontractors.

5.3.2. Pre-Entry Stage

The founder of Delight who previously perused a job as an electric engineer at Southern Electric was struck by the fact that power access can be safer and better after a trip to India. Following, he enrolled in entrepreneurial design for extreme affordability class in London where he met the co-founder. They were highly motivated to extend their products to regions where the consumers are genuinely in need of power and have no access to safe and sufficient power. Their solar solution would replace the dependency on candles and diesel-run lamps immediately.

The first step towards breaking the borders and expanding their solar product offerings to less fortunate abroad was to conduct a market research. In 2009 the company started its initial expedition in suburbs of India to gather market information and statistics. These would include demographic data of potential consumers, government policy and funding, partners in local market, and familiarity with local customs. The social enterprise used an agent called Randstad in India in order to seek for the appropriate partner.

“I didn’t know much about marketing, accounting, or management in general, I also knew that I can’t succeed by just (loving it) that’s why we made like-minded team to make a difference together” – Co Founder.

In 2010 Delight was registered as a not-for-profit enterprise. Due to the regulatory circumstances in the host country, the company could not be registered as a social enterprise but registration was a must. As described by the interviewee, the regulatory procedures are time consuming and bureaucratic. However, their approach is more welcoming towards a social entrepreneur than that of a commercial.

Delight acquires multidimensional resources which enable the SE to enter a new market with more strength. These resources are mainly know-how and technology, capital, raw material for solar production (polycrystalline silicon), and skilled labour.

The SE vastly depends on its in-house resources. However, the costly nature of internationalization drives the SE to use third-party resources occasionally such as technological and electrical parts from companies like Energy Access Venture (EAV), and Omidyar Network or capital funding from European Investment Bank (EIB), Responsibility Investment for Prosperity (RIP), or New Quest Capital Partners (NQCP).

One of the factors that influenced Delight towards entering India, was active participation in various social enterprise networks. These networks aim to assist social enterprises to achieve their environmental, cultural, social, and economical objectives. Delight gathered valuable country related information by being part of networks such as Social Enterprise UK (SEUK), Global Social Enterprise Network (GSEN), and British Council.

“It is really hard when you never done any business in another country before... and suddenly you have to plan on how to enter another country, how to select different partners and also stay within your social purpose, only thing I could think of doing was networking, and going to so many events, and do promotional work”

Another influencing factor for Delight to enter the above market was “public’s industry specific knowledge. A social enterprise offering technological products to a

public is more challenging than providing them with food or water. This is due to a required combination of acceptance and knowledge level in that society. For example; it is not challenging to introduce a solar lighting or energy producing device to most parts of India and this is mainly because India is the fastest growing technological hub worldwide. Technology has become part of South Asian culture to an extent that even the poorest households have the basic knowledge of using a phone and majority own one.

Before entering into Indian market, Delight consulted the venture with an agent called (UK India Business Council) which helped the SE in legal terms, entry structures, team building, finding customers, hiring, and most importantly finding sub-contractors.

Delight first applied to register as a social enterprise in Indian market via an online service provided by the government. After a few months of authoritarian steps it was registered as a not-for-profit organization by Ministry of Corporate Affairs (MCA).

Scrutiny of dynamic changes and new trends regarding entry methods on the internet was the first influencing factor towards selecting its entry mode for Delight. Increased availability of data and statistics on the internet was considered useful to speed up the entry mode selection process.

Delight is a so called “low risk averse” social enterprise which means that they are not opposed to the risks attached to selecting an entry mode for the first time and entering a new market which results to a faster entry mode selection. Despite that, the social enterprise decides on entry mode by assessing and comparing the anticipated social change as an outcome between various entry modes.

Subcontracting was seen appropriate by Delight’s management team because of its quick return and long term capability.

“Establishing a social enterprise is a risk in the first place, you start something that at the start runs with the help of government or private donations, if they stop their help you don’t exist anymore... if you pass that stage and grow to a level that you want to spread worldwide and you already have your own capital, of course you are not afraid of risk in a new country when you think how big of an impact you can make” – Director.

Access to local distribution channels and customer allegiance were seen among market barriers for the SE. Customer loyalty and commitment to a new technological product was seen as timely and challenging by the SE, but this barrier was resolved soon after customers were made aware of the social good nature of the SE and its solar products' benefits.

5.3.3. Entry Stage

The relationship fostered between Delight and its subcontractors is a very crucial aspect in the development of the organisation. The extent to which the relationship is cooperative the more network will exist between the different principals, and hence it is a crucial tool for the expansion and success.

Delight's entry mode into India was initiated by signing an agreement with a local subcontractor in Pune-India called PEI. This subcontract entry venture in 2011 was the first social enterprise venture in Indian solar market. The agreement centred on some tools for managing the subcontract achieve its target.

The main solar parts are sent from the UK to the subcontractor in India, the subcontractor is responsible for finalising the assembly of solar products by designing the stands and installation kits according to local market needs and also completing the wiring. The work centres are owned and managed by subcontractor, however the SE has a strong influence on recruitment on labour and assuring that the operation meets the environmental standards.

Another factor on the contract agreement allows Delight to have its supervisory team check and investigate the work carried out by the subcontractor to make sure it is in line with social enterprise social good guide lines.

Delight pays the subcontractor a flat charge per unit. However, if the unit changes to a different kind the flat charge also changes accordingly. Delight handles a worksheet method to find production orders with solar panels ready to send to subcontractor. The program will then automatically posts the order charges by the subcontractor as soon as the work is accepted by them with a completion date.

By utilizing this routine, The SE has been in the lead as far as the expansion of off-grid solar panels, and other lighting systems are concerned, and that has been

developed from the earlier start of its operations until at the moment it is one of the market-leading products.

5.3.4. Post-Entry Stage:

Delight's internationalization framework takes place as following (please see figure 12); the main solar components are sent to subcontractors in the host country, these parts are inclusive of different types and sized of solar panels which require stands, frames, installation, and wiring before use. The subcontractors finalize the products which consist of large and medium size panels for farming and small and medium size panels for home use.

The large panels for farms are delivered and installed directly by the subcontractor. But, the medium and small panels are delivered from subcontractors to local distribution centres and from there to home users and small farmers.

Delight operates and distributes its final products in the host country under a single brand name which is becoming increasingly recognized in India. The SE has managed to create regional distribution chains which work systematically towards a single goal of providing high quality solar for an affordable price to needy society.

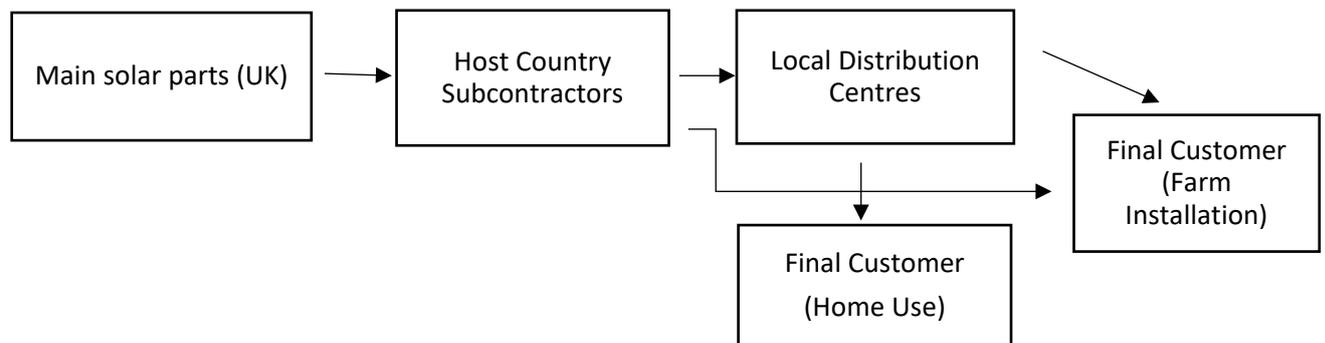


Figure 12: Delight's Internationalization Framework

Delight explains this entry model as the most appropriate because it initially fulfils the requirement of "finalizing to local needs" and secondly claims that its benefits are

multidimensional. Firstly, the selection of small subcontractors provides the subcontractor with the opportunity to expand their business. Secondly; it creates jobs for the locals where the solar products will be sold. These locals also form an unofficial network which can be used as promotional intermediaries to familiarize the rest of the public with solar system.

Delight has identified a market gap with over two billion people who lack access to reliable electric power for lighting. This makes the market for its products to a potential area for the subcontractors to be engaged with the company. The demand for its products is significantly high, and the subcontractors who work with the SE are creating their organisations from which they generate profits and assisting their communities in meeting their needs.

Delight measures its success and social impact including benefits to health and productivity via a data driven approach. They use social impact, sales data, product evaluation, and customer feedback which provides a comprehensive picture of how energy access changes consumers' lives. The social impact numbers are calculated from SE's developing world sales and research from the United Nations and International Finance Corporation. The outcome matches with the global off grid lighting association's standardized impact metrics for the solar energy sector.

The SE funds majority of its spending by sales of its product offering. More than 50% of the profit is fed back to social good missions. Despite, the SE receives financial help from organizations such as UNHCR, Oxfam, and The World Bank.

Enterprise's impact plan is based on theories of change across 4 ranges of productivity, health, financial freedom, and clean environment. This design leads company's assessment of the customer experience from purchase of solar system to the long term impact of a better future.

The competition in field of solar system as "non-existence" in markets where they expanded. They claim that there is no other social enterprise which offers excellent quality solar system with such a low price policy. However, they describe the social enterprise market in general as competitive which causes difficulties when it comes to receiving loans or funding from the host country government. Same as other

classical social enterprises, Delight funds its operations from sales of goods and all the profit made goes back to the cycle of the social enterprise and social impact.

Delights explains its expansions as highly successful and growing at a fast pace. They claim that as a result of their expansion approximately 80M lives are empowered, 140 GWH energy produced from renewable energy source, and 20M School children received lighting. The SE believes that truthfulness is a major indicator of success to social entrepreneurial projects, achievement of positive impacts are results of and honest and pure social mission.

“If you want to run a social enterprise but you don’t have the needed integrity, you should just forget about it, you can never make a successful SE, because you should be able to make very difficult choices that would cost a big chunk of your resources for social objectives”- Director.

As employability and local empowering is a core when it comes to entry mode selection, Delight’s potential future entry mode is said to be wholly owned subsidiary (owning assembly workshops). The SE said this will happen as soon as our local subcontractors seem to be insufficient for the required output. Despite that, Delight might consider giving the opportunity to local markets to work with the SE as retailers and distributors in the future.

5.4. Equity Joint Venture

A Joint venture involves creation of an organisation by two parties under a new name. Existence of at least one social enterprise in the joint venture is a must, the other entity can be a for-profit company, charity, or not-for profit.

Social enterprises use joint venture with larger firms in the host country to utilize their financial and funding facility, distribution network, marketing facilities, and local knowledge and expertise to penetrate their innovative social good product or services. The two parties set an agreement with terms and condition indicating that the SE has higher responsibility, governance, risks, and gain.

Farm Aid Case Study

5.4.1. Introduction

Farm Aid, UK

Farm Aid is an international social enterprise that was founded in 2006 and headquartered in the UK. SE's mission is to empower deprived communities through lending money. Farm Aid works as an intermediary between lenders and borrowers. Lenders range from individuals with minimum £20 lending money, to foundations, supporters, and financial organisations. Borrowers are mainly small to medium size farmers which have no access to government or bank funds and credits, hence, Farm Aid works perfectly to fill the market gap.

Despite the lenders, Farm Aid has its own income by sales of agricultural machineries and equipment in the UK market. The SE uses all its profits to cover its operating costs domestically and internationally. Besides, one-third of operating costs are covered through voluntary workers and donations.

The SE does not charge lenders any fee which means 100% of the money goes to loan applicants. Similarly, SE does not charge any interest fees to borrowers. As a result of Farm Aid social enterprise venture, 1.5B loans are funded which supported approximately 437,000 small and medium size farms.

The SE has recently introduced an option where the lender can choose where they want to make an impact from the list of regions Farm Aid operate. This tends to build a direct connection between lender and borrower and give the lender assurance of the impact they have made.

Pro-Banco, Ecuador

In 1997 Pro-Banco was founded by two Ecuadorian entrepreneurs in Quito, Ecuador, initially dealing with currency exchange. At the present the company acts as a strong financial institution engaging in large monetary transaction such as loans, currency exchange, mortgages, and investments. As a result, the company has built a strong relationship within the finance sector in Ecuador, this business relationship extends to banks, trust firms, investment dealers, and insurance firms.

The company has 6 main branches and 18 limited service branches nationwide. Total number of employees reach approximately 150 staff while the company is planning to increase its operations. The company regularly introduces financial technological advances and believes that employing technology positions the customers in charge and brings transparency.

A brief introduction to the joint venture between Farm Aid and Pro-Banco

The joint venture agreement between Farm Aid and Pro-Banco was signed in 2007 and they named the new entity as Farm Bank Loans and Finance. This joint venture does not include shared profit and loss or shared governance. The agreement is designed in a way that the Ecuadorian Pro-Banco is appointed by Farm Aid as an agent to act on its behalf.

Due to the regulations by the government on financial organisations in Ecuador, it was almost impossible for Farm Aid to enter the market as a single entity despite the fact that it was a social enterprise. Therefore, Farm Aid uses this joint venture to pass the governmental regulatory phases and use its partner's established platform to facilitate lending, borrowing, and reaching a wide range of investors and donors.

As the joint venture is not established to generate profit, there is no profit to share with Ecuadorian partner. Farm Aid pays variable fees depending on number of loans passed, the monetary value of each loan, and in some cases introduction of large lenders. Farm Aid considers these fees as operational costs of the social enterprise and covers them by the sales of agricultural equipment in the UK and the incoming donations and funds from various organisations.

5.4.2. Pre-Entry Stage

The founder of Farm Aid was born in a lower class family in outskirts Loja-Ecuador. The family was involved in farming but they always recognised a better potential in themselves. However, due to their struggling financial circumstances they could not develop their farming business ideas. After some time the family moved to England in seek of a better life. The founder explains his motivation of becoming a social entrepreneur in England as personal experience. He believes that poverty doesn't mean lack of talent or ability, the right business ideas presented by the less fortunate members of any society must be paid attention to and funded.

The social enterprise is motivated to increase self-sufficiency among the poor and enable them to be hard working and creative instead of dependency on governmental and foreign aid.

“This social enterprise exists to create effective programmes to help poor farmers stand on their feet, every organisation can use social enterprise qualities in their plans, doesn’t matter if they are charitable or commercial”-
Founder.

One of the influencing factors for Farm Aid to internationalise is its resources, the most critical being capital. The SE generates profit from sales of used agricultural machineries to farmers in the UK in a competitive price. These machineries include ploughs, cultivators, subsoil, drills, trailers, and tractors. More than 90% of the profit from sales of these equipment are invested into SE’s loan and funding projects abroad.

Vigorous involvement in social enterprise networks was among the influencing factors for Farm Aid to internationalise, these networks aim to assist social enterprises to achieve their environmental, social, cultural, and economical targets nationally and globally. Global Social Enterprise Network (GSEN), Social Enterprise UK (SEUK), and Social Enterprise Scotland (SES) are among the networks Farm Aid started its journey with. Despite, the SE received advice and assistance from people who weren’t part of these networks but they attend the events as part of a social enterprise awareness program by British Council.

“Some of our close links do not even know what exactly social enterprise is, yet they want to help us or work with us, they don’t even know if our objective syncs well with their objective”

The SE regards the data held by the government institutions on Ecuadorian agriculture sector as important and valuable factor when making strategic decisions to venture abroad. Farm Aid was granted access to these data prior to entering the host country via personal ties. The SE has also utilized commercial links and personal connections in order to find the right partner in the host country.

“We work closely with the government and support one another, it is a give and take scenario, we help them in agriculture sector and they help us in with their infrastructure and resources”- Data Management.

The incongruity of views between Farm Aid and joint venture candidates was the challenging part of partner selection as they had to agree on a unique and unusual joint venture contract. Analysis of information and dynamic changes on the internet regarding entry methods and joint ventures in finance sector was a vital factor for Farm Aid when deciding its internationalisation for the first time. Availability of statistical data on the internet was considered advantageous to speed up entry mode selection process.

Additionally, Farm Aid is classed as low risk averse which means the SE is not apprehensive or hesitant when it comes to entry mode or country selection which resulted to speed up the entry decision making process. On the other hand, the SE gives great importance to anticipated social change as a result of an entry mode, comparison and assessment of that predicted social change is the decision maker.

Farm Aid had to build an initial contact and connection with potential lenders in the host country and internationally, this was one of the most challenging barrier to entry as many lenders wouldn't communicate due to trust issues or lack of interest in SE.

5.4.3. Entry Stage

Farm Aid started its entry into the Ecuador social enterprise market in 2007 by signing a joint venture agreement with Pro-Banco, the Ecuadorian finance firm. As a result, the new “Farm Bank Loans and Finance” was introduced in the market. The venture was registered as a not-for profit organisation in the host country's Chamber of Commerce. Due to the unique nature of this organisation, this joint venture does not include shared profit and loss or shared governance. The agreement is designed in a way that the Ecuadorian Pro-Banco is appointed by Farm Aid as an agent to act on its behalf.

Farm Aid uses this joint venture to pass the governmental regulatory phases and use its partner's established platform to facilitate lending, borrowing, and reaching a wide range of investors and donors.

“Our relationship is very defined and specific, for us the all-time challenging issue has been dealing with regulations and governments, most of the time these complications drift us away from our purpose, but joint venture with the right partner has solved that issue as well as financial side of things” – The Founder.

Any organisation which is involved in financial dealings in the UK and international customers specially lending and borrowing, should be registered at the Financial Conduct Authority (FCA). The FCA then supervises and regulates the behaviour of this organisation. This authorisation also helps lenders to have a stronger trust in the social enterprise. Based on the agreement, the host country joint venture partner is paid variable fees depending on number of loans passed and their value. The agreement indicates that the allocation of financial services are direct from the joint entity to final customer without any agent of 3rd party in the middle. Farm Aid describes this entry mode as the most suitable for the nature of its operation. Additionally, the SE saw it impractical to enter the host country as a single entity and deal with various financial and governmental regulations.

5.4.4. Post-Entry Stage

Once the agreement setup is completed the joint venture operations begins. The functions are divided in a mode that Farm Aid side is in charge of managing borrowers and lenders, allocation of funds, and core management elements. On the other hand, the partner is in charge of handling legal requirements and finding new lenders for the social enterprise.

The customers who would like to apply for a loan should have access to the internet as a preference, they can also apply at the physical branch which would cost them a journey. The process starts when a borrower applies for a loan, after that the application goes through SE’s underwriting and approval team. Once the loan is approved, it is posted on SE’s website for lenders to support it, this period is called fundraising period. Once the fundraising period is complete the borrower receives the loan and starts the repayment process. Finally, the lenders can either withdraw the money, use the money to fund another loan, or donate it. Please see figure 13.

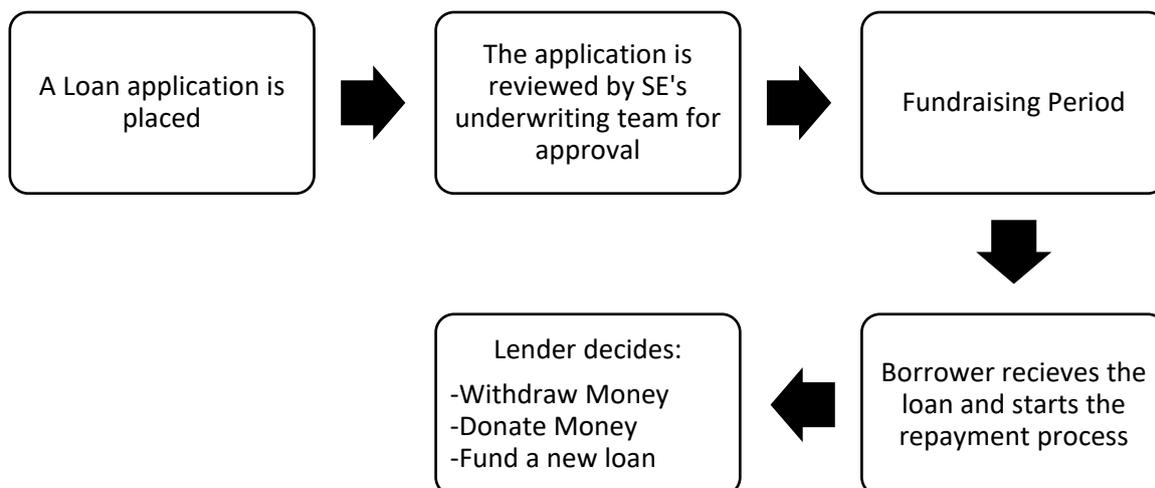


Figure 13, SE's loan application process.

The SE receives a wide range of support from foundations and corporations globally. These supports range from free software to loans and donations. Table 5 lists the major lenders which supported SE's mission in different capacities.

