



# THE INTERNATIONALIZATION OF SOCIAL ENTERPRISES

A Systematic Review of Literature

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### Abstract

Social enterprises (SEs) hold the potential to solve some of the most pressing global challenges of our time, and are increasingly operating across national borders, creating transformational global movements and improving the lives of people around the world. SEs are undoubtedly becoming important players in society, with approximately one out of four new enterprises in the European Union being an SE. However, extant research is centered on enterprises working within communities, regions, or countries, and there is scant empirical research examining their international operations. Furthermore, while the internationalization processes of purely commercial firms have been studied extensively, the understanding of how this process might differ in the case of SEs is limited.

The objective of this thesis is to gain an understanding of extant knowledge of the phenomenon of the internationalization of SEs. In order to do so, I examine the state of current research at the intersection of international business and social entrepreneurship by conducting a systematic literature review of 183 articles on social enterprises and social entrepreneurship in relevant journals. Through the systematic literature review, I synthesize and analyze extant literature, uncovering the most prominent contributions and theoretical viewpoints in SE research to date. I identify institutional theory, the resource-based view and the network view as the most prominent theoretical approaches used in the literature. However, the review also reveals a dearth of knowledge of the international operations and internationalization process of SEs.

Therefore, I subsequently review insights from international business literature, considering how they may shed light on the identified knowledge gaps. As the main theoretical contribution of the study, I propose a model of the internationalization process of SEs, bringing together the scholarly fields of social entrepreneurship and international business. The proposed model highlights the role of networks of likeminded individuals and organizations, and of the innovative mobilization and use of resources, as well as the substantial influence of the guiding social goal in the internationalization process of SEs.

In addition to synthesizing and analyzing current knowledge and proposing a model of the internationalization process of SEs, I present two illustrative case studies, which provide empirical insights of the internationalization paths SEs may take. In addition, the illustrative case studies highlight areas in need of further research.

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**Keywords** social enterprise, social entrepreneurship, internationalization, systematic literature review

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### Tiivistelmä

Yhteiskunnalliset yritykset toimivat enenevässä määrin yli kansallisten rajojen ja niillä on mahdollisuus osallistua aikamme painavimpien globaalien ongelmien ratkomiseen. Yhteiskunnallisten yritysten merkitys on kasvava, sillä jopa joka neljäs uusi yritys Euroopan Unionissa on yhteiskunnallinen yritys. Siitä huolimatta olemassa oleva akateeminen kirjallisuus on keskittynyt tutkimaan yhteiskunnallisia yrityksiä, jotka toimivat yhteisöissä, alueellisesti tai kansallisesti ja ymmärrys yhteiskunnallisten yritysten kansainvälisestä toiminnasta on vähäistä. Täysin kaupallisten yritysten kansainvälistymistä on tutkittu laajalti, mutta käsitys yhteiskunnallisten yritysten kansainvälistymisprosessista on rajattua.

Tämän tutkielman tavoite on kartoittaa tämänhetkinen ymmärrys yhteiskunnallisten yritysten kansainvälistymisestä. Tavoitteen saavuttamiseksi olen tehnyt systemaattisen kirjallisuuskatsauksen, jonka aineistona on 183 artikkelia, jotka käsittelevät yhteiskunnallista yrittäjyyttä ja yhteiskunnallisia yrityksiä. Kirjallisuuskatsauksella syntetisoin ja analysoin olemassa olevaa tietoa ja tunnistin huomattavimmat löydökset ja teoreettiset näkökulmat yhteiskunnallisen yrittäjyyden kirjallisuudessa. Institutionaalinen teoria, verkostonäkökulma sekä resurssipohjainen näkemys paljastuvat tärkeimmiksi lähestymistavoiksi tutkitussa kirjallisuudessa. Kirjallisuuskatsaus paljastaa aukon siinä tiedossa, joka koskee yhteiskunnallisten yritysten kansainvälistä toimintaa ja kansainvälistymisprosessia.

Seuraavaksi tarkastelen kansainvälisen liiketoiminnan keskeisiä teorioita, kiinnittäen huomion siihen, miten ne voivat täydentää kirjallisuuskatsauksessa tunnistettuja aukkoja tämänhetkisissä tiedoissamme yhteiskunnallisista yrityksistä. Tutkielman päätuloksena luon teoreettisen mallin yhteiskunnallisten yritysten kansainvälistymisestä, jossa yhdistän kansainvälisen liiketoiminnan ja yhteiskunnallisen yrityksen tieteenalat. Malli korostaa saman mielisten verkostojen, innovatiivisen resurssien mobilisaation ja käytön sekä yritystä ohjaavan yhteiskunnallisen tavoitteen roolia yhteiskunnallisten yritysten kansainvälistymisprosessissa.