Amount of Support	Foundation	Corporation
£4.5 Million or More	HP Enterprise Foundation	Google.org
	The MasterCard Foundation	PayPal
	The DVF Foundation	Deutsche Bank
	MetLife Foundation	Pearson
£1 Million or More	SKOLL Foundation	N-Research Now
	PEPSICO Foundation	Black Rock
	FOSSIL Foundation	Citi Bank
	The San Francisco Foundation	EBay
	UNHCR	Trip Advisor
£500,000 or More	Stock Yard Trust	NBC
	ASOS Foundation	RSF Social Finance
	Kate Spade Foundation	Tillamook
	Yelp Foundation	Stables
	Hitachi Foundation	Capital Group

Table 5, SE's major funding corporations and foundation.

The SE considers its operational procedure as effective and efficient, nevertheless, their research and development team works on improving the platform further to make it more user-friendly for lenders and borrowers both.

During its 11 years of operation, the SE does not have any competitor in the social enterprise finance market in the host country. However, the number social enterprises in health, education, and environmental issues are increasing in Ecuador.

“What we offer at the moment is not offered by any other company or charity, but we don't really see this as a positive thing, sometimes when the job is too big you need a helping hand... I think it is simple, more social enterprises like us means we get to our objective faster” – The Founder.

The joint venture's achievement is measured by its social impact. The social impact rate originates from number of loans issued and number of local farmers empowered as a result. The social impact data indicates 427,000 farmers supported, 220,000 of them located in conflict zones. The SE doesn't predict the possibility of switching to a different entry mode in the future or altering the platform that exists.

5.5. Equity Acquisition

Acquisition takes place when a social enterprise purchases a commercial business and capsizes the firm into a social enterprise to achieve its social or ecological objectives. This mode provides SEs with established and rapid access to the market, but this access goes through substantial changes before SE operation initiates.

Capsize or overturn means adopting or changing all the internal and external factors of the firm to come in-line with the strategy and objectives of the social enterprise, these changes range from employing long-term unemployed and ex-offenders, to placing environmental care as a core factor at the time of production.

Start Assist Case Study

5.5.1. Introduction

Start Assist, UK

Start Assist was founded in 2011 as a social enterprise with a mission to save millions of people from poverty sustainably, efficiently, and quickly. The SE estimates 18 million small size farmers in Africa that have access to renewable water resources but lack the technology and equipment to exploit it. Start Assist's technologies turn these farms into profitable businesses that can generate income and support themselves fully.

Majority of small African farmers rely on the rain and only harvest once per year which results in many farming families fall back into poverty for the rest of the year. As a solution for this challenge, Start Assist develops and mass produces tailored irrigation tools to meet the needs of African farmers. This enables farmers to water their fields all year-round, and cultivate more crops especially in dry periods.

Despite the low cost of these pump, many farmers cannot afford purchasing them. Therefore, the SE introduces the Rent-To-Own scheme which offers farmers with a leasing agreement to own the pump as they use it to grow crops. The farmers start paying back after their major harvests. The SE commits all its profits to pay for its running costs and fund the development of new innovations to help reduce poverty.

Start Assist's venture has helped farming families to increase their household income by 300% and end their dependency on short term aid and donations.

Vapour Limited, Kenya

Vapour was founded in 1996 and it grew to become a large and successful agricultural input supplier in Kenya. The company was serving large and small scale farmers by supplying them solutions that could address their needs. Vapour was involved in manufacturing and distribution of irrigation equipment and selective other farm equipment.

In 2004 the company had developed a modern research subdivision and had partnered with University of Nairobi Research Department in order to determine local farmers' needs, discover more about their geographical areas and the soil quality, and subsequently manufacture products to suit them best. The struggle resulted to adoption of an irrigation technology that could guarantee increased crop cultivation and insure no wastage of water.

However, due to high production cost of the units not many farmers could afford purchasing them, this was at a point when the company had put all its efforts and resources into the project. By 2012 the company realized that it can no longer meet its financial obligations and decided to preferably sell the business or announce to be insolvent. In early 2013 the company was acquired by Start Assist social enterprise with the help of an agent.

5.5.2. Pre-Entry Stage

The founder of Start Assist social enterprise was previously a technician working for British Agricultural and Garden Machinery Association (BAGMA). After joining a voluntary research group on African agriculture development, he came across some data indicating the large sums of money spent in Kenya providing aid and other forms of assistance, but all these well-intentioned help weren't sustainable to return anything. That was a milestone for the founder to treat this as a unique opportunity.

The founder started a project to develop irrigation equipment which would be of high quality, simple to use, affordable to purchase, and meet the needs of the African market. In 2011 Start Assist was founded as a social enterprise with a mission to save millions of people from poverty sustainably, efficiently, and quickly.

"I didn't know it was going to work, logic, my experience, and passion said it should do" – Managing Director.

Soon after the foundation, the SE considered entering the Kenyan market. Founder was also motivated to increase local people's productivity to a high level and bring employability in agriculture sector in rural areas.

Start Assist funds its operation to tackle poverty from sales of its agricultural equipment both in home and host country. However, price policies vary; host country customers are offered low prices while home country customers are charged premium for the same quality product. Therefore, majority of expenses are funded from the margins originated from home country.

There are ranges of resources acquired by the SE which enable internationalisation, local market knowledge, tailored products, technological advancement in field, and capital are among the vital ones. Nevertheless, the SE receives support from profit and non-profit organisations such as IKEA foundation, USAID, Oxfam, and Vision Fund. The SE balances its resources and finances through a framework which has both business and social perspectives.

“We use our resources creatively, I think every social enterprise should have this quality, we wear the business coat on when in the home country or dealing with sales of our products and then we wear the social coat when dealing with foundation and charities, and trusts” – Managing Director.

Social entrepreneurial networks were also considered as major influencing factor to extend product offerings into Kenyan social enterprise market. The networks constantly present latest survey data on poverty and other social issues around the world alongside the impacts caused by social enterprises, or opportunities open to social enterprises to tackle those issues.

The objective of these networks is to help social enterprises to achieve their environmental, social, cultural, and economical targets. The SE has been member of Social Enterprise UK (SEUK), and British Council.

The SE is considered to be low risk-averse which indicates the apprehension for selecting an entry mode is very low, instead, anticipated social change is placed at the core. The SE compares and assesses different factors and selects the entry mode which guarantees practically the highest social impact.

Start Assist has long term operation in the host country and believes that acquisition is the right entry mode and best suited for the objectives of the SE. The SE perceives red tape in government, distribution access, poor infrastructure, and low awareness of social enterprises among banks and other supporting organisations as barriers to entry.

5.5.3. Entry Stage

Start assist used the help of an investment banker to work as an agent and contact target companies in Kenya to obtain general information from owners and their willingness to sell. The agent had built a database of potential companies and had them organized based on their intellectual property, products, innovation, employees, their CSR and ethical approach.

In 2013 Vapour was acquired by Start Assist in form of a monetary transaction. The agreement suggested that acquirer should pay 60% of the money in advance and the other 40% after 2 calendar years. Upon the first payment Vapour ceased to exist and Start Assist was fully in charge. Both parties signed a non-disclosure agreement which stated that all information regarding the acquisition should be treated as confidential and shouldn't be issued to any 3rd parties.

Prior to the acquisition, Start Assist exported some of its products into African market for a short period of time which didn't carry the ideal social impact result. Therefore, the SE didn't have any internationalisation experience.

“Irrigation machines have been present in Kenyan markets for a very long time now, but we thought that we could help the poor local farmers with our irrigation equipment because our prices were lower and quality was also enhanced, that's why we started to export the machines to Kenya, however, our export venture failed miserably, we didn't have a direct connection with locals, we didn't have sales or loan schemes, and simply our products weren't sold... that was the starting point of our acquisition which we had no experience of it in the past... but we knew we didn't want to partner with a company because we had already failed with exporting to our partners in Kenya” – Program Manager.

No acquisition experience resulted in SE unknowingly follow a scattershot approach, which means that management was left with ample of unrelated business to remove. The other factor was that a commercial business was owned by a not for-profit social enterprise. There were major differences internally and externally that had to come in-line with SE's strategic management plan.

A thorough analysis took place and operational plan developed to overturn the company into a social enterprise. This plan included but not limited to;

- Employing people who were long-term unemployed, ex-offenders, minorities, and disabled.
- Reducing profit margins to a level that can cover costs.
- Introducing rent-to-own scheme.
- Making sure local people's ideas are heard when it came to product development.
- Assuring that production stages observe the environmental standards
- Selecting the suppliers based on their levels of social care and ethical approach

5.5.4. Post-Entry Stage

As soon as the acquisition procedures are completed and the acquired commercial company is fully transformed into a social enterprise, Start Assist registered its presence in the host country as a not-for-profit organisation.

SE's model illustrates that small scale farmers are at the core of their operation. Once the farmer-centric products are designed, Strat Assist mass produces high quality irrigation tools that meet local farmers' needs. The products are sold directly to farmers via SE's supply service. Simultaneously, the potential customers are involved in free introductory classes to educate them on how to efficiently use the products to maximise cultivation. Finally, regular impact monitoring process takes place for dynamic enhancement of the operation. Please see figure 14.

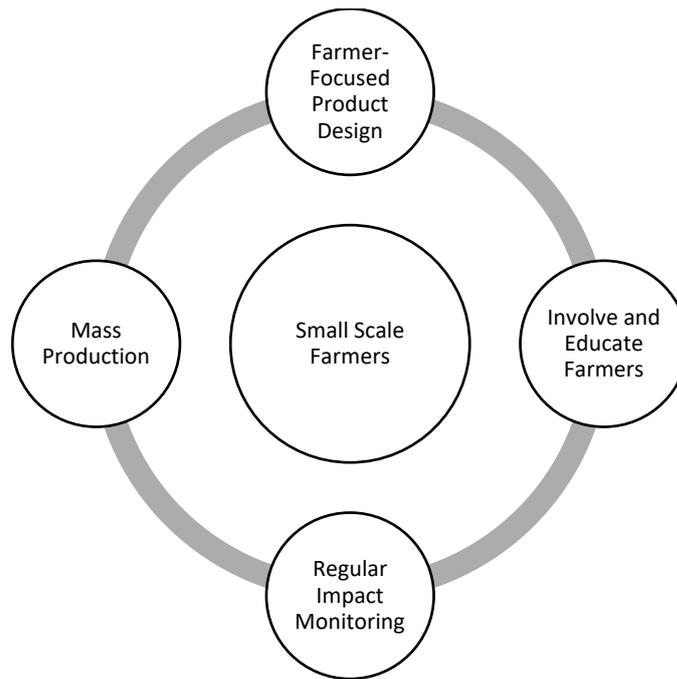


Figure 14: Start Assist's Operational Model

The company is planning on developing innovation hubs where new ideas from other companies and organisations will be considered into developing high impact irrigation products to enable millions of more farmers.

Start Assist does not have any competitors in the social enterprise market in Kenya that would offer the same products. However, there are a few social enterprises which provide chemical seeds to local farmers to help them with stronger and healthier crops. The number of social enterprises in sectors such as health, environment, education, and sanitation rise each year, this makes the process of receiving government incentives or funds from other organisations and foundations more and more competitive.

The acquisition's success is measured by its social impact. The SE's survey data shows supply of 200,000 irrigation pumps which helped 1.5 million people out of poverty line, and as a result 19,000 small businesses created. Due to high success rates and a working system, the SE doesn't foresee the possibility of switching to a different entry mode in the future or altering the platform that exists.

"In spite of our successful social impact, I think we are still a small to medium SE I think, we have more potential, we can enter new places, empower more people, I think it about time and more resources" – Managing Director.

5.6. Equity Greenfield

Greenfield involves the social enterprise building a production facility in the host country from ground zero. SEs establish the production facility from the start in accordance to the social objective requirements. The facility is handed over to the locals as soon as the ideal levels of production achieved. This process takes three to four years, as soon as the SE completes one project then they focus on the next pre-selected location.

This mode is intended to increase employment, teach locals a craft, help the social cause, and finally place the locals in charge and make them empowered.

5.6.1. Introduction

Step, UK

Step was founded in 2008 as a social enterprise specialised in production of low cost high quality shoes with the aim to reduce diseases which arose from lack of shoes. The SE donates a pair of shoes to someone in need in return of each pair of shoes bought from their online or high street store.

Step produces different types of shoes depending on location of usage, season, and terrain. The SE has donated over 58M pairs of shoes to poor children to date. The SE extends its donations internationally by establishing production facilities. The company entered Ghana for the first time via greenfield mode in 2009. SE's international expansion into other countries are all in one name and all tied to the original parent SE.

5.6.2. Pre-Entry Stage

The founder of Step social enterprise has a deep inner motivation in investing his time and money for a positive social change. The founder was first struck by living conditions in Africa after a trip in 2005, he witnessed unsafe and unhealthy condition of shoes used by children, and most cases complete lack of footwear. This situation caused the founder to sell his successful technology firm for £400,000 to start his social entrepreneurship venture. The SE could only recognise the demand for its social good products outside the UK borders in developing and least developed countries. The founder described the UK market as a country which does not require

urgent attention for social enterprises which aim to fulfil basic human needs. The SE had set health awareness and enhancement of employment standards as secondary projects and mission.

There are many influencing factors which caused Step's choice of internationalisation into Ghana's social enterprise market via greenfield, the SE entered into Ghana in 2008 right after foundation of the SE. The SE had entered the host market via non-equity licensing which lasted only seven months, the cancellation of license agreement was due to licensee's non-adherence to contract mandates on many occasions.

"We had entered Ghana via a license agreement initially when we were very inexperienced and didn't know where and how to start, we thought if it goes wrong it becomes a learning curve at least which it did... We had to terminate the license agreement much sooner than anticipated, there were too many things wrong with the agreement, we found out later that our licensee wasn't even fully aware what a social enterprise is, they thought we were a normal shoe producing company, at least that's what they said" – Co Founder.

The SE regards its full ownership of rich resources as one of the enablers to make a fairly costly green-field entry mode possible, over 90% of all operations nationally and internationally are covered by SE's own capital. Step's capital is accumulated from sales of shoes through outlet stores and online stores for women, men, and kids in the UK and Europe, the shoes range from classic designs to sneakers, boots, and flats. These products are sold by employing premium pricing strategy, all the profit from the sales of these goods are fed back into social welfare projects. SE's sale of 1 pair of shoes directly results to donation of 1 pair of shoes to a child in need.

SE's internationalisation decisions and strategies were also influenced by social enterprise networks. Step has been active member of Global Social Enterprise Network (GSEN), Social Enterprise UK (SEUK), and Social Enterprise Scotland (SES), these networks have helped the SE to connect and communicate with other social enterprises and experts and benefit from the data received. The objective of these networks is to boost social entrepreneurs' outcome and social impact in order to help them fulfil their social, environmental, and cultural targets.

The SE considers existence of social enterprise infrastructure in the host country as very important and a vital factor when deciding internationalisation. This infrastructure contains a clear definition and classification of social enterprises, appointing a specific government segment to assist SEs with their mission, especially delivering the products to target areas, and building constant awareness within financial institutions and investors.

The founder gathered the required country and entry related information through a second trip to Ghana without the use of paid agent. The founder's past work experience in search engine optimization helped him to make strategic use of online resources in order to make the internationalization process easier and faster.

Step is a so called "low risk averse" social enterprise which means that the SE is not opposed to the risks attached in selecting an entry mode for the first time and entering a new market which results to a faster entry mode selection. Despite that, the social enterprise decides on entry mode by assessing and comparing the anticipated social change as an outcome between various entry modes.

SE's operation is short term however, the social impact is meant to be long term. The SE believe that establishment of manufacturing plant and handing the plant to the locals after a specific period of operation to sustain long-term employment and empowerment was viable only via greenfield mode.

5.6.3. Entry Stage

The first stage towards entering into Ghanaian social enterprise market was to register the SE with the local authorities. In 2009 Step was registered as a charity in Ghana-Kumasi, this was due to the fact that SE's products were donated to children in the host country and no income was involved in SE's operations. This benefited the SE to receive a 50 years long-lease agreement for an empty unit facility from the local government with the help of Ghanaian Business Chamber in return of a very minimal fee per annum.

The SE imported some machineries for shoe production from England such as; cutting and pattern making machine, stitching machine, and shoe lasting machine. SE's objective was to use only the necessary machines in completion of products in order to employ more locals and increase employability.

Therefore, stages such as; insole assembly, shoe bottom cut, and finalizing were all completed by hand. Despite that, majority of the raw material were purchased from the local markets in order to create business opportunity for the locals and build a relationship with them.

The manufacturing unit was developed in a very efficient, simple, and user-friendly manner. All the secondary social objectives such as employing the minorities and less fortunate, teaching the shoe making craft, and local empowerment were fulfilled by the model alongside the primary objective which was providing children with safe shoes.

“People who work for us are attracted by the fact that we are there to help their community and their own people, they are passionate and caring people and that is exactly what we need in our manufacturing units” – Co founder.

5.6.4. Post Entry Stage:

Once the legal procedures are completed and the production unit is established the operation begins by pairs of shoes sold via SE’s online and offline channels. The same number of shoe pairs sold, are allocated to be produced in the host country for donation. The production takes place considering the customizations for different weather conditions, sizes, and terrains, the finalized product is delivered and distributed by SE’s partners.

The SE integrates distribution of the shoes into partner’s everyday development programs. These partners are organisations which provide services like vaccination, medicine, health checks, youth leadership programs, and school support programs who place the shoes on kids’ feet.

This procedure is regularly monitored and improved, feedbacks from partners and commissioned field studies are adapted to make the framework more effective.

Please see figure 15.

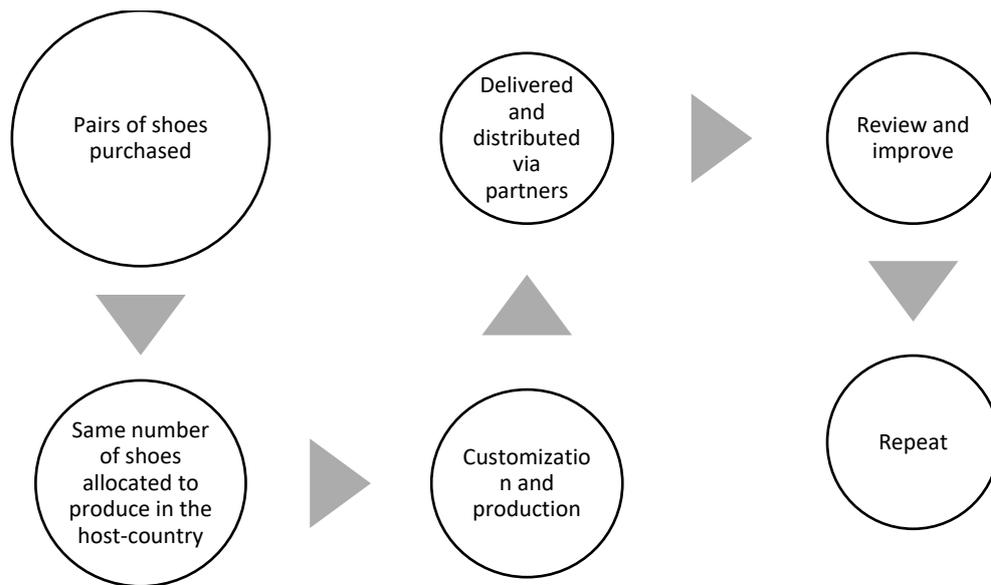


Figure 15, Step's operational framework

The SE doesn't have any competitors in social enterprise market in Ghana. Step claims that there is no other social enterprise that donates new shoes to children in Ghana especially not continually and effectively. However, they describe the social enterprise market in general as competitive which causes difficulties when it comes to receiving loans or funding from the host country government.

SE's success is directly measured by its social impact in the host country. The social impact data are achieved from number of children owning safe shoes, number of job created, number of families became financially independent, and number children gain access to education. To date, over 58 million pairs of shoes have been donated, 35% increase in maternal healthcare programs by partners as a result of shoe distribution, and increase in number of school enrolments by 1,000s to receive free shoes. However, this success was not like this since the social enterprise was first founded.

"The first years of the social enterprise, everything was about the society and the SE didn't seem to have the right financial plans in the right order, so much motivation and passion helped the SE to go forward even though it wasn't healthy from a business perspective, and then the time came when we comprehended that it wasn't going further unless we bring major changes, that was the point when we knew we had to invest in the UK market first to

raise awareness and sell our products to be able to fund the social side” –Co founder.

The SE's brand is becoming increasingly popular and the number of sales are boosting each year. This directly effects the host country manufacturing units to increase their productivity to achieve the “you buy 1 we donate 1” promise. As a result, the SE predicts using license agreements in the future to increase the production and enter new markets. However, Step would only sign a license agreement with social enterprises in the future due to unsuccessful previous contract with a commercial licensee.

6. Chapter Six

Findings and Discussion (Propositions)

This chapter answers to the ten propositions presented in chapter 3 of this paper. The answers are purely from interviews collected from social enterprises in this research. However, the subsequent chapter analyses the findings further and discusses them in reference and comparison to the literature presented in chapter 2.

Various literatures have addressed these factors from a commercial perspective but have not answered how a social enterprise is formed, what are the motivating factors, how they select their entry mode and partner, and what post-entry operation format they have.

This chapter starts with the view that social entrepreneurs acquire innate motivation to solve social conflicts and shortcomings.

Proposition 1. Social entrepreneurs have innate motivation to solve social issues irrespective of the geographical location of the issue.

Majority of social entrepreneurs acquire intrinsic motivation to help overcome social issues without focusing on any financial reward. C1, C2, C3, C4, C7, C9, C11, C13, C14, C15, C17, and C18 stress that when they witness a problem in a social cohesion they act without any foreseeable reward. They appreciate the activity that involves helping people in need and they see this as an opportunity of self-actualization.

C4 is specialized in providing professional advice on health and behavioural attributes. The founder explains that before extending activities into Maldives he was motivated entirely from within that Maldivians local communities especially in the city “Male” should receive regular training to take positive control of their wellbeing and health. According to C4 this motivation raised completely from within and with no willingness to achieve any external reward such as money, personal recognition, or prize.

“It is something built in your heart, it only get stronger once you see that your work has actually changed the community in a very positive way”- C4’s Founder, UK.

According to C9, its intrinsically motivated social good activities come with their own recompense which involves creation of positive emotions within the social entrepreneur. C9's founder adds, when impact data shows the number of glasses the SE has supplied and the number of people who have enhanced eye-sight as a result, it brings a great feeling and motivates further expansion.

C9 believes that once a social entrepreneur feels the generated positive feeling for the first time, their motivation is boosted and great sense of meaning is achieved. This comes with an indication of progress when the SE sees its positive impact and proven competence. C9 started its internationalisation into Venezuela-Caracas for the first time in 2014. The SE believes that at this stage the social entrepreneur is more motivated, skilled, and fearless to have even bigger impact with its service or product even if these impacts are to be achieved outside national borders.

“We know that not only a social entrepreneur has internal desire for socially positive activities, but also everyone that gets involved with us is very passionate about leaving a positive impact, I think partners who choose us over the other producers in the market is not because of money as we simply don't pay our sub-contractors more, we even pay them less than what a commercial firm would pay... [And] they join us because they know that besides their business opportunity with us they get involved in a processes which leaves positive results for their own community” – C9's Co-founder.

Almost all social enterprises which internationalised for the first time had a prior link to the potential host country which is considered as an indirect motivating factor. This link was either due to a previous trip, heritage, or family roots. For example; C8 was struck by living conditions in India when he made a trip to India as a tourist which later resulted in expanding its social activities into Indian social enterprise market. On the other hand C5 explains that expansion into Palestine was due to a personal attachment and family attachment factor.

According to C13 the social good intrinsic factor should be managed carefully and not be influenced by external rewards. The SE provided as example of an Australian social enterprise in health sector which was already internally motivated but attention on external profits and incentives made the internist motivation less effective. C13

explains this situation as dangerous for the effectiveness and lasting of the organisation as a social enterprise.

C11 has made great positive impact on South African's educational infrastructure by utilising innovative technics and turn teaching and learning into something very interesting for the locals. As a result, 180 schools have improved infrastructure and 160,000 students very educated in high standards. The SE believes that intrinsic motivation to improve education system in South Africa has increased their creativity to introduce effective methods.

Some social enterprises are motivated when they chase an impact with personal meanings and when achieving that impact level is possible but not certain. When C8's founder was learning about solar design at the extreme affordability class in London, he wasn't certain that he could be able to introduce affordable solar solution. However, the level of challenge only increased his motivation towards achieving the goal.

According to C9, when a social entrepreneur is internally motivated to overcome a specific social issue in a remote community outside home country, they do not consider SE's income as an achievement but as a secondary measuring tool for achievement. The real intrinsic feeling of achievement comes when a social enterprise makes a positive impact in the world.

C17 believes that donating a pair of shoes to someone in need is a positive impact, however, if the SE tries harder to find someone who needs that pair of shoes more than any other poor person is the greatest achievement. The founder of C17 adds that, in order to improve the social impact achievement the SE does not strict itself by geographical distance.

"The way we operated in year 1 has changed a lot compared to how we work now, we have achieved a lot of data and listened to so many stories which made us bring major changes to the way we work and where we work... we now are much more motivated to help more children and even add more products and services to our social good mission, it has become the core of our SE to help the poorest first, we have supplied shoes for children in remote

places where cars couldn't go further and we had to use donkeys" – C17's International Operations Staff.

Therefore, proposition 1 is accepted as 66% of the interviewees agreed that social entrepreneurs have innate motivation to solve social issues irrespective of the geographical location of the issue.

Proposition 2. Internationalization of social enterprises is due to their impulse to solve greater causes compared to those of their home country.

All social enterprises agree on the basis that if they carry more research they can find people and communities in other parts of the world who are more vulnerable and in need of social help. However, they also think that some social enterprise services are only designed for developed countries and are not applicable to extend abroad.

Based on C11's remarks, on average more than 96% of the UK population have access to education that is standard and safe. Therefore, for a social enterprise which targets to tackle lack of literacy then it is not satisfactory to invest its time and money where the issue is very minimal. The SE believes that greater educational issues exist in many developing countries which need immediate attention.

"In here [C11's office] every day is about finding creative solutions to provide educational services to people who haven't been given the chance, if you live in Europe or even in South Africa but in cities then that means you have access to standard government education resources, how about far villages or rural areas where the local government can't or doesn't have the tendency to help? We think they deserve the same access and they have the same potential as others to study... that's why we make the more difficult choice of going abroad but leaving a bigger impact" – C11's Managing Director.

C11 focuses on providing primary education infrastructure to those who are in urgent need. They SE aims to develop access to education for students suffering from poverty. C11's research data shows that brains of underfed students are less developed compared to those of well-fed and the SE has developed programs to reduce the undernourishment impacts on studying.

C4 provides professional advice on dietary topics, stop smoking, and general health issues. The SE believes that access to media and social networks in the UK sends

health and dietary related concerns directly or indirectly to the users every week, however, in rural areas in Maldives people rarely have any information about dietary concerns. C4 has proven that by training families on nutrition and teach them how to diversify diets in an affordable manner, large number of families have healthy lives now. The SE believes that resolving social or environmental issues shouldn't be classes in terms of geographical location but in terms of their importance and seriousness.

C2 believes that some social aid services have no demand in developed countries, hence, internationalization is the only way forward. As discussed in CLEAN case study, C2 responds to emergency situations such as water shortage crises or natural disaster. SE's water supply activities are so vital that saves many lives in critical situations especially children. The SE believes that the increasing demand for their services in least developed and developing countries is due to lack of sufficient governmental response to these crises, which is not the case in developed nations.

According to C2, if a social entrepreneur has the potential and skills to respond to situations where they can save lives, they leave a far more important impact than activities to enhance comfort of lives.

C2 has an emergency department including 30 staff with sufficient training and skills to respond in emergency situations, the team has an urgent deployment unit that is ready for emergency tasks 24/7. C2 believes that their existence in Bangladesh is crucial especially due to migration of people from Myanmar's violence situation. According to the SE, their presence is very important and demanding in regions where the government has weak or no strategy to tackle emergency situations, and the countries where uncertainty is high but response infrastructure minimal.

“At the heart of a social enterprise sits two things, knowing your abilities and knowing where and how to use them... we [the management] work as a team and we all share the same objectives, we think that every year life threatening disasters go up and governments do not react the way they should do... that's why non-governmental organisations should step in and become an effective help” – C2's Head of Program.

C12's internationalization followed a similar pattern. The SE offers flexible loans for local farmers in Ecuador in order to lift them up from poverty line and help them become financially independent, The SE explains that the options for a British farmer to receive a loan are many, they can apply for bank loan, they can apply for personal loan via brokers, or they can apply through British Farmers Union to name a few. Therefore, operating in the UK was not fulfilling a major cause. However, Ecuadorian farmers do not have any source of receiving loans or financial support from the local government or private sector which is seen as a major cause to internationalise.

The SE believes that resolving significant causes come with significant challenges; capital ownership, raising funds, international market knowledge and links, and understanding the behaviour of the local communities in the host country are a few examples. Therefore, there might be many social enterprises in the UK which would like to internationalise and tackle major issues globally but their lack of competence does not allow them.

From the total of eighteen interviewed social enterprises, fourteen of them believed that their international operation is due to a motivation to solve bigger and more important issues than issues in home country. Therefore, proposition 2 is accepted by 77%.

Proposition 3. Social enterprises form strategic alliances with organisations which demonstrate social value creation in their operations.

Social enterprises set increasingly high anticipation for environmentally and socially advantageous activities from their partner in the host country. Thirteen social enterprises that entered foreign markets using strategic alliances demonstrated low willingness to alliance with a company in the host country which does not fit social and environmental care in their strategic planning. These strategic alliance entry modes were licensing, franchising, subcontracting, and joint venture.

C12 has entered the Ecuadorian social enterprise market by signing a joint venture agreement with Pro-Banco. One of the main reasons that C12 was inspired to join forces with Pro-Banco was its philanthropic projects. Pro-Banco which is a large private financial organisation has conducted many philanthropic projects which has shown company's concern for human advancement and welfare.

“When we discovered that Pro-banco donates considerable amounts of money to donations and good causes, we knew that we have shared values and can have a joint venture without huge differences in the way we think” – C12’s Founder, UK.

These projects consisted of donation of money, providing job opportunities to needy people, and provision of properties, which started from 2005 after a major strategic transformations in the company. C12 explains, the fact that their partner has altruistic care for humankind brings them closer as a partner and makes the joint venture more effective. Some social enterprises even pay money to their partners to invest in improving their ethical approach or environmental care. In 2011, C2 paid £18,000 (equivalent of Bangladeshi currency) to its licensee in order to purchase recycling and filtering equipment for production of bottled water. C2 finds it important to assure that the water supplied to people in need meets the standards and is safe to drink, be it produced by a local licensee.

In some cases social enterprises can go to an extreme of cancelling the agreement if they observe unethical or socially harmful activities from their strategic alliance partner. In 2008, C17 signed a license agreement with a local Ghanaian shoe producer for the production of shoes for school children in Ghana. The license agreement was cancelled after 7 months of alliances and C17 decided to opt-in for wholly own entry mode. The reasons for this cancelation of agreement were many; the licensee knowingly hired underage workers under life threatening working conditions, the workers were exploited to work over 80 hours a week and were paid half of that, and no health benefits were provided.

“We had to immediately cancel our agreement with the licensee after seeing that we try to help children by putting everything we have in line and our licensee was nothing close to what a social enterprise approves as a partner” – C17’s Co-Founder, UK.

On the other hand, C1 not only requires its licensee to be socially and environmentally responsible, the licensee must be a social enterprise or a not-for profit entity. The SE believes that existence of money generation perspectives inside their inner circle can endanger their overall social mission. C1 collects used office

furniture from large companies and organisations in order to donate them to charities, social enterprises, and poor communities.

“We think our social values can only be extended and social mission be implemented with like-minded partners and they are other social enterprises in the field”- C1’s Co-founder, UK.

In 2014, C1 signed a license agreement with an Indian partner and entered the Indian social enterprise market. The licensee was a social enterprise promoting the factors to save natural resources, protect the wildlife, and ensure healthy environment. Both the licensee and the licensor had a common goal of reducing carbon emission and save natural resources but their approaches were different.

Social enterprises which entered the foreign markets via strategic alliances stress that their partners even if commercial, are eager to work with social enterprises for two reasons; firstly, they have social welfare programs embedded in their business activities. Secondly, they see a strategic alliance with a social enterprise as an opportunity to promote themselves as social and environmental friendly to the public.

When C8 signed a subcontract agreement with an Indian subcontractor (Delight case study) for assembly of solar components, the subcontractor had to follow C8’s employment, work safety instructions, environmental, and workers health insurance standards according to the agreement, as a result the subcontractor was marked as a follower of social responsibility standards which added to its reputation and recognition in the market.

“You can’t expect them to know and do all the socially positive practices, that way you can never find a partner in a developing country, if you want them to be like you or act like you, you have to teach them, train them, and invest in them” – C8’s Manager, India.

According to C8 it is challenging to find a partner in developing countries that is a follower and supporter of social value creation in their business, some small businesses are not aware of the basics of social value creation to begin with. The SE describes that many labour sensitive small subcontractors in India have their focus only on cost reduction and output increase and it is difficult to shape their

perspective towards social care aspects of the business as their way of doing business has been ongoing for decades and they see it as the only right way.

Therefore, the majority of social enterprises opt for partners which demonstrate social value creation in their operations and as a result proposition 3 is accepted.

Proposition 4. Social enterprises with essential-need products and services internationalize soon after foundation and enter into remote areas.

C2, C4, C8, C9, C10, C14 and C17 are the social enterprises that offer essential products to those in need and interviewed in this study. Majority of these social enterprises sought their market outside the UK just after foundation. C10 was founded in 2014 as a social enterprise in London specialised in manufacturing new-born baby warmers. In the same year the social enterprise entered into Nepal via joint venture agreement with a local Nepalese firm. According to C10, 1M babies die on the day they are born each year and 97% of these deaths take place in least developed countries and developing world.

The SE believes that their product is a physiological need and its most effective use is in remote and poor regions where access to clinics, hospitals, or even pharmacies are limited. The founder adds that their operation in the UK not only was not fulfilling their social mission, their innovation and technological advancement would have been unexploited.

“The baby cocoons are designed to save new-born babies, we supply these only to places where communities have no access to clinics, therefore UK wasn’t the market for us and we had to serve causes abroad if we wanted to use our technology to its potential and fulfil our social purpose” –C10’s Manager, UK.

C14 explains the UK as an industrialized economy with advanced infrastructure and technology where the government and institutions have policies in place to assure every citizen receives the basic care and support in an event that they require. C14 is a social enterprise that provides food for school children in Uganda. The SE describes the school children in rural regions of Uganda vulnerable and weak do to food shortage which affects their learning ability. As a result the founder found it an

easy choice to enter a market where the social good service is most needed. C14 was founded in March 2016 and began its international activities in September 2016.

On the other hand, C2 which is also a social enterprise offering essential product (Clean case study) encountered a 2-year gap between the foundation of the social enterprise and entering the Bangladeshi market via licensing agreement. The founder describes this delay due to difficulty in finding an appropriate licensee and negotiating a contract, and registration of the SE with the host country institutions. C4's strategic planning for donation of bottled water was designed only for developing countries and especially for Bangladeshi communities suffering from water shortage, therefore, the intention of internationalisation had been within the SE's core, but it couldn't take place without delay.

According to C5, C8, and C12, social enterprises which have constructive and big visions such as bringing poverty to a minimum globally, making sure hunger does not exist in the world, or assuring that every global citizen has access to renewable energy source, have one thing in common; they all are pushed by their vision to extend their activities internationally from establishment without preceding national operation for some period of time.

“For a social enterprise that is fighting hunger makes no sense to distribute free food in the UK or Europe, they should go to the places where finding 1 meal a day is a struggle for people” – C5's Head of program, Palestine.

Not all social enterprises follow the same pattern. C9 was established in 2014 and specialises in production of glasses to increase eye-sight. The SE continued its activities in England initially and followed by Scotland. C9 believes that millions of people around the world suffer from various neural illnesses which can be resolved by wearing the right glasses and the issue should be treated as high importance. The SE entered Venezuela for the first time in 2017 via sub-contracting entry mode. Therefore, C9 operated domestically successfully for 3 years before venturing abroad. The SE realized that the number of people who suffer from weak eyesight are more than triple in Venezuela compared to the UK.

“We spent more than 2 years reviewing information from South American eye clinics, their capabilities and the local demand for their services... every time

we were struck by the numbers of people increasing to require immediate attention and the health sector not being capable of handling the situation, we felt that our presence is going to be more needed in Venezuela than here in the UK” – Co-founder, UK.

On the other hand, most of these people carry out labour sensitive jobs and they are in need of glasses much more than those people in developed countries as their survival depends on their activities. According to C9 urban residents in Venezuela can have some access to public services to consult their eyesight problems but in rural regions people receive very limited care.

Six out of seven social enterprises which offer essential need products and services explained that their internationalisation takes place soon after foundation which mean the proposition 4 is accepted.

Proposition 5. Social enterprises’ entry mode decision originates from absence of accurate and tested internationalisation data on topic.

More than half of the cases interviewed were complaining about lack of related data, governmental infrastructure, and existence of approved frameworks for social enterprises which want to expand beyond UK borders. C1, C6, C9, C10, C11, C13, C14, C16, C17, C18 describe their choice of entry mode somehow inadvertent or chosen by an agent.

Majority of these social enterprises believe that lack of information on internationalisation methods for social enterprises holds many social entrepreneurs back especially when it involves entering a distant country.

“If you are a commercial business there are many ways you can expand your business... but when you are a CIC it is hard to find a method to expand where you can generate revenue and at the same time make sure the social objective is met... we reached the governmental institutions as well as social networks to find the right method to expand but everywhere things weren’t clear we finally ended up with” –C1’s Founder, UK.

C6 is a consulting social enterprise with a mission to train small social enterprises in developing countries to increase their effectiveness. The SE first started its operation in 2014 by signing a Franchise agreement with a Lebanese consulting firm.

However, this was not the entry mode they were intending for. The SE's initial strategy was to send expatriates to the host country with the support of local government to run short-term training classes for the small scale social enterprises. However, SE's plan did not succeed as the SE did not have the knowledge, and failed to obtain information and links on how to enter the host market via an alliance agreement with the local government. The reason that SE was interested in alliance with the local government was to utilise the public venues such as public schools and universities as locations for training the small-scale local social enterprises.

C13 aims on increasing collaboration of social enterprises and increase their learning process by providing office space for them. C13's entry mode was selected completely by and agent. However, prior to that the SE had an expedition in Accra, Ghana in order to gather relevant data. Despite that, the SE extended its enquiry to social networks such as GSEN in order to receive direction and guidance but the result wasn't feasible. Finally, in 2015 C13 entered Ghana via a joint venture agreement which was drafted and negotiated mainly by a UK based agent.

C9 spent 4 months in the host country to research on how to enter the Venezuelan social enterprise market but they repeatedly failed to develop a concrete entry plan. The SE mainly suffered from lack of defined rules for social enterprises in Venezuela. C9 initially attempted to sign a license agreement with a local eyewear producer which was in public sector, however, as the SE was donating the glasses and the local producer wouldn't agree.

“Because we were a social enterprise we couldn't find written structures where we were insured that our interests are safe by using a specific entering to foreign market method” – C1's Co-founder

They wanted to be in charge of selling the final product and pay a license fee to the SE which was the commercial method. The SE finally signed a subcontract agreement with another firm, as a result of the sub-contract the social enterprise imports the lenses from the UK and they are assembled and finalized with frames by the subcontractor.

This has complicated the production and distribution for the SE and this wasn't the method they were looking to operate, but it was the only practical option for them.

However, after 2 years of operation C9 believes that subcontracting method ended up well for the organisation and they have managed to leave a substantial positive social impact in the host country.

According to C18, there is very limited information that highlights a few factors in regards to entering overseas markets as a social enterprise. The SE adds that many UK based social enterprises utilise the commercial entry mode platforms and they do not foresee the negative effects of the agreement until they start their activity and witness complications with their local partner on major aspects of the alliance, specially; social value, moral, and environmental factors.

“Many social enterprises try to copy commercial licensing frameworks not knowing that their problems start as soon as they notice their social values getting replaced by commercial ones” – C18’s Director, UK.

On the other hand, a few social enterprises thought that sophisticated regulations and governments bureaucratic policies on some entry modes forces the SE to select a different approach, or even overlook the internationalisation decision.

Ten out of eighteen social enterprises explained that their entry mode decision originates from absence of accurate and tested internationalisation data on topic. This means proposition 5 is accepted by 55%.

Proposition 6. Social enterprises select an entry mode based on anticipated social change comparison.

Nine of the social enterprises interviewed designed their entry mode based on comparison of social change. They evaluated their entry mode effects on the host country locals in order to include them in the production level, increase product/service effectiveness by tailoring to public’s needs, consider the social and environmental values as central to SE’s activities.

C1’s licensing agreement with an Indian social enterprise was to assure that the social mission does not fade by the licensee. The SE licenced the recycle, and remanufacture of the used office furniture in Indian market to an Indian social enterprise in order to assure that the licensee does not sell or use the furniture for any other purpose. Firstly, C1 believes that licensing saves the SE money compared to wholly owned entry modes which can be reinvested into the project. Secondly, C1

believes that extension of the social mission is only possible by selection of a social enterprise licensee.

“As far as the entry mode arrangement takes us to our social objective without interfering it, that’s ideal for us” – C1’s Staff in host country, India.

The license contract mentions that the licensor pays a variable fee to the licensee for the collection, recycle, and remanufacture activities, the operation is not continues all year round, usually December and January are the busy months of the year. The licensee charges the fees only at the peak months of the year and the rest of the year the licensee works for free as the licensee is also a social enterprise and is motivated to leave a positive social impact.

C17’s (Step case study) entry into Ghana was via green-field mode, the social enterprise selected this mode over other non-equity and equity modes for possession of full control over implementation of social mission.