Sen lisäksi, että syntetisoin ja analysoin tämänhetkistä tieteellistä kirjallisuutta ja luon teoreettisen mallin yhteiskunnallisten yritysten kansainvälistymisestä, tutkielmani sisältää havaintoesimerkkejä kansainvälistymisprosessista. Esitän kaksi tapaustutkimusta, jotka tarjoavat empiirisiä havaintoesimerkkejä yhteiskunnallisten yritysten mahdollisista kansainvälistymisprosesseista. Ne myös korostavat aihealueita, joissa on tarvetta jatkotutkimukselle.

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**Avainsanat** yhteiskunnallinen yritys, yhteiskunnallinen yrittäjyys, kansainvälistyminen, systemaattinen kirjallisuuskatsaus

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## 1. INTRODUCTION

Poverty, disease and environmental degradation are but a few examples of the most pressing global challenges of today, which social enterprises (SEs) may contribute to answering (Zahra, Rawhouser, Bhawe, Neubaum & Hayton, 2008). SEs are becoming important players in society, with approximately one out of four new enterprises in the European Union being an SE (The European Commission, 2015). However, even though SEs are increasingly operating across national borders, creating transformational global movements and improving the lives of people in the most distant of locations (Zahra et al., 2008), extant research is centered on enterprises operating within communities, regions, or nations (Marshall, 2011), and there is scant empirical research examining their international operations. Furthermore, there is no comprehensive review of literature on SEs in an international context, leaving current knowledge of the significant phenomenon scattered and important gaps in our understanding unidentified. The goal of this study is to contribute to filling this void and increasing the understanding of the phenomenon of the internationalization of SEs.

This thesis makes an academic contribution by bringing together the scholarly fields of social entrepreneurship and international business, by providing a much-needed systematic review of literature on social SEs in an international context, by presenting two illustrative cases that demonstrate the different routes SEs may take in internationalizing their operations, and by identifying promising areas for future research. Thus, the study will provide insights with relevance for scholars and SE practitioners alike.

The data I use in this study has been collected as part of a research project on the internationalization of social enterprises, headed by Tiina Ritvala and Rilana Riikkinen of the Aalto University School of Business.



## 1.1. Research gap

In this thesis, I present a much-needed systematic review of literature on SEs in an international context, uncovering both what is known and what remains to be explored in the field. In particular, the review reveals a lack of knowledge of the internationalization processes of SEs: while the process of purely commercial firm internationalization has been studied extensively (e.g. Knight & Cavusgil, 2004; Oviatt & McDougal, 1994; Johansson & Vahlne, 2009, 1977), the understanding of how this process might differ in the case of SEs is limited. Similarly, also Zahra, Newey and Li (2014) have explicitly called for research on how SEs internationalize their operations.

Following the systematic literature review, I develop a theoretical model of the internationalization process of SEs, bringing together the scholarly fields of social entrepreneurship and international business (IB). Thereafter, I explore two illustrative cases providing initial evidence of the internationalization paths SEs may take, paying special attention to key factors of internationalization identified in extant research. The cases illustrate and provide insights into the phenomenon of internationalizing SEs, through examining an SE combatting a global social issue in a developing country context, and an SE working to alleviate a global environmental issue in a developed country setting. Thus, I address research gaps in both synthesizing and analyzing current knowledge, as well as in providing empirical illustrations of the internationalization process of SEs.

## 1.2. Research objective and question

The objective of my research is to gain an understanding of extant knowledge of the phenomenon of the internationalization of SEs. In order to do so, I examine the state of current research at the intersection of international business and social entrepreneurship by conducting a systematic literature review of articles on social enterprises and social entrepreneurship in relevant journals. In addition, to gain insights into the actual processes

of internationalization, I present findings from two social enterprises tackling different problems: Duara, an SE addressing the social challenge of global poverty, and Seabin, an SE working to eradicate the world-wide environmental problem of marine pollution. Through conducting the systematic literature review and examining the cases, I will answer the following research question: *what do we and do we not know of the internationalization process of social enterprises?*

### 1.3. Definitions

Entrepreneurship in itself is a constantly evolving concept, continuously under debate (Oviatt & McDougal, 2005). A commonly cited definition is one developed by Venkataraman (1997: 120), who defines it as a scholarly field that “seeks to understand how opportunities to bring into existence ‘future’ goods and services are discovered, created, and exploited, by whom, and with what consequences”. Fundamentally, general entrepreneurship research is focused on understanding business opportunities arising in an economy; why, when and how some exploit these opportunities; and what the consequences of this activity are for the entrepreneur, various stakeholders, and society at large (Venkataraman, 1997). Similarly to traditional entrepreneurship, there is no single, clear-cut definition of “social enterprise” or “social entrepreneurship”, and as such, it is especially important that authors using the terms make their underlying assumptions and understandings of the concepts clear (Peredo & McLean, 2006). I shall thus next briefly review the main conceptual discussions on social enterprises and social entrepreneurship, and present the definition I adopt in this study.