“Establishing a whole production unit costed us a lot more than other ways of expanding into Ghana... but for us the most important thing is to fully implement our social mission even if we have to spend more resources” – C17’s Co-founder, UK.

The SE was coordinating the social value elements into all external and internal processes from the very start of construction of the manufacturing unit. Internally, the SE hired the local labour to build the facility to create temporary jobs, majority of minor sewing equipment purchased from local small businesses to increase their sales, once the manufacturing unit started operation all the employees were chosen from minorities, disabled, and long-term unemployed. Despite that, the employees were provided with insurance and benefits such as coupons.

Externally, the SE made sure the material for shoe production were mainly purchased from the local retailers, distribution of the finished product was completed by partner organisations which provided services such as vaccination, health checks, and medicine in the region in order to reduce their costs by sharing distribution expenses, and finally collection and sharing of accurate and up-to date data regarding social impacts, other social need in the community, and social conflicts with the local government and other social enterprises in order to raise awareness.

C15's acquisition of Moldavian property organisation was chosen as an entry mode due to its immediate response. SE's founder required a mode to respond to the homelessness crises in the host country's Chisinau migrants immediately. According to the SE, acquisition saved them substantial time to set-up office, train the staff, search for unoccupied targeted locations, and complete regulatory processes.

"We needed to act fast to be able to respond to migration crises... we could get that by acquiring something established in the housing sector which could get us started quickly" – C15's Host country staff, Moldova.

C12 opted for joint venture with the Ecuadorian financial organisation in 2007, the purpose of this joint venture was to raise funds for local farmers. Selection of this mode was rooted to the social mission to increase the SE's reach to local farmers, obtain access to a large number of lenders and foundations in order to select the most economical lender for the farmers, and utilize the communication channels to extend other social issues to related institutions.

C12 believes that if an SE assures that all strategic planning occurs around the social value, they will have a pure positive impact.

Hence, according to findings half of the social enterprises select an entry mode based on anticipated social change comparison, which means proposition 6 returns not accepted nor rejected.

Proposition 7. Low awareness about social entrepreneurship activities among host country public, government, financial institutions, and foundations causes inefficiency.

Majority of social enterprises which expand into developing and least developed countries get affected by newness of the sector in the host country. C16 was founded in 2011 as a social enterprise with a mission to save millions of people from poverty sustainably, efficiently, and quickly.

The SE estimates 18 million small size farmers in Africa that have access to renewable water resources but lack the technology and equipment to exploit it. C16's technologies turn these farms into profitable businesses that can generate income and support themselves fully.

However, success of the SE was the result of a very strong promotion and campaign base. Upon entering the Kenyan social enterprise market the SE faced challenges such as:

1. Registration of the SE with the government: the local government could only accept the SE to be registered as a private limited company because from their perspective the SE was still selling products in the market.
2. Customer knowledge: customer enquiries were very low as they weren't aware of the "rent-to-own" scheme and interest free finance options. The farmers would think that it is another agricultural machinery retailer.
3. Loan and funding problem: banks weren't cooperative to facilitate a digital payment platform for loan repayments and opening of an account free of charge. The SE had to receive approval from the UK FCA to resolve the issue.

According to founder, if these issues weren't handled properly the SE couldn't survive its existence in Kenya.

"At first we were in a situation that no one knew exactly who we are and what we do, not only us, but the whole concept of social entrepreneurship, even the government couldn't make a difference between us and a normal for-profit business, according to them if you sold a product you were a company, they didn't care that we were investing all the surplus into our social projects" – C16's Program Manager, Kenya.

As a result C16 implemented awareness campaigns for businesses and financial institutions through workshops, conferences, and the local media. This lasted for 9 weeks and costed an equivalent of £4,000 from SE's budget. Farmers were informed of the social will of the SE through acceleration programs, door-to-door promotion, coaching, and training programs.

In November 2014 the C16 performed its largest awareness program in partnership with the local government. The campaign lasted for 3 weeks and its was targeted to Kenyan stakeholders and policymakers, government representatives, investors, farming chamber, civil society organisations, graduate students, and local social enterprises. This was a milestone for SE's success in the host country.

C3 is a social enterprise in technology sector, the SE believes that social enterprises should arrange promotional programs before starting their operations to prevent idle resource issues.

“The topic [social entrepreneurship] is new in developing countries, some think you are United Nations and others think you are a charity. Social enterprises must invest in promoting themselves through government channels at schools or hospitals or local media depending on their industry, if they can’t do that then they have to campaign privately like we did which costs more... if government, people, and financial institutions don’t know you then you simply can’t get support, customers, and funding”- C3’s Senior Manager, Nigeria.

C3’s SMS platform was built to be utilized for health, education, and electoral purposes, however majority of citizens could not understand the purpose of the SE nor its benefits, and many recognized it as a scamming network once the SE was trying to introduce them to social benefits of the organisation’s communicational platform with experts. This situation resulted the C’3 staff, capital, and technology platform to be idle and wasted for over 1 year until the awareness was built with the help of its Nigerian Licensee.

On the other hand, some social enterprises such as C8 have proactive strategies that safeguards them against awareness issues. C8 started sales of its solar products in international market by entering India for the first time in 2011. India was chosen as the first location due to nation’s fastest growing technological knowledge and advancement, therefore, the predicted acceptance level of the product was high.

Additionally, the SE built communication channel with the Indian Ministry of Power prior to its official entry. C8 joined the “Rural Electrification Conference” arranged by Ministry of Power in 2010 which helped the SE to introduce its solar products and justify the positive social impacts. This helped C8 to receive the support of government as well as related commercial businesses.

“We built our links with the local government and saw it as the most powerful way of finding recognition in India before entering, social enterprises think that once they expand to other places they are recognised and welcomed just because they do-good for the society or have an innovative solution to social

issues... but that's not the case. If you don't work on introducing yourself and your social activities you will continue to exist the hard way" – C8's Director, UK.

C5 finds it important to develop distinct approaches to introduce the social enterprise to government, public, and financial institution. The SE approached the Palestinian local farmers by sending local representatives and explaining on how the SE can assist them in marketing their olive harvests in western markets. On the other hand, the local government and financial institutions were approached by official letters from the London headquarters with the support of Social Enterprise UK to add to the legitimacy.

From eighteen interviewed, eleven social enterprises concluded that low awareness about social entrepreneurship activities among host country public, government, financial institutions, and foundations caused them difficulties and inefficiencies. Therefore, proposition 7 is accepted by 61%.

Proposition 8. Social enterprises perceive competition in the host country as a positive factor as all social enterprises have a shared mission of increasing social welfare.

14 out of 18 social enterprises in this study did not have direct competitors. They recognise two reasons behind this: first, the social enterprise market in developing countries is in its infancy, second, their products and services are unique.

C4 describes its competition with other social enterprises in the host country as positive, cooperative, and fair. The SE's competition strategy is promotion of "everyone's win" and collectiveness towards creation of social value. C4's activities involve health and general social behaviour promotion. The SE entered the Maldivian social enterprise market in 2016. C4 has worked with the local government, the Red Cross, local social enterprises in the health sector, and rehabilitation centres in order to share their data, expertise, and knowledge to achieve a communal social impact reward.

"I don't think competition is the right term when it comes to social work, it's more like team work towards the same objective" – C4's Founder, UK.

In June 2017 C4 helped to integrate no-smoking messages, along with healthy diet and safe sex into local clinics' routine advisories to targeted patients. This project was not part of SE's normal curriculum but it was aimed to increase local clinics' input and connection with patients. The SE believes that share of knowledge, innovations, and expertise within the social enterprise sector guarantees the success of all members.

According to C9 a competitive social enterprise cannot succeed by employing commercial rivalry techniques. The SE believes that the entire sector operates towards social welfare but in different fields of education, health, environment, or sanitation, therefore, this shared goal cannot be achieved by recognizing only self-success and maintaining effective approaches secretive.

"It's understandable why businesses don't share their key success techniques or enablers with the rest, it is because they want to be ahead of the game. For social enterprises it is the opposite, at least this is how I think it should be... when we share information and resources we help each other to help the community which is every social enterprise's ultimate goal" – Co-founder, UK.

C6's main mission is to train and teach social enterprises in the host nation in order to increase their impact collectively. The SE considers competition in social enterprise sector in only two ways, innovation and effective social impact.

C6 believes that if social enterprises extend commercial competition techniques they must set targets such as profit increase, sales increase, or market share increase by changing their prices or products which is not applicable for social enterprise and drifts SE's focus from the social mission.

C9 the glasses producer social enterprise believes that competition in its fair and correct way can only make their operation easier and their work-load less. The SE estimates the number of disadvantaged people in South America who require urgent eyesight medication and prescription more than 8 million people. This issue can only be tackled with a positive competition of collective social enterprises with a core shared mission.

“We don’t want to be the only social enterprise in the industry in Venezuela, that is not a good thing, if more social enterprises join the industry they truly make our job easier which is not a competition I guess”- C9’s Co-founder, UK.

C10’s innovative cocoon producing technology in Nepal has been a success story for many small social entrepreneurs, however, the increasing number of small social enterprises in Nepal has effected the funding process from the government and financial institution. C10 doubts the legitimacy of large number of social enterprises and believes that existence of fraudulent social enterprises in the sector is becoming a barrier for the ones which are internally motivated to leave a positive impact in the society.

According to C10, in the recent years it can be seen that the competition in receiving loans, donations, and funds in Nepalese social enterprise sector is increasing in much faster pace compared to positive social impact figures. Majority of fraudulent small-scale social enterprises aim to provide food and shelter for the people below poverty line, they often create promotional campaigns with the use of images displaying the poor in critical conditions.

In November 2017 Nepalese Ministry of Federal Affairs and General Administration (MFAGA) governed a search for the so-called “sham” social enterprises and it was found that many of these organisations did not have any services or products to offer either.

C10 finds it an obligation upon developing countries’ legal institution and governments to have a close supervision on all domestic and international social enterprises by duly check their activities, and assure that they function towards a positive social impact and prosperity.

Half of the social enterprises strongly believed that they perceive competition in the host country as a positive factor as all social enterprises have a shared mission of increasing social welfare, while the rest of the interviewees sought scams and fraudulent activities in some countries as a barrier to fair competition, leaving the proposition with no definite acceptance or rejection.

Proposition 9. The success of a chosen entry mode is measured by achievement of the targeted social change in the host country.

Social enterprises interviewed for this study in general formed their operational framework and strategic planning in the host country based on their entry mode.

SEs which have production and sales in the UK and invest their profits into social good projects such as C17 (Step case study) tend to measure their internationalisation success both by home country sales and host country social impact. On the other hand, SEs which produce and provide (or sale) both in the host country measure their entry mode and internationalisation success by their social impact.

“Our social impact success is related to our entry infrastructure but we have done much more than that to be at the level we are today”- C17’s Staff, Ghana.

C9’s sub-contracting entry mode has become a noticeable accomplishment. However, social enterprises which measure their entry mode success by their social impact in the host country, have a social impact calculation system. C9’s social impact calculation system is duplicated from the UK government and it’s called Social Return on Investment (SROI) this framework is applied to organise, evaluate, or forecast the environmental and social impact. The framework is usually expressed as a ratio of 3:1; meaning that for an invested 1 pound social value of 3 pounds is created.

However, some social enterprises such as C17 design their entry mode in a way to maximize the social impact in every stage of operation. C17’s green-field entry mode was a success that achieved a quadruple bottom line. The SE is donating shoes to the poor, employing the poor, commissioning conservation of natural resources, and devoting the manufacturing unit to the poor after 2-3 years as part of a long-term local empowerment commitment.

According to C17, social enterprises have the opportunity to innovatively employ flexible entry mode frameworks in order to involve and consider social impact not only by provision of the main product or service but in all aspects of their activities. The SE believes that this method can result in many layers of social benefit while

insuring efficiency. Majority of social enterprises either knowingly or unknowingly alter their entry mode from its classical form in order to bring it in-line with their positive social impact objectives.

“I don’t think an entry mode can guarantee your success in a different country, I think it’s all about how you shape that entry infrastructure towards your goals and make the best out of it” – C17’s Staff, Ghana.

C16’s acquisition of the Kenyan agricultural firm in 2013 is another model illustrating how SE’s change entry modes and the acquired firm in order to adopt their social enhancement projects.

Firstly, C16’s acquisition agreement suggested that the acquirer only pays 60% of the transaction in advance and the remaining 40% after 2 calendar years, upon the first instalment the Kenyan firm ceased to exist and C16 was fully in charge. The SE used the 40% of the transaction to finance staff training programs, product development projects, and other start-up costs. After the 2 years the SE had already accumulated the 40% of the transaction from sales of the agricultural equipment and funds which were mainly provided by Oxfam and Vision Fund.

Secondly, C16 identified the acquisition as an opportunity to change the company completely into a social enterprise. The SE carried away a thorough analysis and placed an operational plan to change employment policy in order to dedicate the priority to minorities, the disabled, ex-offenders, and long-term unemployed. Nevertheless, C16’s other changes included reduction of host country margins to break-even level, introduction of rent-to-own scheme, and announcing new ethical and environmental policies within the social enterprise.

On the other hand, C14 believes that the operational framework that social enterprises follow in the host country as a result of an entry mode, changes overtime due to internal and external circumstances. Therefore, it is not accurate to recognise a successful social impact majorly due to an entry mode or vice versa.

“When you first enter you are inexperienced, and new to many things in the market, you learn and change your strategy as you operate and develop... hence your success is the result of your changes and not your entry model” – C14’s Founder, UK.

C14's approach towards assessment of social worth generation is measured by its Social Audit (SA) technic. SA helps the social enterprise to confirm, develop, and account for the difference made. The audit helps the SE to plan and manage the organisation as well as exhibit the achievements.

SA is a logical and flexible structure that enables the social enterprise to build on current documentation and reporting system and develop a process which can:

- Confirm and report on SE's environmental, social, and economical impact and performance.
- Deliver substantial data necessary for planning future activities and increase performance.
- Be accountable to stakeholders

According to C14, use of Social Audit will help the SE to realise its impact on people, use of resources, and the planet. The Audit helps the management of the SE and improve its effectiveness.

Only four social enterprises out of eighteen believed that success of a chosen entry mode is measured by achievement of the targeted social change in the host country. Meaning that the proposition is rejected by 77%.

Proposition 10. Social bricolage is considered a strategic approach in increasing resourcefulness and enhancing the success rate of internationalisation venture.

Due to their very nature, social enterprises are known as organisations that have resource constraint as a common factor in at least in one of the stages of their life cycle. A vast majority of SEs practice social bricolage. However, some practice it unknowingly influenced by external and internal forces, while others practice social bricolage in the core of their activities in an organised manner.

C1, C4, C6, C8, C11, C13, C14, C15, C17, and C18 are the social enterprises that have positioned bricolage activities at the heart of their operations when it comes to resource gathering. One of the main bricoleurial instrument of these SEs is their social notion where it constructs their relationships among individuals and networks.

This group of nine SEs account for just over half of the SEs which were studied in this research and they acknowledge the recognition of "making do" as an approach

for survival, development, and success. They refuse to be constrained by limitations and comprehend bricolage as an embodied trait in themselves.

C1 collects used office furniture from large corporations in the UK in order to donate them to social enterprises, deprived communities, and charities.

“We don’t produce a product of our own, we pursue a smart mission to gather used furniture in any physical condition from big corporations from all over the country... after appraising the items they will be categorised and finally reused and in some cases recycled... We believe that our most important resource is our creativity to locate and gather our resources” – C1’s Founder.

C1’s distinctive approach to resource gathering comes with great adoptively and flexibility in their day to day operations. The SE believes that resource scarce environments can be threatening to the organisation’s survival and SEs must adopt a dynamic approach for accumulation of resources whether financial or human.

The findings indicate that while majority of entrepreneurial ventures function under resource scarcity conditions, international SEs are faced with an even bigger challenge because they intentionally position their operations where the domestic market and government function inadequately. Interestingly, while other entrepreneurs strive to locate a market with sufficient resources to support their growth, SEs are in hunt for markets that are regarded as resource scarce, such as C11.

“Our main focus is providing primary education infrastructure to those who are in immediate need in deprived locations, this is a rather long-term operation and it requires us to mobilise our activities to the pre-selected locations... every day is about finding creative solutions to provide educational services to people... we make the more difficult choice of going abroad but leaving a bigger impact and that comes with many challenges, especially resource and funding” – C11’s Managing Director.

The data shows that C11 has proven its bricoleurial activities by managing operations with minimal resources in hand. These activities include widening its network in the host country in order to reach a larger group of funders and donators, training the staff to take over tasks beyond their job description, sharing logistical

platforms with the local government in order to supply equipment to schools at a minimal or no cost, and syndicating everything available to the SE in order to leave a positive impact even with resource sensitive circumstances.

The records of this study indicate that; while many SEs conduct bricolage of resources throughout their lifecycle, others pursue bricolage of resources in a specific time in their lifecycle, usually during infancy and introduction.

C15 entered Moldova by acquisition of a local firm specialized in housing and shelter. The SE had a mission to respond to migration crises promptly and for that they needed to acquire an established organisation in the housing sector.

“When we first entered Moldova we needed to jump-start our activities fast and that required capital, staff, and commitment... we had them all but scattered on other projects which could survive with lesser attention... we allocated the necessary resources for the initial stage of operation and once we were established in the local market and received partial incentive and funding from the local government, we withdrew some of our resources.” –

C15's Host country counterpart.

C15 managed to organise 45,000 temporary shelter for the homeless and arrangement of rehabilitation centres for over 4,000 people. The SE believes that their success lays in the fact that all the internal activities are shaped to leave a positive impact even with the minimal materials available.

Therefore, proposition 10 is accepted as 55% of the interviewees agreed that they were knowingly pursuing social bricolage as a method of increasing resources in their international operations.

7. Chapter Seven

Analysis and Discussion

This chapter discusses the data further and analyses the findings in reference to the current literature. The main subjects of this chapter are; internationalization and market selection, market entry strategy, and entry mode selection.

With the rapid development of firms venturing into international business, especially in the last twenty years, different firms are discovering best methods through which they can enter the international markets and remain on top in their respective industries. The continuous need for expansion of their businesses makes it possible for the business to approach different markets in different ways, especially based on the legal frameworks and market diversities (Teece, 2010).

The emerging markets are incredibly dynamic that the different strategies for entry into one market would most likely not apply for another market (Govindarajan and Ramamurti, 2011). For instance, Asia and Latin America and other large and stable markets such as Europe, Japan and even North America are business hubs that have attracted and continue to attract small business as well as large companies hailing from all over the world (Morck, et al., 2008). However, once an organisation has decided to enter a specific market, it has to make a determination and change its structures to favour its operations in the new country.

The data indicates that social entrepreneurship is in its early stages to follow a similar path. Social enterprises have not been effectively studied in the past as most of them are small-scale and unable to commit into new cross-border markets (Dess, 2017). But some medium to large scale social enterprises have made significant changes in the narrative and this section will focus on various factors which motivated, facilitated, and continued their international venture.

The continual of obtaining data and discussions on this topic will enable managers in charge of internationalisation of social enterprises that are deciding on their new international ventures to discover very important conditions while finalizing their entry mode framework. The success of many international social enterprises can be a starting point for the social enterprises rising to prove their positive social impact in an international level.

7.1. Market Selection, Entry Strategy, and Entry Mode

In this section the paper will start the discussion with a brief cross comparison of main subjects generated from findings with related theories of internationalization of social enterprises and internationalization of commercial enterprises. Please see table 6.

	Social Enterprise Findings	Social Enterprise Theory Perspective	Commercial Enterprise Theory Perspective
Internationalization & Market Selection	Highest demand for social product or service		Product life-cycle, home discontinuation (Vernon, 1966)
	Country development level division, solving greater issues than home country		
	Social problem urgency		Born Global (Sharma and Blomstermo, 2003)
Market Entry Strategies	Personal links and social networks	Self-selected effectual network (Sarasvathy and Dew, 2005)	Network theory of internationalization (Axelsson and Easton, 1992)
	Absence of data	Social capital and internationalisation (Jones and Coviello, 2005)	Incremental decision making process based on knowledge enhancement (Carlson, 1966)
	Agent selection		
	Anticipated social change comparison (all modes)		

Entry Mode Selection	Control over social mission (wholly-own)		Wholly-own (Hennart and Renddy, 1997)
	Funding dependency(franchising and licensing)	Social Bricolage (Baker and Nelson, 2005)	Licencing/Franchising (Aulakh and Li, 2013)
	Government dependency (franchising and licensing)		Licencing/Franchising (Grant, 2013)
	Special requirement (JV and Subcontracting)		Joint Venture (Rugman and Collinson, 2012)

Table 6, Cross comparison of findings, social theories, and commercial theories.

After this brief comparison the research will discuss internationalisation of interviewed social enterprises in more depth from start-up stage in home country to the established operation in host country.

Internationalisation and Market Selection: The data shows that the major reasons social enterprises select their foreign markets are:

- **Seeking the highest demand base for the social products and services**

The data indicates that social enterprises which select their market where the demand is high for their product or service usually have a low demand in their home country. Therefore, they chase foreign markets in order to extend their social objective abroad.

“After 3 years of domestic operation we realized that our product demand is decreasing and our expedition data showed great demand for our product in South Africa specifically Venezuela, therefore in 2017 we expanded to Venezuela by establishment of a subcontract with a local firm... [Then] as of now over concentration has really decreased in the UK and we majorly operate abroad” – C9’s Co-founder, UK.

A similar pattern of internationalisation was introduced by Vernon (1966) called Product Life Cycle theory (PLC). The theory suggests that a product’s market entry into a foreign market is the result of its position in the home country. According to Vernon, when a product’s attractiveness grow in the domestic market and other

enterprises want to benefit from sales of the same product, foreign markets start to demand the specific product as well. The growing foreign demand encourages the firm to expand its production to the foreign market. As the same time, in the home country the product has already reached its maturity and finally moves to the decline stage of life cycle.

C9's journey was very similar to this, however, the main difference was that the SE didn't leave the UK market due to high competition and mass production of the same product in the UK, they left the market because the NHS's new projects insured that eye clinics across the UK were funded and fully capable of eye-sight treatments with less waiting times. This resulted the SE to move its prescription glasses and eye-sight treatment offerings to Venezuela where the SE faced an increasing number of people requiring help.

- **Dividing the international markets based on their development and selecting the country with the greatest social issues compared to home country**

This group of social enterprises divide the countries into developed and developing categories and then pick the regions which have the biggest social issues. The data indicates that these social enterprises are only satisfied when the issues that they solve are major. According to C5, C8, and C12, social enterprises which have constructive and big visions such as bringing poverty to a minimum globally, making sure hunger doesn't exist in the world, or assuring that every global citizen has access to renewable energy source, have one thing in common; they all are pushed by their vision to extend their activities internationally where they find the greatest cause.

“For a social enterprise that is fighting hunger makes no sense to distribute free food in the UK or Europe, they should go to the places where finding one meal a day is a struggle for people” – C5's Head of program, Palestine.

The interviewees in this category indicated that the risk ratio of a distant and unfamiliar country is always perceived minimal compared to their social objective motivation in those countries.

- **Select the international market due to social issue urgency**

The data indicates that social enterprises in this category select their market and internationalisation format based on the urgency of the social problem which they want to solve. The operation nature of these social enterprises is emergency response and immediate, they respond to humanitarian crises from natural causes such as tsunami and water shortage, war situation, or health crises such as Ebola virus outbreak in Africa.

These social enterprises internationalise their social projects from the foundation, they do not start with domestic market for some time and gradually plan for internationalisation like some other social enterprises.

C2 leverages its domestic resources and combines them with donations and funding from international organisation only to fund its international social projects.

“As soon as we founded our social enterprise for the purpose of emergency response to crisis, we have internationalized... we never had any projects inside the UK and we think there is no need for them here either” – C2’s Founder, UK.

This type of social enterprise shares common characteristics with the so called Born Global commercial firms. According to Sharma and Blomstermo (2003), born global enterprises internationalise into foreign markets from inception, they usually grow their competitive advantage from using multiple country resources.

Market Entry Strategies: The data indicates that in general three variables lead to market entry strategy selection of social enterprises.

- **Market entry strategy is selected via links and social networks**

The data shows that some social enterprises are influenced by personal links (both social and commercial) and also social networks such as SEUK, SES, and GSEN when it comes to selection of market entry strategy.

Social enterprises utilise these networks and links to find the right ingredients to form the overall entry strategy. Operation partner, distribution partner, government ties initiation, and funding organisations are the main ingredients to form the overall strategy.

“We didn’t know where to start from, we were introduced to the Nigerian telecommunication office by our links in the UK as a starting point, we also received help and advice from global social enterprise network members, so many of the members in that network have projects in Nigeria and have good insight on how to deal with things” – C3’s Managing Director, UK.

The patterns of these social enterprises can partly be found in effectuation theory of social enterprises. Sarasvathy and Dew (2005) in their effectuation theory point that the entrepreneurs envision a comprehensive new venture obtainable by utilizing available resources. The social entrepreneur interacts with the link he/she knows, this interaction forms a self-selected effectual network containing collaborators, financiers, partners, and customers.

Moreover, Axelsson and Easton’s (1992) network theory of internationalisation points out that a firm’s internationalisation strategy is a result of its place and interaction in a network of firms and their links to one another. Therefore, the market is represented as a structure of social and business interaction among different parties.

Hence, social enterprises which select their internationalisation mechanism by links and networks in this research, share similar characteristics to that of effectuation theory and network theory.

- **Market entry strategy is selected due to absence of data**

The data indicates that some social enterprises choose a market entry strategy only because they cannot find the right information regarding internationalisation of social enterprises. These SEs select an entry mechanism due to lack of knowledge and inaccuracies of data, as their experience grows and they develop in the foreign social enterprise market, they tend to change their framework and operation structure.

“Firstly, we had a hard time finding any data or information on how to deal with foreign markets as a social enterprise, secondly, most of the data on internationalisation were inaccurate in social enterprise context... we ended up signing a license agreement with a Ghanaian shoe producer without really knowing the outcome...after cancelling the license agreement because of the

problems I said earlier... we started to make our own production unit in Ghana without partnering with anyone” – C17’s Co-founder, UK.

C17’s failure of its initial entry strategy was considered as a learning curve by the co-founder which resulted to their current successful green-field operation.

According to social capital and internationalization theory by Jones and Coviello (2005), firms consider social capital as a crucial source of legitimacy, information, and resources which they need for success. All types of firms suffer from liability of foreignness, relational and social capital speed up the rate of internationalisation by practical learning in the foreign market and increase their involvement as they learn.

Despite that, Carlson (1966) argues that enterprises willing to venture into foreign markets as their experience grows, they control the risk issue through an incremental decision-making structure where acquired information and experience in one stage is used to enter further stages.

Similarities of this group of social enterprises can be seen in both of the above theories. However, the critical difference is the fact that SE’s first entry is due to a complete lack of knowledge which in some cases the results can be catastrophic.

- **Market entry strategy is selected by an agent**

Social enterprises which hire an agent to select and design their market entry strategy, do not have strong personal and social network links which can form their entry strategy, neither they wish to take the big risk to enter the foreign market with no knowledge. Therefore, they see an independent agent as a solution for this.

For instance; C8 used two different agents in its internationalisation process. The first agent was chosen for consultation in terms of legal conditions and entry structure which was called UK-India Business Council and the second agent called Randstad was hired for partner selection in India.

“We couldn’t think of any other solution apart from using an agency to familiarise us with the market and internationalising elements... even though the agents which we hired weren’t specialized in social enterprise internationalisation but still they knew much more compared to us and they knew where to find the right information” – C8’s Director, UK.

Entry Mode Selection: the data from interviews reveal that in general social enterprises select an entry mode based on five variables; anticipated social change comparison, control over social mission, funding dependency, government dependency, and special requirement.

- **Anticipated Social Change Comparison (All Modes)**

The data indicates that some social enterprises select their entry mode by predicted social impact as the result of that mode. If the entry mode promises a highly positive social impact then the social enterprise chooses that entry mode over other modes.

These social enterprises are also classed as “low risk averse” in this study which means that they are not opposed to the risks attached to an entry mode as their decision of choosing the entry mode is based on assessing and comparing the anticipated social change as an outcome between various modes.

C1’s licensing agreement with an Indian social enterprise was to assure that the social mission doesn’t fade by the licensee. The SE licensed the recycle, and remanufacture of the used office furniture in Indian market to an Indian social enterprise in order to assure that the licensee doesn’t sell or use the furniture for any other purpose. Firstly, C1 believes that licensing saves the SE money compared to wholly owned entry modes which can be reinvested into the project. Secondly, C1 believes that extension of the social mission is only possible by selection of a social enterprise licensee.

“As far as the entry mode arrangement takes us to our social objective without interfering it, that’s ideal for us” – C1’s Staff in host country, India.

Similarly C15 selected its acquisition entry mode just for the predicted positive social impact outcome.

“We needed to act fast to be able to respond to migration crises... we could get that by acquiring something established in the housing sector which could get us started quickly” – C15’s Host country staff, Moldova.

- **Control Over Social Mission (Wholly-own)**

The data reveals that social enterprises which regard their social mission and purity of their organisation towards positive social objectives as a very important factor, maintain a very tight control of their activities.

Interviewees which had selected wholly-own entry modes justified their selection by control over social mission. These SEs perceive their entry mode and operational framework a safeguard for SE's social mission. They believe that the only way to insure that the social objective remains pure and aligned with SE's mission is to be in charge of planning, operation, and improvements, unaccompanied and as one entity without partner.

“It depends, if your social mission is the heart of your organisation and everything else revolves around it then you can't operate in a new country risking all your core values by partnering with a commercial business whether it's a joint venture or any other kind of partnership... as per your term, our green-field structure gives us enough assurance and peace of mind that we will continue as a social enterprise and implement our social mission the way we want it” – C18's Director, UK.

According to Hennart and Renddy (1997), wholly-owned entry modes whether acquisition or greenfield, facilitate a direct hierarchical control structure and eliminates loss of strategically valuable information. When technological businesses enter foreign markets, they select high control entry modes when there is a perceived quality risk from the partner side.

The data indicates a similar behaviour evident from social enterprises, however, the main difference is that social enterprises select wholly-own modes for preserving the purity of their social mission.

- **Funding Dependency (franchising and licensing)**

The data shows that social enterprises which partly depend on funding and financial support to better operate their social mission, usually select low commitment non-equity modes such as licensing and franchising.

For instance; C4 entered the Maldivian social enterprise market in 2016 via licensing. SE's resources were not enough to fund all the training programs and other health and social behavioural classes, therefore, the SE was receiving funds and donations from domestic and international organisations for the continuum of projects. The SE believes that licensing is a low cost entry mode and ideal for social enterprises that have limited resource base or wish to allocate their resources on social projects only and not on assets and management expenditures.

The social enterprises that opted for licensing agreements in this research, were not charging the targeted communities for their services and products, their source of income originated from their home country.

Therefore, in general the licensor always pays a variable or fixed fee to the licensee for their role in the social project. This is evident from C1's license agreement where they pay a variable fee to the licensee for the collection, recycle, and remanufacture activities. Data indicates that social enterprises with funding and external finance dependency tend to innovatively allocate their work force to different tasks and also make use of their resources very efficiently.

“Our employees have learned to multi-task... the same trainer that raises awareness for health conditions also advises on social behavioural and does other office work” – C4's Founder, UK.

“If we have the ability to go door to door and inform the local olive farmers about their potential market in the UK... or if we can do our distribution ourselves then there is no need to spend money on hiring marketers or distributors” – C5's International Operations Manager, Palestine.

Social bricolage theory of Baker and Nelson (2005) mentions that bricolage signifies a vigorous assembly of continues configurations and conversions. The two researchers investigated the procedure of “making do with what's in hand” and they suggest that entrepreneurial bricolage happens when entrepreneurs have a resource sensitive environment which leads them to syndicate what's available for them in order to fulfil their purpose.

From a commercial perspective, Aulakh and Li (2013) describe licensing as a contractual agreement in which the knowledge based and resource asset owner

gives the right for the licensee to use its intangible resources for a pre-agreed purpose. Among many advantages, this mode is more economical compared to other modes of entry and requires less commitment.

- **Government Dependency (franchising and licensing)**

This research reveals that social enterprises which have government dependency for regulatory, infrastructure, or legitimacy, tend to select low commitment modes such as licensing and franchising. The data shows that their dependency is usually from infrastructure and platform perspective. For entrance; access to health service platform, schools, governmental institutions, security, data, or communication and digital facilities.

C3 entered Nigeria in 2013 via licensing, the SE believes that their entry wouldn't have been possible without government support as the SE heavily depends on governmental telecommunication platforms in order to operate its SMS and online based educational programs for the public. In return, the SE's advanced technology helps the government with their electoral activities.

“Our operation was fully dependant on Nigerian’s standardized telecommunication protocols... combination of their [government’s] platform and ours, established an advanced electoral method as well” – C3’s Senior Manager, Nigeria.

From a commercial perspective, according to Grant (2013) licensing and franchising structures have been practiced and examined for a very long time, governments and scholars have critiqued and reformed both modes throughout the last few decades which makes them appealing for businesses.

- **Special Requirement (joint venture and subcontracting)**

The data reveals the social enterprises select joint venture and subcontracting modes due to their special requirement in their social mission.

Social enterprises use joint venture with larger firms in the host country to utilize their financial and funding facility, distribution network, marketing facilities, and local knowledge and expertise to penetrate their innovative social good product or

services. The two parties set an agreement with terms and condition indicating that the SE has higher responsibility, governance, risks, and gain.

For example; C12 uses this joint venture to pass the governmental regulatory phases and use its partner's established platform to facilitate lending, borrowing, and reaching a wide range of investors and donors.

“We make use of our partner relationships and their financial facilities, that is as far as our relationship goes, they have no say on our things and we don't mind their internal businesses” – C12's Founder, UK.

Similarly, social enterprises which have special requirements in their operations opt for subcontracting. However, the special requirement for the subcontract is usually production or finalizing the production of a tangible products.

However, social enterprises which opt for joint venture usually have a special requirement for a service from the partner.

However, commercial joint ventures are formed when to companies decide to control and own a business such as sales or productions of a service or product. The two entities have control levels depending in their equity in the venture and revenue and risks are distributed in the same fashion (Rugman and Collinson, 2012).

A commercial joint venture could be established between companies which run in the same industry showing similar value-added operations or positioned at differing levels of industry value added chain.

This research shows that social enterprises' joint venture with another partner is always in different industries. Firstly, their sectors are different (social and commercial, secondly, their core product or service offerings are very different.

7.2. Social Enterprise Start-Up and Registration (Home and Host-Country)

Home Country

The social enterprises in this study start their mission of society benefit from United Kingdom. Previous chapter's case studies section described the motivation factors driving individuals towards social entrepreneurship and expanding their activities

beyond the UK market. Most of these motivations were intrinsic and internal care and compassion for those in need, in some circumstances social entrepreneurs were affected by their origin, previous travels or encounters, and sector change to become socially responsible.

In this section, besides the motivational factors the research will also expand on practical elements of starting a social enterprise. The data indicates that almost all social enterprises have a pre-selected social issue which they intend to solve and contribute their positive effect to the society. However, there are some social entrepreneurs who are fully motivated to have a positive impact on the society but haven't decided the exact social issue to tackle.

“Before starting the Active Youth social enterprise to enhance education in Zambia I knew that I wanted to be someone who can serve the needy people but away from politics... after weighing a few alternatives such as opening a charity or a foundation agency, I realized that a social enterprise is the best option which gives you the freedom to have the exact social impact that you want without having limitations” – C18's Director, UK.

Data indicates that social enterprises perceive varying social problems among countries divided based on their development level. For instance; among the social issues in a developed country such as United Kingdom, National Health Service (NHS) privatisation, tuition fees, or abortion could be named. Social issues in China as a fast developing country are mainly social class inequality, censorship, and poor infrastructure. However, in a measured developing country such as Bangladesh a large number of people suffer from water shortage and sanitation, hunger, and major health service infrastructure issues.

Once social entrepreneurs decide on selection of social issue to resolve, they must choose their potential customer location. Nevertheless, data shows that some social enterprises select their customer location first and the social issue within that location second.

However, commercial enterprises select a location with high market potential for internationalization after they have developed a product or a service to offer. They

select a location with the promise of great market gain, great revenue figures, and ultimately prospects for long term continuity (Chen, 2016).

Social enterprise planning is the third step after selection of social cause and location of activity. SE's develop a social cause plan similar to that of a business plan of commercial enterprises. This plan develops into a document which demonstrates the viability of social objective idea and explains how the idea causes society profit. This document can be regarded as a sales document as well because it would contain SE's product or service to the society, moreover, it demonstrates the employee structure, volunteers, grant funders, and investors. SEs tend to regularly revise this plan and adopt it to the dynamic changes internal and external to the organisation.

“All our internal and outside activities are noted in our social plan, it is similar to a normal planning structure which any organization might have... [but] the main difference is that our social plan has the society welfare consideration in every decision making process” – C13's Program Manager, Founder.

Data indicates that some social enterprises start developing their legal structure simultaneously with the social cause plan while others treat it as the fourth step. According to large-scale social enterprises interviewed in this study; existence of an accurately completed social cause plan is vital for the development of legal structure.

The term social enterprise is not a formal legal structure in itself, therefore, SEs take variety of different legal structures in conjunction with their social cause plan. This study does not include charity structure, this is because charities fully depend on grant funding and the structure comes with major restrictions on the trading ability (Cairns, 1997).

Social enterprises in the UK can choose from different types of legal structures; according to the data, the most common legal structure is Community Interest Company (CIC) followed by other structures such as Industrial and Provident Society (IPS), Company Limited by Guarantee (CLG), and Unincorporated association. Majority of social enterprises in this study are registered in the UK as CICs and are required by law to have provisions in their article of constitution to preserve their positive social purpose.

According to Cordery (2018), under the CIC structure social enterprises will have an asset lock in place that controls the allocation of assets from the CIC in order to ensure they are only used for the benefit of the society, and a restriction on the maximum interest and dividend payments it can make. CIC structure delivers a clear assurance to investors that the SE functions for the benefit of the society and social drive is secured by proportionate regulation. Social entrepreneurs which register as CIC are required by the law to submit a form of community interest statement with provision of enough evidence that the CIC would meet the obligations defined in law.

Only 2 social enterprises had an Industrial and Provident Society (IPS) legal structure which were C12 and C16. IPS structure formed a type of mutual community with corporate entity that has regulations of association comparable to an unincorporated association. SE's members take advantage of limited liability even though it is not regulated by companies' act 2006 but is subject to Financial Conduct Authority (FCA) under the Community Benefit Societies (CBS) act 2014.

According to Haugh (2011), there are two forms of IPS that are practiced by social enterprises:

- Co-operative society is a democratic organisation based on vote principles and not number of shares held. This type of IPS benefit members as well as the society by reinvestment of the surplus profits back into organisation's social project.
- A community benefit society regularly displays its activities which benefit the community as a whole and not solely members. These societies raise funds by issuing shares to people and they are run by their selected members which must hand-in annual accounts to the FCA. Rules are in place indicating how remaining assets (after the social issue is dissolved) should be fairly distributed and how the surplus funds are used.

Company Limited by Guarantee (CLG) structure is rarely used by international social enterprises. SEs believe that this structure is not very well recognised by the foundations and financial organisations due to its soft boundaries and no formal limit on the distribution of surplus.

In CLG structures directors can issue a special resolution to alter articles and allow profit distribution (Taylor 2012). Similarly, Unincorporated Association structure is

less of an interest for SEs due to its informal nature and even no requirement for registration.

This type of association is set-up based on a contract among number of people who collectively want to have positive societal impact (Taylor, 2012).

The data indicates that social enterprises tend to expand their research into the target market even further once they decide on their legal structure. This is due to the fact that their legal structure brings limitations and opportunities simultaneously which requires further and deeper exploration of social cause, location, and the need for their product or service. At this stage social enterprises expand their social objective further to discover the genuine need for the product or service idea, the demand level, the dynamic trends in the sector, pricing strategy (if product is sold), donation conditions (if product is donated), competitors' evaluation, and partner selection and collaboration.

“If you are a social enterprise it doesn’t necessarily mean that you would have an established demand for your products or your development is an easy process, you need to have a strong research base to know your stakeholders and plan accordingly... [Because] as social entrepreneurship is becoming more and more popular and competitive in the UK” –C9’s Co-founder, UK.

The data shows that after this secondary and more in-debt market research social enterprises go through a second phase of planning to finalise all the major strategic decisions. This planning focuses on the delivery factors of the product or service for the society. The plan mainly includes elements such as: location of the SE, the number of staff and/or volunteers, the awareness technics among the society for the product or service, and demand management.

According to the founder of C3, the social enterprise must have a plan with figures same as that of a commercial. The social enterprises can only effectively allocate their surplus into social welfare projects if they have a cash flow forecast showing the total costs and multiplying it by 1.25 to include a surplus, this will result to an income mark which can then be divided into the quantities of products or services to be sold. After the detailed research and planning stages, the SE is able to determine the funding required for start-up stage and the duration this funding lasts until the SE

starts receiving income. SE's realistic financial assumptions will be made based on the previous research stage on number of potential buyers of products and services.

"I think it is important that social enterprises also have an advanced and appropriate calculation or accounting methods, if you have these methods they don't make you a commercial company at all, they just make the social enterprise more accountable for their budget allocations to different projects and also managing their finances and funds accordingly"- C3's Managing Director, UK.

C3 believes that many social enterprises lack appropriate finance management system to separate and allocate different sources such as own capital, funding, donations, and investments. The SE finds it important to have a working and developed account system to predict things such as lasting duration of a grant funding to sustain SE's activities. Please see figure 16 for SE's start-up diagram (home country).