Social entrepreneurship has been defined by different scholars based on various factors, such as the characteristics of social entrepreneurs, the sectors in which they operate, the processes of social entrepreneurship, and the enterprises’ goals and outcomes (Dacin, Dacin & Matear, 2010). Despite the variety of definitions, what is evident is that social entrepreneurship as a concept consists of two components – the “social” and the “entrepreneurial”. Within the literature in the field of social entrepreneurship, the entrepreneurial aspect is considered to imply a propensity for being innovative and

resourceful, enduring risk, having the ability to recognize opportunities, and creating economic value (Peredo & McLean, 2006). The social aspect in turn refers to the goal of addressing societal challenges and creating social value, through offering solutions for individuals, organizations or even governments (Sunduramurthy Zheng, Musteen, Francis & Rhyne, 2016).

The role of profit making is a central factor in the discussion of the definition of social enterprises. Some scholars view social entrepreneurship as “not-for-profit initiatives in search of alternative funding strategies, or management schemes to create social value” (Mair & Marti, 2006: 37). Other researchers are less rigid concerning the enterprises’ not-for-profit status, and argue that as long as the main objective remains social value creation, producing economic value may also be goal, which helps to ensure the financial sustainability of the enterprise (Sunduramurthy et al., 2016; Mair & Marti 2006). Peredo and McLean (2006) in turn further widen the range of what they consider as social entrepreneurship in arguing that disbursing profits to owners does not exclude an actor from being engaged in social entrepreneurship. Furthermore, the two authors state that the “underlying point is surely that the pursuit of socially valuable outcomes is something worth identifying and fostering”, while distinguishing the primary source of the entrepreneur’s motivation, be it social or economic, is not central (Peredo & McLean, 2006: 63). Furthermore, Austin, Stevenson and Wei-Skillern (2006) contend that the most effective way of mobilizing resources varies depending on the issue an SE is solving, which in itself should form the basis for the decision on which organizational form to take. Thus, these authors’ definition of SEs fit organizations that come in several legal forms, which may be found in the nonprofit, business, and governmental sectors (Austin et al., 2006).

In this study, I adopt a relatively wide view of social enterprises, allowing for the inclusion of varying profit-making structures, while holding constant the entrepreneurial approach and goal of social and/or environmental value creation. Thus, I define social enterprises as enterprises aiming at the creation of positive social or environmental impact, through deploying market-based solutions, using and combining resources in innovative ways (Sunduramurthy et al. 2016; Mair and Marti, 2006; Peredo and McLean,

2006). I define internationalization, in turn, as “the process of adapting firms' operations (strategy, structure, resource, etc.) to international environments” as proposed by Calof & Beamish (1995: 116).

#### 1.4. Limitations

In this study, I conduct a systematic review of literature at the intersection of international business and social entrepreneurship. Journals included in the review were determined based on the relevance of their field, and their ranking in the 2015 Chartered Association of Business Schools' Academic Journal Guide (following Gaur & Kumar, 2018). However, as social entrepreneurship is a broad field, limitations were posed on the sample of articles. As I aim to explore the internationalization processes of entrepreneurial firms with the aim of creating social or economic value, articles examining the social initiatives, sustainability management or philanthropic activities of multinational corporations were excluded. Furthermore, articles that studied companies that may or may not be described as SEs were only included if the authors explicitly noted the link to social entrepreneurship.

As there is no clear consensus on an exact definition of social entrepreneurship (Peredo & McLean, 2006), the definition may overlap with related concepts. For instance “sustainable entrepreneurship” (Binder & Belz, 2015) and “institutional entrepreneurship” (Dacin et al., 2010) are closely related terms, which bare many of the characteristics of social entrepreneurship, and may at times even be used synonymously. However, in order to maintain focus and clear boundaries, in the systematic review I only include articles where social entrepreneurship is explicitly stated as a central concept.

A further limitation of this study arises from the limited number of cases examined: no generalizations can be drawn from a study of two SEs addressing two specific issues. However, the cases act as useful illustrative examples, provide insights into the proposed model of internationalization I create, give preliminary evidence of the

internationalization paths that SEs addressing different social and environmental issues may take, and highlight important avenues for future research.