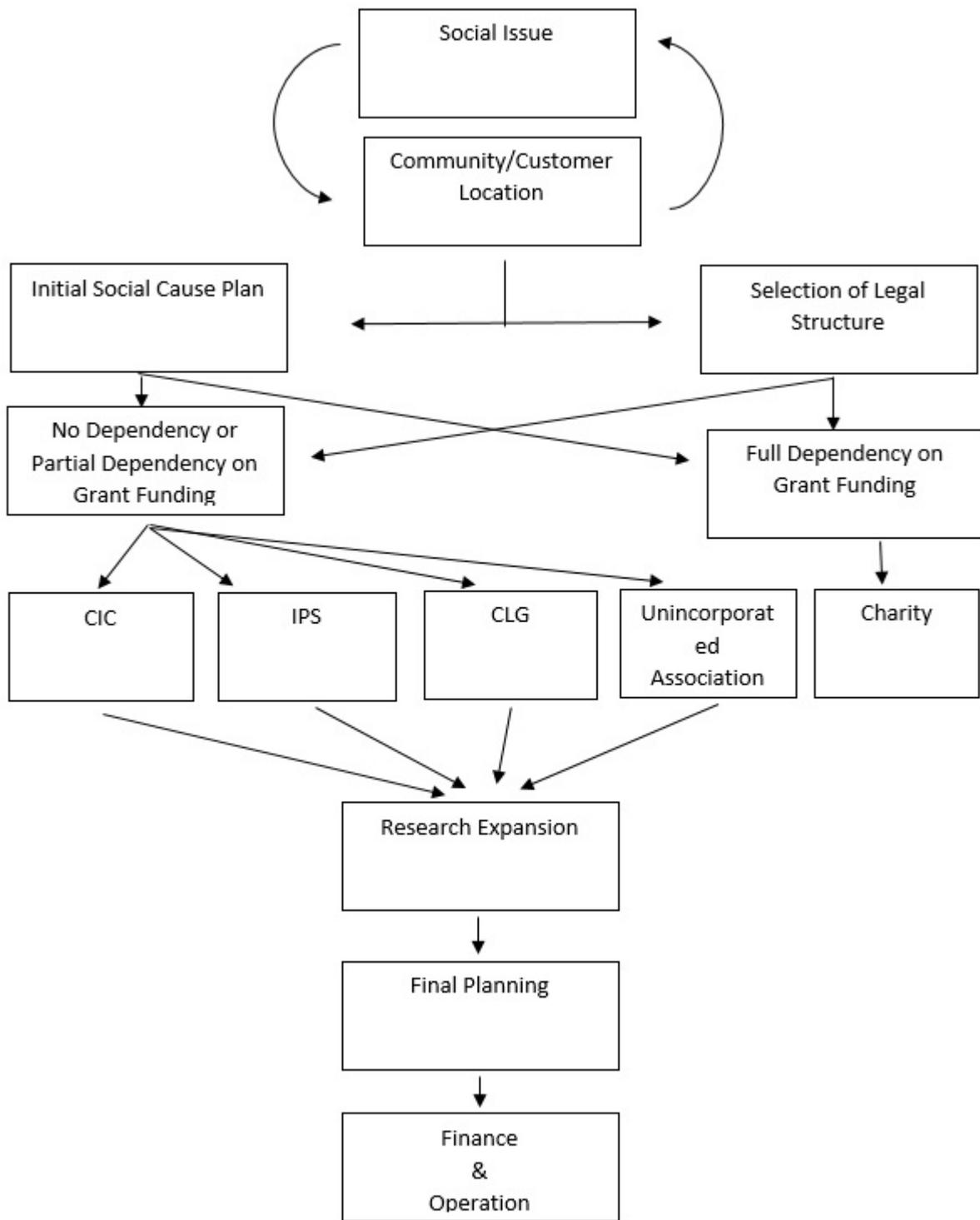


Figure 16, Social Enterprise Start-up Diagram (Home Country)

Host Country

Most of the critical decisions in social enterprises are made by the director or the founder of the organisation and their decision is final (Roiijers, 2017). Adopting this concept allows this research to feature the enablers to a specific individual, or generally consider that the management is running the SE as one entity. This approach narrowed down the response of the interviewees into providing their personal qualities and motivations which leads to internationalisation of their social enterprise.

The research shows that optimism is a strong factor within social enterprises but the level of the optimistic trait varies between different social entrepreneurs. The data shows that optimism is a method through which a social entrepreneur can approach communities and their markets, as a result, the social entrepreneurs position themselves strategically so that they can have easy access to targeted social market communities.

“My motivation to solve societal problems gives me the confidence and hopefulness that I can achieve my objective wherever I locate it” – C14’s Manager, UK.

According to Driver (2016), small-scale business owners’ optimism has increased to its highest since 2003 which has resulted in many successful entrepreneurial ventures. The data revealed that optimism is a vital factor which ultimately ends with decisions that carry risks, 15 social enterprises in this study indicated that they are not risk-averse which shows that their risk taking trait helps them with faster and energetic entry into the foreign countries. The data indicates that most of the social enterprises don’t acquire the ideal knowledge or skill level to engage in internationalization, but their intrinsic motivation for social care expands their confidence to take risk and enter into new, distant, unfamiliar markets.

Confidence level among managers vary. Therefore, there is no optimum level of confidence to scale the motivation of entrepreneurs. However, when confidence separates risk takers from non-risk takers, then it becomes an integral factor in the organisation (Kahiya, 2015).

The data shows that majority of social enterprises decide their internationalization plan once their start-up process is completed in the home country. However, some social enterprises plan their internationalisation activities simultaneously while developing their start-up process in home country.

SEs perceive foreign market entry as an area that requires critical decision making technics, in general SEs approach this decision in stages. Initial stage is matching the elements of product or service to that of the host country community considering their needs' classification in terms of urgency.

“Because where we were going to expand [Bangladesh] needed immediate devotion, we had to arrange and plan everything we offered accordingly to serve to communities in the right time with the right product” – C2’s Head of program, Bangladesh.

Once the product or service fit is certain in the host country, SEs run a screening review of the social enterprise environment followed by exploring the legal and institutional requirements in the host country. Majority of social enterprises said that they design their entry mode based on its fulfilment potential of social cause and based on legal requirements of the host country, while some hire an agent to select an appropriate entry mode for them.

It seems very paradoxical, but more than half of social enterprises participated in this research had dual registration, this is due to their social and economic identities which are strategically used to approach to various stakeholders and seek validity from many constituents.

The data indicates that twelve social enterprise in the sample are registered and operate as both social enterprise with CIC legal structure in the home country and charity legal structure in the host county. While exploring the reasons for dual registration, findings show the dual registration from two dimensions, voluntary and compulsory:

“We first registered our social enterprise in the UK as a CIC in 2001, when we entered Lebanon in 2014 we were registered as a charity which didn’t change the fact that we are still a social enterprise because we have income from sales of our consulting services in the UK... We registered as a charity

because we didn't charge the local social enterprises for our training courses so we didn't have any source of income in Lebanon at all... [Apart from] charity registration did help us a lot with donations in Lebanon though" – C6's Founder, UK.

- Voluntary dual registration occurs when the social enterprise high dependency on external funds and donations, and the surplus from home country doesn't fully cover the costs of the international activities. As a result the social enterprise which is registered in home country (UK) as a CIC, registers in the host country as a charity. The charity registration increases SE's potential to attract government subsidies, donations from private sector, and funds from foundations.
- Compulsory dual registration takes place when the host country government has specific requirements for the registration of international not-for-profits. This means that an organisation can register as a social enterprise in the host country only if they have a source of income in that country from sales of services or products. Otherwise, if their sales takes place in the UK and the surplus is invested for social projects in the host country, they must register as a charity in the host country. This registration requirement is mostly common in South Asian countries, for instance C2's compulsory charity registration in Bangladesh.

According to Townsend and Hart (2008), social enterprises take advantage of complementarity of dual registration to integrate and manage collaborative aspects of social and business goals. However, based on this research's findings international social enterprises take advantage of complementarity of dual registration by synergizing charitable, social, and business goals.

C12's dual registration helped the SE to gain legitimacy and institutional support as a pre-planned strategic act. However, the SE believes that absence of legislation on SEs in Ecuador and effective commissioning of Ministry of Civic Affairs creates a vagueness that SEs can take advantage of it and exploit the relieve on dual registration.

The data indicates that international social enterprises finalize their host country resource commitment after their legal structure is confirmed. SE's which have a

strong resource base (predominantly capital) from home country, usually do not opt for dual registration, a few interviewees found it “unclear and hard to manage”, and these are mainly social enterprises with wholly-own entry modes. On the other hand, resource and capital-sensitive social enterprises with non-equity entry modes tend to maximise their resource potential with dual registration.

“When we expanded to Moldova by acquisition, we had the option to register as a charity but I think it could only complicate things, we already had established links with donors and foundation and didn’t have capital issues” – C15’s Co-founder, UK.

According to Meyer (2009), a social enterprise selects an entry mode based on the resources it owns and are ready to be utilized in the host-country, these resources can be range from machinery and capital to managerial skills and intellectual property. However, this research indicates that entry mode choice of SEs is primarily affected by motives and social mission. Resource allocations vary significantly across different entry modes (Casillas and Acedo, 2013). For instance, franchising requires lower resource allocation from the headquarters compared to joint venture, or wholly owned subsidiaries which necessitate extensive facility investment and human resource (Melen and Nordman, 2009).

Social enterprises’ refinement of employment structure, allocation of staff, purchase of machineries and equipment, and finding office space (depending on entry mode) are considered final stages of host-country set-up processes. Please see figure 17 for SE’s start-up diagram (host-country).

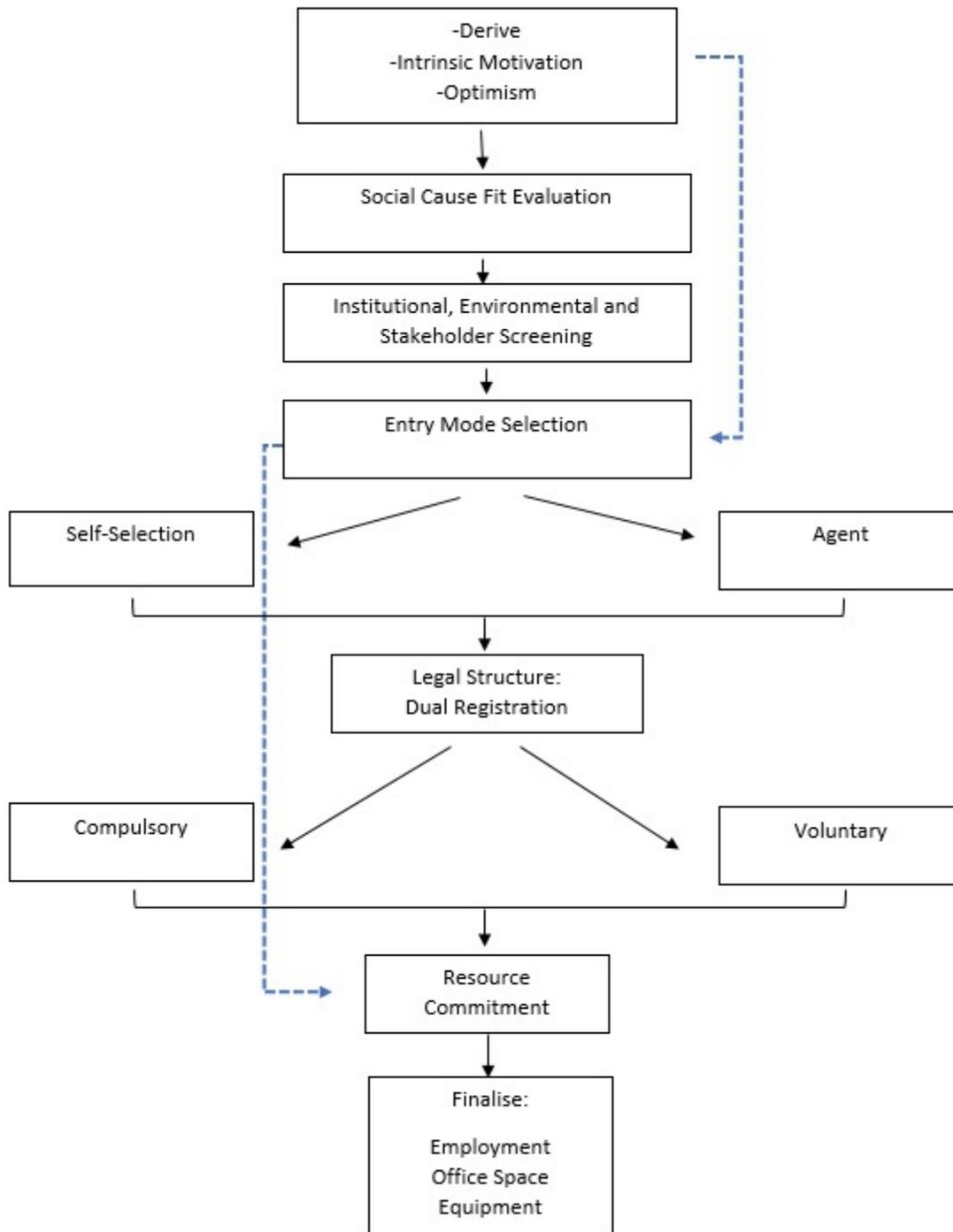


Figure 17: SE's Start-Up Diagram (Host Country)

7.3. Entry Mode Selection (Social Mission Control and Commitment)

The data shows that entry modes used by social entrepreneurs are very different from one another in many ways. The main characteristics that make the entry modes different are social objective urgency, control over social mission, and governmental support.

However, in commercial entrepreneurship three characteristics that can greatly make the entry modes different are amount of resource needed to operate, the amount of jurisdictional control both from the home country and the foreign country, and the level of risk associated with each mode (Daft, et al., 2010).

Social objective urgency refers to the importance of social objective which defines how immediate a social enterprise must act to internationalise. For instance, there are many social enterprises which are specialised in responding to crises which requires immediate humanitarian response. These include natural causes such as tsunami and water shortage, political crises, war situations, or health crises such as Ebola virus outbreak. The data indicates that social enterprises in this sector have strong ties with international organisations such as International Organisation for Migration (IOM), Oxfam, Doctors without Borders, and Red Cross. These organisations are mostly funded by United Nations (UN) development programs and have been involved in cross border activities since 1955, therefore, their expertise in foreign country entry and operation along with established networks, come to great help for social enterprises with urgent response strategy. These SE's usually tend to enter the foreign markets with non-equity strategic alliances, mainly licensing.

“Our water aid project was fully backed by IOM in terms of distribution, this was a great support as our licensing agreement didn't include distribution of bottled water to the affected zones, and we really needed a swift distribution help... While IOM was delivering temporary tents, cloths, and food supplies, they were including our bottled water in their deliveries which we had pre-arranged with them” – Clean, UK.

For instance; C2's entry into Bangladesh via licensing was to respond in water shortage crisis which caused Bangladeshi's poor communities life threatening issues, moreover, the high number of migrants from neighbouring country Myanmar

due to war and political problems provided the SE with strong reasons to stay in the country and continue the operation. The data indicates that social enterprises with emergency response models lack some tactics and methods which consequently causes inefficiencies during operation from time to time.

According to Fraser (2017), creation of emergency readiness strategy and planning must be responsive to potential risks and availability of ability to handle those risks. A precise and practical risk assessment is compulsory to match organisation's internal capacity with. Organisations can utilize a wide range of risk assessment frameworks to improve their emergency response and readiness.

Moreover, organisations use various tools to create urgent response plans. The outcome of plans will be different from one environment to another because of the varying risks and capacities in different regions. It is vital that emergency readiness plans within and between sectors are paralleled so that they don't cause duplication or fragmentation. The planning should take place with coordination of stakeholders and assure effective and timely communication in place.

Fraser (2017) believes that implementation of such plans requires a number of factors. The commitment of stakeholders to emergency preparedness is essential to measure the success factor. Required resources should be ready for use in order to put the action plan into practice in short notice, and most importantly is limiting the time of plan development and implementation to keep the emergency response promise. Finally, the dynamic nature of emergency preparedness requires frequent evaluation and correction of overall planning, capabilities, and resources.

Organisations must be ready to adopt their capabilities and resources urgently in case adjustments take place in the action plan or the entire plan changes due to prioritization of a new emergency. Please see figure 18.

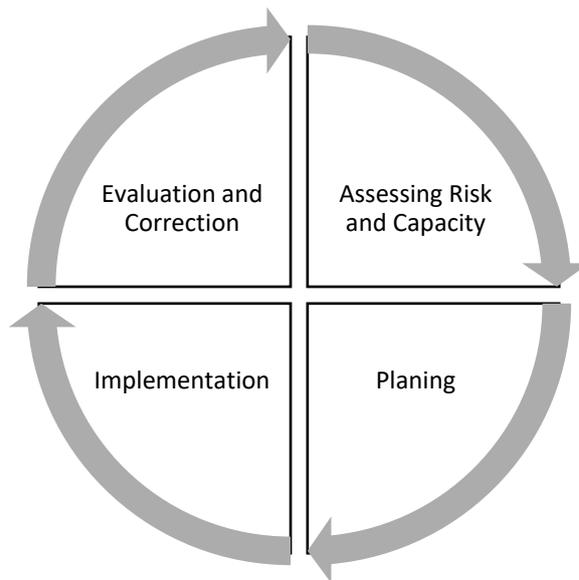


Figure 18: Emergency Preparedness, Fraser (2017).

Furthermore, social enterprises such as C16, C18, C5, and C6 are operating to resolve substantial social issues such as poverty, agricultural, education, and health but they are not considered emergency response social enterprises, therefore, they follow a more stable action plan and tend to select equity entry modes.

The second characteristic which makes distinction between entry mode selections for social enterprises is control over social mission. The data indicates that social enterprises perceive their control over social mission as a very important factor. This is the ability of the social enterprise to assert control over the social objective values and the social strategies which define the organisation. The concern of loss of control among social enterprises rises when they plan to extend their social objectives to another country, specifically via non-equity alliances and also equity alliances to certain extent.

“Despite the advantages that we receive through our licensing agreement with our Nigerian licensee, we have witnessed on multiple occasions that our social welfare objectives and core values are not handled well by our licensee. For instance: our supervisory team found out that the software and educational tools which were meant to be donated to local schools and communities, were being sold in black market” – C3’s Senior Manager, Nigeria.

The data reveals that there is a strong relationship between social mission control and SE's commitment, this commitment is predominantly the extension of managerial and financial means in the host country.

According to data, franchising and licensing are equally lowest in terms of commitment, joint venture and subcontracting fall just below average but still considered low commitment, however, social enterprises highly commit their capital, skills, and other valuable assets via acquisition and greenfield modes such as C16 and C17 case studies in previous chapter, and also C14, C15, and C18.

Interviewees which had selected wholly-own entry modes justified their selection by control over social mission. C17's founder explained SE's entry mode and operational framework a safeguard for SE's social mission. He believes that the only way to insure that the social objective remains pure and aligned with SE's mission is to be in charge of planning, operation, and improvements, unaccompanied and as one entity without partner. Despite, C17's location on the figure below is not to the highest position in terms of social mission control and this is due to the fact that in green-field mode social enterprises hand-in the manufacturing unit to locals after a specific time. Therefore, the SE is in full control until they are in charge of manufacturing unit, but as soon as locals are put in charge social mission control is decreased. While joint venture and subcontracting have average social mission control, the data reveals that acquisition is the only entry mode that delivers maximum social mission control for the social enterprise Please see figure 19.

"It depends, if your social mission is the heart of your organisation and everything else revolves around it then you can't operate in a new country risking all your core values by partnering with a commercial business whether it's a joint venture or any other kind of partnership... as per your term, our green-field structure gives us enough assurance and peace of mind that we will continue as a social enterprise and implement our social mission the way we want it" – C18's Director, UK.

Moreover, despite the fact that licensing and franchising deliver low social mission control, some social enterprises use tactics to overcome this. For instance, C1 entered India using licensing, however, the licensee could only be a social

enterprise. The SE believes that social mission control is extended more purely via a social enterprise licensee compared to a commercial one.

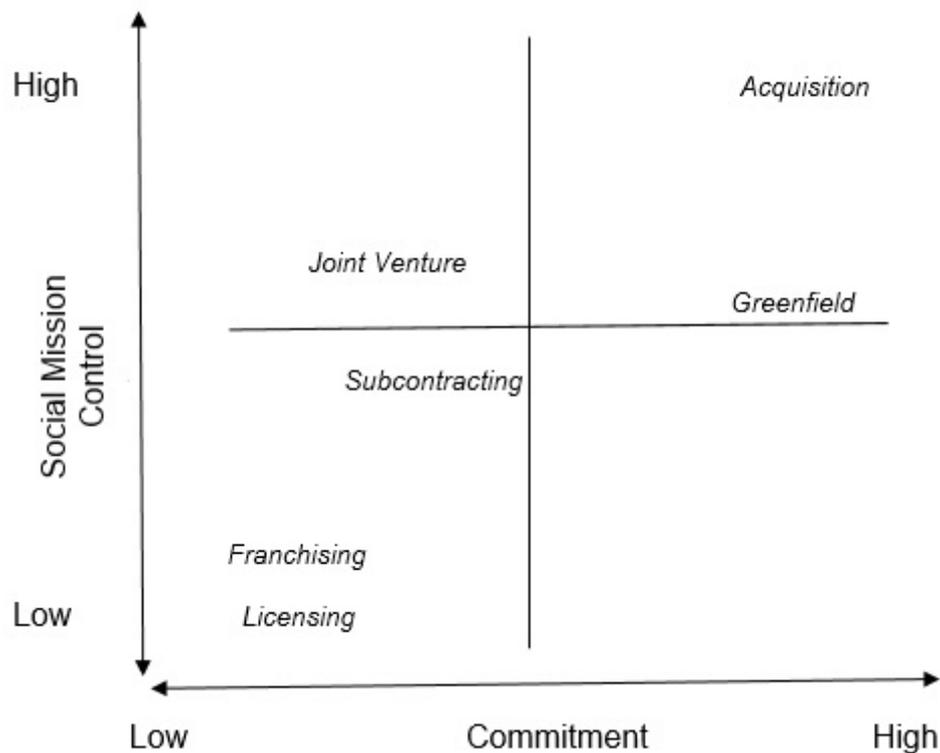


Figure 19, Social Mission Control vs Commitment

It is interesting to note that SE’s joint venture entry mode is formed in a way that the social enterprise has more power and control over the partner regardless of equity which is agreed upon in the joint venture agreement, same as C12’s case study in the previous chapter. The joint venture partner is selected to function in a specific section and not to be part of core decision making processes.

“Our joint venture partner can’t decide or change or social objectives, they are selected just for a specific function” – C12’s Founder, UK.

However, commercial joint ventures suggest that equity of 50% gives shared control for two partners and when the equity of one entity increases compared to the other one, the entity with larger equity share will have more control. On the other hand, informal control increases when an entity in the joint venture possesses a unique quality such as know-how, information, or intellectual property that the other partner doesn’t (Meyer, et al., 2009).

The third characteristic that contributes to differences in entry modes is the governmental support. The data reveals that SE's "social orientation" trait carries benefits when approaching host country government for cooperation and different resources. As the founder of C18 experienced, the government is mostly accessible, but it is upon the SE to seize the right chance and utilise the right resources.

Likewise, C8, C11, C14, and C17 openly explain their acknowledgement of the host country administration's assistance in regards to preferential regulations, and simplifying the legal structure registration processes. According to C15, government's help is very crucial for the success of the development stage of the SE in the host nation, however, receiving governmental assistance means functioning in-line with local government's preferred regulations and anticipations which causes the SE to become excessively impacted by government and as a consequence lose its independence and social project plans.

"We had chosen our impact locations based on our surveys and data, but Uganda's government institutions specifically educational departments were trying to change our decision on our pre-selected locations to provide the free meals"

According to the founder of C18, local governments usually help SEs that solve a societal need that is important for the government, when that specific need is completely fulfilled the government can terminate its support which can result in SE's failure if they have very high dependency on government.

C10 reveals that when the SE wanted to extend its infant warmer lines into Nepal, the local government required the SE to manufacture in a cooperative arrangement with a local public firm, in other words, it was a trade of technology transfer for market access.

In some instances governments prepare a favourable environment for social enterprises to enable them for the conduct of their tasks. This is mostly done when the SE's project is solving a problem that the government requires help in and hasn't been successful in the past to solve it. The government often remove taxes, provides securities, and offers incentives in such instances (Bugg-Levine, 2012).

The data indicates that social enterprises' dependency on government decreases when moving from non-equity entry modes to wholly-own entry modes. Meaning that social enterprises which select licensing as an entry mode require more governmental support compared to the ones which enter a foreign country using green-field mode.

For instance; C3's entry in Nigeria wouldn't have been possible without government support as the SE heavily depends on governmental telecommunication platforms in order to operate its SMS and online based educational programs for the public. In return, the SE's advanced technology helps the government with their electoral activities.

“Our operation was fully dependant on Nigerian’s standardized telecommunication protocols... combination of their [government’s] platform and ours, established an advanced electoral method as well” – C3’s Senior Manager, Nigeria.

On the other hand, C17's entry into Ghana was fully dependant on SE's capital, equipment, know-how, and social network links. Please see figure 20.

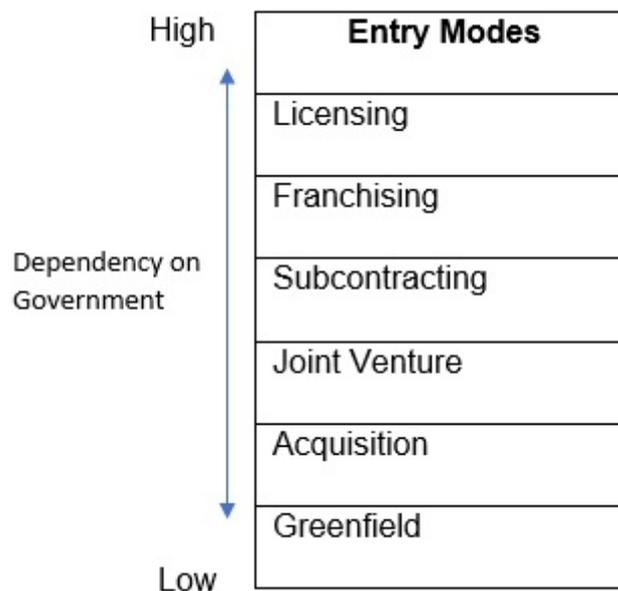


Figure 20, Entry mode dependency on government.

From a home country perspective, The UK has been the leader in supporting social enterprises, these supports have been based on the perception that the SEs contribute to social welfare. However, while UK government's supportive policies help growth of SEs nationally, many SEs seek further help to enable their international ventures which the UK government cannot grant as the benefit of the venture goes outside national territory. This is the main reason that social enterprises develop connection with potential supporters and government in the host country and pitch their socially beneficial products and services.

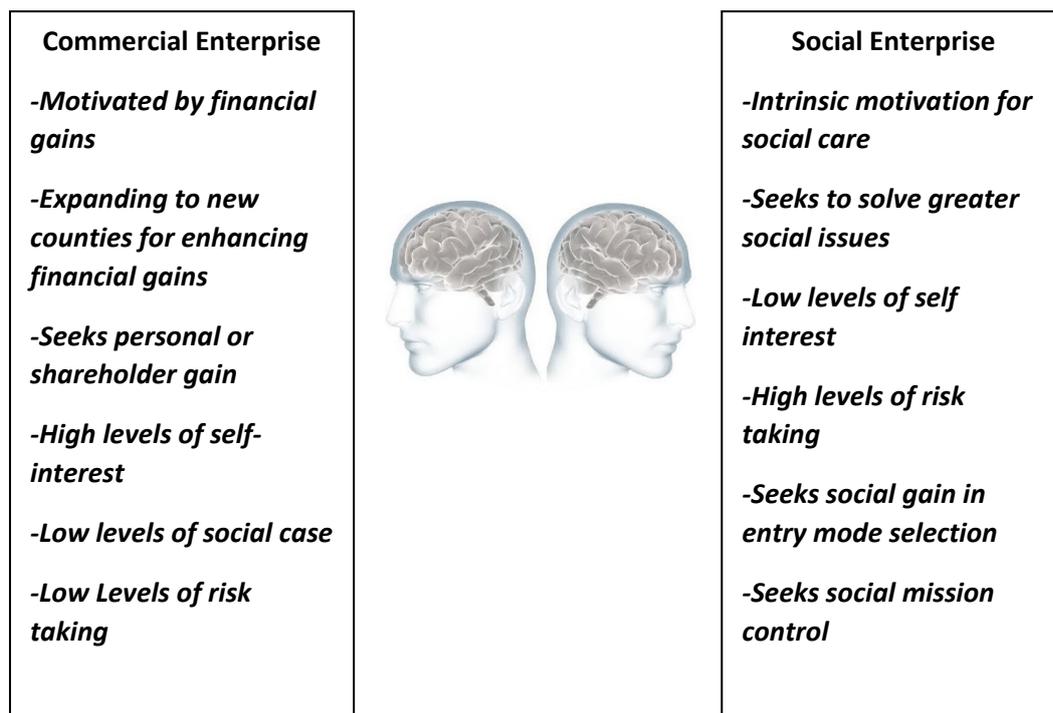


Figure 21: Concluding Comparison between International SEs and CEs

Figure 21 concludes this chapter by reviewing social enterprises' main characteristics in this study in comparison to those of the commercial enterprises. The last three chapters emphasised on the intrinsic social enterprise motivation towards their social mission as well as expanding their operation. This was evident from their overall operational framework as well as their lack of interest in financial gains as a mean for self-prosperity. Motivations are aspects that strengthen human behaviour (Atkinson, 1964; Steers et al., 2004). According to Borzaga (2010), 'motivation of leaders of social ventures is a function of their conviction, self-confidence, and extroversion'. Another driving motivation is to create a transformation and to assist communities (Renko, 2012).

On the other hand, commercial enterprise managers are motivated by relative weight of money. Majority of general compromise exists that money does have a strong contribution to the level of motivation in businesses. However, Herzberg's theory of motivation argues a two factor perspective where parallels with Hierarchy of needs from Maslow could be seen. Herzberg argued that the first two level of hierarchy theory are hygiene aspects, meaning that they are demotivating if non-existent but are not strong motivators when present. He saw Maslow's needs motivator factors and recommended they can motivate employees to better performance. Herzberg also noted that in long term money isn't a better motivator than performance, especially with straight salary (Malik and Naeem, 2013).

This thesis confirmed in the previous three chapters that social enterprises on majority basis expand to foreign markets for solving social issues that are more important than the ones in home country, this was despite the fact that the decision was making their social mission extra challenging and was adding to their costs as well, but their low level of self-interest allowed them to make those decisions.

On the other hand, commercial enterprises expand their operation to foreign markets to increase their overall revenue. Business recently argue that customers are global and they see it as a success factor to serve them wherever they are and by doing so add to their financial gain (Apfelthaler, 2016).

The research indicated that SEs' pure social mission emphasis drifts them away from considering risk of entering a new market as an important factor. They seem to enter new markets despite the ambiguities involved. However, commercial businesses tend to run a comprehensive risk assessment before entering a new country. They tend to obtain information regarding regulatory aspects of the country, local market, customer demographics, and the remaining major internal and external assessments (Mason, 2014).

When it comes to selecting entry strategies and entry modes, social enterprises put importance on factors such as social mission control and the assurance that the entry strategy delivers the perceived social objective. In contrast, commercial businesses tend to select an entry mode which is the most profitable and provides them with ideal economies of scale and scope (Polkinghorn, 2016).

8. Chapter Eight (Conclusion)

This chapter summarises the research. The chapter is organised to initiate with a conclusion of the study and then present the research contributions and implications for institutions and public. Moreover, the chapter will present the research limitations and recommendations for future studies in the field.

8.1. Research Summary

Social entrepreneurship has been practiced for a long time now, however, it has gained its popularity in the recent. Some argue that social entrepreneurship was being practiced before the theory. The social entrepreneur term was introduced 1972 by a scholar named Banks (Nicholls, 2006), according to him, businesses could employ some managerial frameworks to solve social issues. The need for research into the topic by governments and academics started in 1990 and with a special interest of the media in 2000. Italy for the first time established a relevant for social enterprises and has been credited for it. United Kingdom government introduced the Community Interest Company in 2004 as a legal structure to help social enterprises with the desire to spend their profits for social causes (Nyssens, 2006).

Despite that, the social enterprise field is still in a developing phase. After reviewing the existing literature in the field, the study identified the research gaps which were essential for shaping the structure of this research. It was especially noticed that previous research had focused on resource dimension and non-profit division and very little attention was paid to internationalisation ventures of social enterprises.

It was indicated by Zahra (2008) that innovative products and services which social enterprises introduce locally or nationally, often get extended in other territories and can be replicated internationally. Expansion of microfinance phenomena throughout the world was a good example which has recently reached nearly 80M customers globally (Rhyne 2010). Therefore, social enterprises have deep effects in the global economic system by forming new industries, introducing new business frameworks, and bricolage resources to solve social issues.

Despite that, Mair and Marti (2006) argued that Epistemological and ontological gaps are evident in the research on international social entrepreneurship and consensus

don't exist on how social enterprises should be researched from a performance perspective.

Therefore, the focus of this study was on social entrepreneurship ventures in an international scale. The study attended to investigate the entry modes used by social entrepreneurs in order to increase their geographical reach across geographies of developing countries. The research consequently extend the investigation of Zahra (2008) in regards to globalization of social enterprises and resource scarcity.

The overall aim of the thesis was to develop an understanding of international social enterprises and assess their entry modes into foreign countries in three stages of pre-entry, entry, and post entry. The multidimensional research question addressed was: Which conditions motivate and result in social enterprises' international expansion, and which international entry modes are selected by social enterprises and why they select that method.

To support the research, below research objectives were proposed:

- To critically review the current literature on social enterprises and examine how the literature captures internationalisation of social enterprises. This will enable the development of a conceptual model to categorise social enterprises' entry stages.
- To understand and identify the drivers and supporting factors for the choice of entry modes from non-equity to equity models.
- To understand the role of formal institutions and supporting organisations at the post-entry stage and their relationship with social enterprises.
- To identify the main competencies that enable social enterprises to overcome resource constraints from a bricolage.

The first research objective was addressed in second chapter which resulted in development of conceptual framework for internationalisation of social enterprises in three stages of pre-entry, entry, and post-entry and presented in chapter 3. Chapter 4 was concerned with research methodology which were shaped to accomplish

objectives of the research, the chapter justifies the methodological choices and explains their appropriateness to the study, and the chapter also introduced the social enterprises used for this study as cases or units of analysis. The data was collected from social enterprises' UK based founder, co-founder, or management, and also from their international branch managers via cyber channels using semi-structured interviews.

Chapter 5 started presenting the findings in a case study format. Six case studies were presented, each case study representing one entry mode. The case studies started with an introduction of the entry mode from social entrepreneurial angel, then introduction of the social enterprise, their partner in the host country (if alliance mode), followed by their pre-entry analysis, entry into the foreign market, and post-entry factors. The findings revealed that six main entry modes were popular among social enterprises which were; licensing, franchising, subcontracting, joint venture, acquisition, and green-field.

After chapter 5 captures the realities and operations of the social enterprises in case studies, chapter 6 answers to the propositions formed in chapter 3. The propositions were:

Proposition 1. Social entrepreneurs have intrinsic motivation to solve social issues irrespective of the geographical location of the issue.

Proposition 2. Internationalization of social enterprises is due to their impulse to solve greater causes compared to those of their home country.

Proposition 3. Social enterprises form strategic alliances with organisations which demonstrate social value creation in their operations.

Proposition 4. Social enterprises with essential-need products and services internationalize soon after foundation and enter into remote areas.

Proposition 5. Social enterprises' entry mode decision originates from absence of accurate and tested internationalisation data on topic.

Proposition 6. Social enterprises select an entry mode based on anticipated social change comparison.

Proposition 7. Low awareness about social entrepreneurship activities among host country public, government, financial institutions, and foundations causes inefficiency.

Proposition 8. Social enterprises perceive competition in the host country as a positive factor as all social enterprises have a shared mission of increasing social welfare.

Proposition 9. The success of a chosen entry mode is measured by achievement of the targeted social change in the host country.

Proposition 10. Social bricolage is considered a strategic approach in increasing resourcefulness and enhancing the success rate of internationalisation venture.

The data revealed that from the total of ten propositions in this study, seven propositions were accepted, two propositions were not accepted or rejected, and one proposition was rejected. Chapter 7 started with a brief cross comparison of main subjects generated from findings, with related theories of internationalization of social enterprises and internationalization of commercial enterprises. The themes which were created from findings got divided into three distinct parts of internationalisation and market selection, market entry strategy, and entry mode selection.

The data indicated that social enterprises which select their market where the demand is high for their product or service usually have a low demand in their home country. Therefore, they chase foreign markets in order to extend their social objective abroad. A similar pattern of internationalisation was introduced by Vernon (1966) called Product Life Cycle theory (PLC). The theory suggests that a product's market entry into a foreign market is the result of its position in the home country.

Second group of SEs divided the countries into developed and developing categories and then pick the regions which have the biggest social issues. The third group of SEs in this section were the ones which selected their market and internationalisation format based on the urgency of the social problem which they want to solve.

These social enterprises internationalised their social projects from the foundation, they do not start with domestic market for some time and gradually plan for

internationalisation like some other social enterprises. This type of social enterprise shares common characteristics with the so called Born Global commercial firms. According to Sharma and Blomstermo (2003), born global enterprises internationalise into foreign markets from inception.

Following, entry strategies of interviewed social enterprises were discussed. The SE's which selected their entry strategy through personal links and social networks had very close characteristics to entrepreneurs identified by Sarasvathy and Dev (2005) in self-actualization theory and also by Axelsson and Easton (1992) in network theory of internationalisation. Following, the SEs influenced from absence of data were discussed in reference with social capital theory of Jones and Coviello (2005) and incremental decision making theory of Carlson (1966). Lastly, SEs which selected their entry strategy by agent selection were discussed.

Entry mode selection decisions were based on five different factors: SE's selected their entry mode based on anticipated social change comparison, they selected their entry mode based on control over social mission, they select their entry mode due to their dependency on external funding, they select their entry mode due to their dependency of foreign market government, and finally they last group decide on their entry mode based on their special requirement.

In addition, interviewed social enterprises' start-up and registration was comprehensively discussed both from home and host-country perspectives in conjunction with the related literature. Following, entry mode selection of interviewed SEs were discussed from social mission control and commitment perspectives.

8.2. Research Contribution

This study is one of the few thorough and academic researches into the notion of social enterprises from international perspective. The unique outcomes of this study contributes to social entrepreneurship, social enterprise internationalisation, social bricolage, effectuation theory, social capital, and network literatures.

In contribution to the development of social entrepreneurship arena, the identified gaps in the literature were addressed. Initially, after reviewing the present literature on social enterprises it was clear that academic literature had recently started to grow from the vast amount of past studies being conceptual.

Only In recent years the studies have been moved more towards empirical approaches, the conduct of this study contributes to this empirical movement. Then, review of extant literature exposed that social entrepreneurship recently has been focused on from a domestic perspective, and very little research carried out from international standpoint (Zahra et al, 2008).

By choosing to emphasis this social entrepreneurship study on internationalisation of social enterprises, i.e. studying the entry modes used by social enterprises from a three stage angel, which contains a large number of social enterprises in the UK, this research develops understanding within a large and growing phenomena. Original contributions made in this area include identification of market selection motives behind SE's internationalisation, identification of market entry strategies by social enterprises, and discovering the reasons behind entry mode choices.

The study also contributed to the social enterprise motivation literature, the study found that social enterprises have a strong intrinsic motivation to solve social problems regardless of the location of social issue, these types of social enterprises were also classed as low risk-averse where they select their entry mode based on the anticipated social change and not the perceived risk assessment. By enhancing the knowledge on the above elements this study has also responded to call for explicit investigation on internationalisation of social enterprise from Sharir and Lerner, (2006) and call for investigation into developing country social enterprises from Wang et al (2015).

Other contributions comprise of the creation of two models explaining the social enterprises from start-up to operation from both home country and host country views. Despite that, another contribution is the discovery of SE's dual registration as an opportunistic behaviour to increase their resources which adds to the social bricolage literature by Baker and Nelson (2005).

Moreover, an improved knowledge of internationalisation of social entrepreneurship will help policy makers to employ adaptations or re-definitions in the sector to facilitate an easy and clear internationalisation structure for social enterprises that desire to have global impact.

The findings of this research will also help social entrepreneurs from individual level to organizational scale to better realize their opportunities of global reach by understanding the internationalization techniques, specifically entry modes and the ways of utilizing them.

8.3. Research Limitations

One of the main limitations experienced during this research was the richness of data available to the researcher at the time of fieldwork. At first it was anticipated to interview between three to four people in each social enterprise during data gathering phase. The plan was to interview two people in the UK and two people from SE's international office in the host country via telephone or skype. But unfortunately, difficulties were found in gaining access to host-country managers to investigate SE's operation from a triangular aspect. It was seen that not all UK managers liked to grant access to interview their staff in other regions and not all international employees and managers preferred skype interviews.

As a method of solving this challenge, the researcher tried to become more flexible in the way data was being collected. Many overseas interview candidates didn't have access to skype or social media communication means therefore telephone interviews replaced that. Due to high costs of overseas telephone shorter interviews were conducted and additional data was agreed to be sent by email.

Moreover, while it might be stressed that the sample size for the study of six entry modes of social enterprises in this research might be limited, theoretical saturation paradigm was viewed as an instruction for the quantity of semi-structured interviews needed to be collected, in answering the required number of interviews Bunce and Johnson (2006) suggest that saturation can happen in as little as 12 interviews to enable construction of meaningful themes.

Despite that, Weller (1986) argues that a small sample size of 4 could be satisfactory to present reliable outcomes. Hence, putting all these factors into consideration, the researcher decided to initially interview the social enterprises' co-founders and founders themselves as the main priority followed by the few overseas managers and staff to ensure that the findings were enrich and data saturation was achieved.