## 2. RESEARCH APPROACH

The choice of methods in this study stems from the phenomenon I explore: the internationalization of social enterprises. The lack of extant research and the need for a comprehensive and systematic review of current knowledge became evident early in the process of studying the phenomenon. In order to explore what we do and do not know of the internationalization process of SEs, I first conduct a content analysis of literature at the intersection of international business and social entrepreneurship, published in top journals from a variety of relevant disciplines. As content analysis is used in literature reviews “to assess extant knowledge and understand intellectual structures” (Gaur & Kumar, 2018: 280), it suits the objective of my study.

Subsequently, I will develop a framework of how international business research might be applied to enrich literature on social entrepreneurship by proposing a model of the internationalization process of SEs. Thereafter, I will discuss the proposed model through studying two illustrative cases, using an interpretivist approach to explore how they may contribute to increasing understanding of the processes. I have chosen the qualitative method of the case study, as they enable examining the phenomenon in its context (Welch & Piekkari, 2017).

As noted in the previous section, both the literature and the empirical data my thesis are based on have been collected as part of a research project on the internationalization of social enterprises, headed by Tiina Ritvala and Rilana Riikkinen. In the following sections I will describe and discuss the research methods and data analysis process applied in the systematic literature review.

### 2.1. Systematic literature review

Content analysis, “a research technique for systematic, qualitative and quantitative description of the manifest content of literature in an area” (Li & Cavusgil, 1995: 252), has become an increasingly popular method in literature reviews in the fields of management and international business (Gaur & Kumar, 2018). In order to explore extant

knowledge of the internationalization of social enterprises, I conduct content analysis of literature at the intersection of international business and social entrepreneurship in the form of a systematic literature review. I follow Gaur and Kumar (2018) in going through the four steps of content analysis: data collection, coding, analysis, and interpretation.

Again following Gaur and Kumar (2018), I collected the literature sample from journals, whose quality were determined based on their ranking in the 2015 Chartered Association of Business Schools' Academic Journal Guide. In general, all peer-reviewed journals in the fields of International Business (IB) and Area Studies, General Management, Ethics and Social Responsibility, Entrepreneurship and Small Business Management, Strategy, and Organization Studies, which had received a rating of three or above, were searched in order to ensure inclusion of all relevant research in leading journals. However, some discretionary exceptions for journals in these areas were made: Journal of Common Market Studies, California Management Review, European Management Review, Harvard Business Review, International Journal of Management Reviews, Journal of Business Research, Journal of Management Inquiry, MIT Sloan Management Review, Entrepreneurship and Regional Development, Family Business Review, Journal of Small Business Management, Small Business Economics, Strategic Organization, Leadership Quarterly, Organizational Research Methods, Group and Organization Management, Organization, Research in Organizational Behavior, and Research in the Sociology of Organizations were excluded despite having a rating of 3 or above, as they were considered not to generally cover topics relevant to social entrepreneurship or are not peer-reviewed journals. Social Enterprise Journal in turn was included despite a rating smaller than 3, as SEs are its core focus.

I collected the data sample between October and December, 2017. There was no specifically defined time period under analysis, but as social entrepreneurship is a relatively new field of study, the oldest article in the sample was published merely a little over a decade ago, in 2006. I searched each journal for relevant articles including the terms "social enterprise" or "social entrepreneurship" anywhere in the text, resulting in an initial sample of 666 articles. I examined the titles, abstracts and, if necessary, parts of the articles themselves, and following Gaur and Kumar (2018) and Aguinis and Glavas

(2012) included all peer-reviewed, full-length articles, excluding editorials, book reviews, research briefs, comments and replies. All articles using concepts related to social entrepreneurship, such as hybrid business, sustainable entrepreneurship or emancipatory entrepreneurship, were included when the connection and relevance for social entrepreneurship were explicitly stated. The same logic was used for articles concerning organizations that may or may not be described as SEs, such as microfinance or fair trade organizations, which were only included if the authors explicitly noted the connection to social entrepreneurship. Furthermore, I excluded articles that concerned businesses that do not hold social and/or environmental issues at the core of their operations, in order to maintain a focus on SEs. Thus, articles on for instance sustainability management or philanthropic activities of multinational corporations (MNCs) were excluded. I initiated the search within the Social Enterprise Journal in the same manner as with the other journals, but due to the fundamental concentration the journal has on SE, the need to narrow down the search parameters became soon evident. Thus, I introduced more precise search terms for the journal, and excluded articles not including international aspects. Ultimately, the process resulted in a final sample of 183 articles (27 percent of the initial sample), which were analyzed more closely (see Table 1).