Another limitation for this research was interviewees' knowledge and information regarding basics of internationalisation terms and concepts. This caused some of the interviews to take a longer time than anticipated as the researcher needed to explain some of the terms and definitions in very simple terms in order to receive a relevant response from the interviewee.

8.4. Future Research Recommendations

This research of internationalisation of social enterprises takes more of an inside angle as it pursues the motivational factors affecting entry selection, or social mission of the SE leading to expansion. However, for an all-inclusive understanding of social enterprise internationalisation to be met, an external perspective that considers the wide environment should accompany this research and help in obtaining an even more vigorous knowledge of the topic. For instance, it was noticed from the data that challenges posed on social enterprises were coming more from their external environment.

Moreover, while the study did not intend to investigate the relationship of the local institutions of a foreign country with a guest social enterprise, the data indicated that international social enterprises suffer from instructions of local governments to shape their social mission towards their objectives in return of facilitating "must do" basic infrastructures. This area can be researched more to identify the key factors that would aid a pure and successful operation without interference on SE's social mission. Despite that, it was mentioned by some interviewees that social enterprises value their moral structure and follow it more than their legal structure, this can be another interesting comparison study to add to the knowledge of social entrepreneurship.

Many researchers label social enterprises as having double bottom line which is the social and financial focus. Whether social enterprises see profit as a tool for reaching social objective, or regard it's inherent value, SE's double bottom line objective is set up to insure their social mission success (Dees and Anderson, 2003). However, this study found that there are some social enterprises which have triple and even quadruple bottom lines. It is important to investigate what conditions lead the SE's purpose to become multidimensional.

Applying other theoretical frameworks to this area of research can help the advancement of this field. According to Cummings (2007), data authenticity is more achievable when research questions are based on theories. After reviewing the literature on internationalisation of social enterprises it can be seen that theoretical richness is lacking and the researcher of this study believes that future studies in this field need to focus more on introduction of explicit theoretical frameworks in the area.

Appendix 1

Content Analysis Table Part One (C1-C9)

	C1 Eco-Project	C2 Clean	C3 Social-Tech	C4 Well-Ex	C5 Olive	C6 Alfa Consult	C7 White Trade	C8 Delight	C9 Clear Vision
Pre-Entry Stage	CIC SE Intrinsic initial Extend to genuine unfortunate Increase employment (dis, ex-off, dis-ad-grs)	CIC SE Intrinsic initial Extend to genuine unfortunate Immediate response	CIC SE* Intrinsic initial Extend to larger audience	CIC SE Intrinsic initial Global awareness	CIC SE* Personal circumstance initial Market creation Personal attachment led	CIC SE Sector change initial Knowledge expansion	CIC SE Intrinsic initial Increase fairness in trade Social & enviro standards	CIC SE* Sector change initial Extend to genuine unfortunate	CIC SE* Intrinsic initial Extend to genuine unfortunate
Pre-Entry Stage	Past Experience: Intensity= Ex Recentness= Relevance= Resource ownership: Own< high access to 3 rd party resources	Past Experience: Intensity= N.E (franchising) Recentness= 10ys Relevance= N (Charity) Resource ownership: Own< high access to 3 rd party resources	Past Experience: Intensity= N.E (online) Recentness= 7ys Relevance= Y (SE) Resource ownership: Own	None Resource ownership: Own< high access to 3 rd party resources	Past Experience: Intensity= Ex Recentness= Relevance= Resource ownership: Own	None Resource ownership: Own Resource ownership: Own	None Resource ownership: Own> Moderate access to 3 rd party resources	None Resource ownership: Own> high access to 3 rd party resources	Past Experience: Intensity= N.E (franchising) Recentness= 6ys Relevance= Resource ownership: Own> high access to 3 rd party resources
	Motivation								
	Market Selection Influencing Factors								

	C1 Eco- Project	C2 Clean	C3 Social- Tech	C4 Well-Ex	C5 Olive	C6 Alfa Consult	C7 White Trade	C8 Delight	C9 Clear Vision
	CIC SE Existence of SE infrastructure	CIC SE Existence of primary data on the social issue	CIC SE* Existence of primary data on the social issue	CIC SE Existence of primary data on the social issue	CIC SE* Company Tradition	CIC SE Prior (other) SE operation	CIC SE Public's industry specific knowledge	CIC SE* Public's industry specific knowledge	CIC SE* Existence of SE infrastructure
	Host spec Past Journey	Host spec Expedition	Host spec Expedition	Host spec Expedition	Host spec Inborn	Host spec Expedition	Host spec Expedition	Host spec Expedition	Host spec Expedition
	Partner S Social networks	Partner S Social networks, personal links	Partner S Agent	Partner S Agent	Partner S Personal networks	Partner S Personal research/ approach	Partner S Personal research/ approach	Partner S Agent	Partner S Agent
	Regulatory Registration: Required SE	Regulatory Registration: Required Not-for profit	Regulatory Registration: Voluntary	Regulatory Registration: Required Charity	Regulatory Registration: Required Not-for-profit	Regulatory Registration: Required SE	Regulatory Registration: Voluntary	Regulatory Registration: Required Not-for-profit, SE	Regulatory Registration: Required Not-for-profit
	Scrutiny of info on the internet Low risk-averse	No risk-averse	Scrutiny of info on the internet Low risk-averse	Scrutiny of info on the internet Low risk-averse	Scrutiny of info on the internet Risk-averse	Scrutiny of info on the internet Low risk-averse	Scrutiny of info on the internet Low risk-averse	Scrutiny of info on the internet Low risk-averse	Scrutiny of info on the internet Low risk-averse
	Anticipated social change comparison:	Anticipated social change comparison:	Anticipated social change comparison:	Anticipated social change comparison:	Anticipated social change comparison:	Anticipated social change comparison:	Anticipated social change comparison:	Anticipated social change comparison:	Anticipated social change comparison:
Pre-Entry Stage	Information & Knowledge								
Pre-Entry Stage	Entry Mode Selection Influencing Factors								

	C1 Eco- Project	C2 Clean	C3 Social- Tech	C4 Well-Ex	C5 Olive	C6 Alfa Consult	C7 White Trade	C8 Delight	C9 Clear Vision
	CIC SE Ease of set up, short run Barriers Distribution access Customer allegiances	CIC SE Ease of set up, immediate return, short run, Barriers Awareness issue among banks/support orgs of SEs	CIC SE* Inaccuracies and obsolescence of data for comparison Barriers Awareness issue among banks/support orgs of SEs Customer allegiances Non-equity alliances	CIC SE Inaccuracies and obsolescence of data for comparison Barriers Customer allegiances Non-equity alliances	CIC SE* Inaccuracies and obsolescence of data for comparison Barriers Awareness issue among banks/support orgs of SEs Distribution access Non-equity alliances	CIC SE Convenient expat arrangement, short run Barriers Red Tape Customer allegiances Non-equity alliances	CIC SE Inaccuracies and obsolescence of data for comparison Barriers Awareness issue among banks/support orgs of SEs Customer allegiances Non-equity alliances	CIC SE* Fast return, long term Barriers Customer allegiances Distribution access Non-equity alliances	CIC SE* Fast return, long term Barriers Awareness issue among banks/support orgs of SEs Non-equity alliances
Entry Stage	India (Gurgaon and Pune) SE-to-SE	Bangladesh (Dhaka) SE-to-general public	Nigeria (Abuja) SE-to-general public	Maldives (Male) SE-to-general public	Palestine Closed loop	Lebanon (Beirut) SE-to-SE	Sri Lanka (Colombo) SE-to-CE	India (Multiple) Final product Host country use only	Venezuela (Caracas) Final product Host country use only
Entry Mode	Host Licensing	Host Licensing	Host Licensing	Host Licensing	Host Franchising	Host Franchising	Host Franchising	Host Subcontracting	Host Subcontracting

Appendix 2

Interview Questions

- ***(SE's Name) Introduction***

- Tell us about (SE's Name)? How does the organization look like? How is (SE's Name) work organized?
- How would you describe (SE's Name) main objective and function?
- How do you explain social entrepreneurship?
- Which traits characterize a social entrepreneur?

Pre-Entry Stage

- ***Social entrepreneurship (from (SE's Name) perspective)***

- Please describe your motivations or the driving force to become a social entrepreneur.
- How do you differentiate a social entrepreneur from a traditional entrepreneur?
- Are there any specific personal characteristics that are common among social entrepreneurs?
- How did you decide to internationalise in (Country Name) and not another country?
- Do you believe that the context and background of the social entrepreneur affect his or her initiative? Can you see any patterns among the entrepreneurs in (SE's Name) network (Background, experience, knowledge)
- From your perspective, what has contributed to the great emergence of social entrepreneurs today?
- How do you describe your dependency on funds and donations? What is the process?

- ***Networks***

Info: (A social enterprise network is consistent of interconnected social enterprises for the purpose of ease of communicating opportunities, issues, and trending societal matters. A popular social enterprise network is GSEN)

- When you internationalized to (Country name) did you have an established relationship?
- How do networks affect your expansion? Business and social networks/connections?
- According to your international operations experience, do you think use of social networks helped you accomplish more joint actions and other forms of partnerships than you could do by yourself?

Entry Stage

- ***International social entrepreneurship among social enterprises***

- How do you present your social enterprise in the host country?
- Is it common that social entrepreneurs establish operations in foreign markets?
- Were there any external or internal forces to shape your entry choice?
- Does foreign establishment commonly occur in an early stage or when your social enterprise is older and well established?
- Can you see patterns in the choice of which markets the social entrepreneurs enter and when they decide to engage in international operations?
- How do social enterprises commonly establish in new foreign markets (e.g. licensing, joint ventures)? Why?
- Do you believe that the societal problem addressed by the social entrepreneur per se affect choice of location/market and what strategy that is used for establishment abroad?
- Before the company entered the foreign market(s), did you have any internationalisation experience or specific foreign market experience?
- From entering new markets to increase sales, to reducing social problems in foreign markets, how do you explain your internationalization motives?

Post-Entry Stage

- ***Information and Social Change***

- How long have you operated in the host country?

- What is your legal structure in the host country after entry?
- Did you encounter any challenges in there?
- How do you describe your success in the host country?
- Do you think the rivalry among social enterprises is strong in there?
- How do you measure your social impact?

Appendix 3

An Interview Transcript

This interview was conducted by Fahim Ghaus from Delight's (founder & director) and at his premises face-to-face. The interview lasted 48 minutes. Pseudonyms are used to protect anonymity of interviewee, their partners, and social enterprise.

F:

How does your organisation work? What do you do?

D:

Well, starting from the beginning, my friend and I started this social enterprise in June 2006 to make solar products of all kinds for a very affordable price. We first started as a very small project of making prototype solar lamp we didn't have like a workshop and majority of equipment to do this but we tried our best to do what we could at home. I used to work for southern electric as an engineer for around 8 years and I think that was one of the many reasons that I chose to be involved with technological and electrical side of things. I was involved in product development and testing section of the company as well which I think was very helpful for this purpose. I also joined a class which was around entrepreneurial design for extreme affordability which took place in London. The class was mainly running around efficiency technics and renewable energy and solar power etc. so all these together really boosted my motivation to try to design and build solar products which are safe, clean, and also everyone can benefit having them.

Things went well for us and by 2008 we were professional solar-powered electric equipment producer and had a proper production facility as well as large number of customers and now I can say that we are one of the leading solar-powered electric solutions not only in the UK but in the world, of course as a social enterprise.

F:

How do you describe yourself as a social entrepreneur?

D:

I think one of the main characteristics that separates us from other solar-energy producers in the market is that in here we really put our customers first and not only by words. We fit every little detail in our planning to boost customer value. One of the biggest strategies which we has from the start was to reduce the price of solar equipment to a level where everyone can afford it, and at the same time not cutting from the quality.

F:

How does it exactly work? How can you fund your production?

D:

So, when you are registered as a community interest company you are obligated to have a positive social impact integrated into your business. However, our company always tries to go beyond the requirement and take initiative when it comes to providing social value.

Firstly, we always make sure our prices are lower than the rest of the market to an extent which makes a sensible difference, secondly, the profit which we receive from our sales goes back into our projects designed for enhancing solar equipment in deprived communities as we as fund to expand our offerings to more locations, this is of course after we cut our costs. Though, when we expanded into India our social mission got even stronger, from research, to production, to sales, everything was planned towards the local people and their needs. I think social enterprises shouldn't just depend on the requirements of being a social enterprise and try to tick the boxes, I think that would just make them feel lost between a commercial business and a social enterprise, they have to be proactive at every level. If you want to run a social enterprise but you don't have the needed integrity, you should just forget about it, you can never make a successful SE, because you should be able to make very difficult choices that would cost a big chunk of your resources for social objectives.

F:

What motivated you to enter a foreign market?

D:

I think the starting point was when I travelled to India in February 2009 for a visit and also a kind of expedition. During my trip I visited many local communities where they were living in extreme poverty and lacking the very basic living requirements. My visit continued to Madhya Pradesh, Odisha, and Bihar, all the regions I visited had one thing in common; extreme living condition in rural and deprived communities and no access to basic infrastructure such as safe water, food, or any source of energy.

It was at that point when I decided to have a positive impact on those peoples' lives and I thought the best way I could help them was through what I already had in hand, I knew that my social enterprise can take a step and make a massive difference in lives of millions of people who really need us. When I came back to London and had a preliminary discussion with my team, we realised how challenging a difficult this venture could be as none of us had any experience in internationalisation or dealing with any other country than the UK. But for some reason this level of predicted challenge only increased our motivation towards our new social mission. We needed a lot of preparation and planning, I didn't know much about marketing, accounting, or management in general, I also knew that I can't succeed by just (loving it) that's why we made like-minded team to make a difference together.

F:

How did you decide to internationalise into India and not any other country?

D:

The main reason that we selected India as a new market to enter was because of the gap I explained earlier regarding their lack of access to electricity, but also as we have a product which is electrical and some consider it technological, we needed to make sure that communities which we target and the country which we expand in have an open and welcoming gesture towards us. Many poor local communities around the world accept free donation of food or cloths from social enterprises but our offering wasn't anything like that. The communities which we targeted had to have the required knowledge level. Luckily, the Indian market seem to have that acceptance level, after some research we realised that it was not that challenging to introduce a solar lighting or energy producing device to most parts of India and this

was mainly because India is a fast growing technological country and it has really become part of country's culture.

F:

Before and during your expansion in India, were you part of any networks? Or did you use any social or commercial links?

D:

Yes, It is really hard when you never done any business in another country before, and suddenly you have to plan on how to enter another country, how to select different partners and also stay within your social purpose, only thing I could think of doing was networking, and going to so many events, and do promotional work. My partner and I were introduced to global social enterprise network by one of our logistical partners in the UK, this network is really helpful because there are members in the network at every stage, the ones who expanded very long time ago and have a lot of information and also some members which are thinking to expand in future.

We have also seen commercial business which was surprising; many commercial businesses join the network, I think either they want to become social entrepreneurs or they want to help social entrepreneurs. I was and still am a member of social enterprise UK network but I would say the network is good only in the UK, it has a more local focus and their concerns and subjects are predominantly national compared to global social enterprise network.

We also established good relationship with Indian institutions which I personally think of it as a strong enabler of our work in India today. We built our links with the local government and saw it as the most powerful way of finding recognition in India before entering, social enterprises think that once they expand to other places they are recognised and welcomed just because they do-good for the society or have an innovative solution to social issue, but that's not the case. If you don't work on introducing yourself and your social activities you will continue to exist the hard way. Our rather business-like relationship started for the first time in 2010 when we joined the Rural Electrification Conference and introduced our solar products and our pure intention of leaving a positive impact on poor rural communities, the conference was

arranged by India's Ministry of Power and we realised that they are ready to help us because our intention is to help them.

F:

How did you present your social enterprise in the host country for the first time?

D:

In the beginning none of us had any clue on how to expand into the Indian market or look for a partner who would fit our criteria especially in a country which was very different in terms of culture, the list of challenges goes on. However we were recommended by many that we could use agents who are specialised in these things, they review your company and help you with your request, we were also warned by the same people that some agents can take advantage of your lack of information and miss-sell you something, which in a way added to our tension. After doing some research online my partner and I decided on an agent to consult our expansion plan with and know about the regulations and all the technicalities.

The agent was an Indian consulting firm and they were specialised in business relations between UK and India which was perfect for our purpose. This consulting firm helped us with selecting our legal structure and explained how we could benefit from it, explained how to find partners and where to look for them or how to initiate communication with them. After that, still we were struggling to find the right partner and that led us to selecting another agent which through that we selected our partner and our expansion was happening and official. We couldn't think of any other solution apart from using an agency to familiarise us with the market and internationalising elements, even though the agents which we hired weren't specialized in social enterprise internationalisation but still they knew much more compared to us and they knew where to find the right information.

For the first time in India we applied to register as a social enterprise, this was done by an easy online service provided by Ministry of Corporate Affairs, however, since there was no such thing as social enterprise or CIC as in the UK, they registered us as a not-for-profit organisation, but our legal structure was explained similar to what it is in CIC legal structure.

F:

Who was your partner and what were that main agreements on your contract?

D:

Our first partner was an Indian private limited company which was located in Pune. They were specializes in electrical and installation services for domestic and commercial customers, they also offered welding services, door & window manufacturing, and piping in the beginning but after partnering with us they only continued the electric side of their business.

It was December 2011 when we officially signed an agreement to work together around many product lines. The title of our agreement was partnership but they weren't our partners, they were just like a contractor to us. Our operation was designed in a specific way to bring efficiency and also involve our customers in the process of designing the solar products which were the local communities. The main solar components were sent from the UK to local subcontractors in India, these parts were inclusive of different types and sized of solar panels which required stands, frames, installation, and wiring before use.

Our partners would finalize the products which consisted of large & medium size panels for farming and small & medium size panels for home use. The large panels for farms were delivered and installed directly by our partner. But, the medium and small panels were delivered from our partner to local distribution centres and from there to home users and small farmers. All our products had and still have our brand name and it wouldn't change in future either. We had managed to create regional distribution chains of our own and it was a must for every distribution. In 2015 our survey showed us results which we weren't expecting when we first expanded into India, the production was boosted to 67,000 units including solar lanterns (A2 and S3), solar home system (X850 and D330), and solar panels for farms (thermal).

F:

How did you address the social issues through your product and operation?

D:

First, our products were approximately 60% cheaper than rival solar products, many could afford buying the range of products whether they were households or farmers,

on top of that, were donated over 5,000 solar commercial solar panels with free installation to schools and clinics in suburb locations. Our solar solution replaced the dependency on candles and diesel-run lamps which were unsafe and inefficient.

Second, part of our agreement with our partner was that underprivileged members of the society must be recruited and be given equal rights like other workers, we also have a fulltime supervision team assigned to review and make sure the contractors work according to our agreement. We also make sure that the work carried out in the partner's workshops is following our ethical conducts and observe the environmental standards. In terms of transaction between us and our partners, we pay them a flat charge per unit they assemble or finalise. If the unit changes to a different kind the flat charge also changes accordingly, we follow a worksheet method to find production orders with solar panels ready to send to partners, the program will then automatically posts the order charges by the partner as soon as the work is accepted by them with a completion date.

F:

How do you fund such an operation? Do you receive external funding too?

D:

Our profit doesn't only come from sales of the solar products to the poor, the main source of income is here in the UK, we have many big commercial customers in the UK who pay us the premium for our products because they know we are a social enterprise and when they buy from us they become a part of big social mission. More than 50% of all the profit which we receive from all our channels go back into our social projects and reaching a larger number of people.

It is worth mentioning that we also receive financial, distribution, or managerial help from organisations such as UNHCR, Oxfam, and The World Bank. But this is not the same for every international social enterprise because establishing a social enterprise is a risk in the first place, you start something that at the start runs with the help of government or private donations, if they stop their help you don't exist anymore, if you pass that stage and grow to a level that you want to spread worldwide and you already have your own capital, of course you are not afraid of risk in a new country when you think how big of an impact you can make.

F:

How do you measure your social impact?

D:

We measure our social impact by using a data driven approach. We have all kinds of data in hand like sales data, social impact, product evaluation, and customer feedback which provides a comprehensive picture of how energy access changes people's lives. The social impact numbers are calculated from our developing world sales and research from the United Nations and International Finance Corporation. The outcome matches with the global off grid lighting association's standardized impact metrics for the solar energy sector. We also have an impact plan which is based on theories of change around productivity, health, financial freedom, and clean environment. We believe that this way leads our organisation's assessment of the customer experience from purchase of solar system to the long term impact of a better future. As a result of our social mission approximately 80M lives are empowered to date, 140 GWH energy produced from renewable energy source, and 20M School children received lighting, we believe that truthfulness is a major indicator of success to social entrepreneurial projects, achievement of positive impacts are results of and honest and pure social mission.

End of the interview.

After the interview, the researcher kept the communication with the interviewee via emails. Any missing values or questions found in the interview related to the social enterprise were asked and exchanged electronically.

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