Table 1: Literature sample in the systematic literature review

<b>Journal</b>	<b>Result of Initial Search</b>	<b>Included in Analysis</b>
Journal of International Business Studies	6	2
Journal of World Business	13	7
African Affairs	1	0
Asia Pacific Journal of Management	6	4
International Business Review	8	1
Journal of International Management	5	0
Management and Organization Review	6	2
Academy of Management Journal	25	5
Academy of Management Review	18	4
Administrative Science Quarterly	3	1
Journal of Management	9	1
British Journal of Management	6	1
Business Ethics Quarterly	14	2



Journal of Management Studies	36	14
Academy of Management Perspectives	22	4
Business & Society	13	3
Journal of Business Ethics	171	44
Entrepreneurship, Theory and Practice	59	25
Journal of Business Venturing	49	15
Strategic Entrepreneurship Journal	13	5
International Small Business Journal	34	11
Strategic Management Journal	5	1
Global Strategy Journal	2	1
Long Range Planning	4	2
Organization Science	11	4
Human Relations	12	1
Organization Studies	30	6
Social Enterprise Journal	85	17
<b>Total: 29 Journals</b>	<b>666</b>	<b>183</b>

After data collection, the selected sample of 183 articles was coded and analyzed. In order to gain a comprehensive understanding of both the contributions and the knowledge gaps of extant literature, the collected sample was coded based on the following factors: authors, journal and year of publication; theories applied; research question or objective of study; type of study (conceptual versus empirical); empirical context; data sample; social or environmental purpose addressed; and geographical focus, thus adapting the coding schemes developed by Gaur & Kumar (2018) and Laplume, Sonpar and Litz (2008) to correspond to the objectives of this review.

As stated above, the data used here was gathered as part of a research project, headed by two researchers at Aalto University School of Business, who participated in coding the sample. Thus, inter-coder reliability was a critical factor to consider when performing the content analysis (Welch & Björkman, 2015). However, codes in this phase were used to identify manifest content, meaning “easily observable meanings in a body of textual data” (Gaur & Kumar, 2018: 280), thus minimizing the effects of inconsistencies and biases. In addition, after the initial round of coding I reviewed the sample and allocated codes, controlling for gaps and inconsistencies. Furthermore, the

sample selection and the final content analysis are performed solely by myself, again counteracting potential discrepancies.

## 2.2. Evaluation and ethical concerns

Reliability of research refers to “the extent to which a measure, procedure or instrument yields the same result on repeated trials” (Eriksson & Kovalainen, 2011: 93). I made the choices regarding the included articles subjectively, but as the inclusion criteria have been made explicit and inclusion is based mainly on manifest content, the reliability can be considered relatively high. Furthermore, the articles have been collected into a database that can be referred to if necessary. Throughout conducting the systematic review and exploring the illustrative cases, I strive to increase reliability and trustworthiness by paying attention to the aspects of credibility, transferability, dependability and confirmability, as introduced by Lincoln and Guba as an alternative way of evaluating qualitative research (1985, cited in Eriksson & Kovalainen, 2011). I shall do so by providing evidence of having performed “logical, traceable and documented” research, by highlighting the connections of my research and that of others, by striving to form strong logical links and claims with sufficient academic backing, and by making sure to explicitly connect my interpretations to the data collected (ibid).

### 3. SYSTEMATIC LITERATURE REVIEW

In this systematic literature review, I present and analyze extant research at the intersection of social entrepreneurship and international business. I will begin by presenting the characteristics of extant literature included in the review, subsequently synthesizing the main findings and discussing the main theoretical lenses used. In the ensuing chapters I will discuss the findings and uncovered gaps in knowledge, review insights from international business literature, consider how they may shed light on the identified knowledge gaps, and propose a theoretical model, enriching literature on social enterprises in an international context.

#### 3.1. Overview of extant research on social enterprises

Social entrepreneurship is a relatively young field of study, which is visible in the sample of 183 articles collected for this review. However, the field is clearly gaining increasing attention from researchers. The first articles included in this review were published in 2006, and in the first few years studied the number of articles amounted to approximately five per year. A decade later, in 2016, the number of peer-reviewed full-length articles has soared to 40, reflecting the growing acknowledgement of the importance of the field (see Figure 1). Out of the studied sample of articles, the majority are empirical (64 percent) rather than conceptual (36 percent) in nature (see Figure 2). As data for this review was collected in late 2017, not all relevant articles from that year are necessarily included.

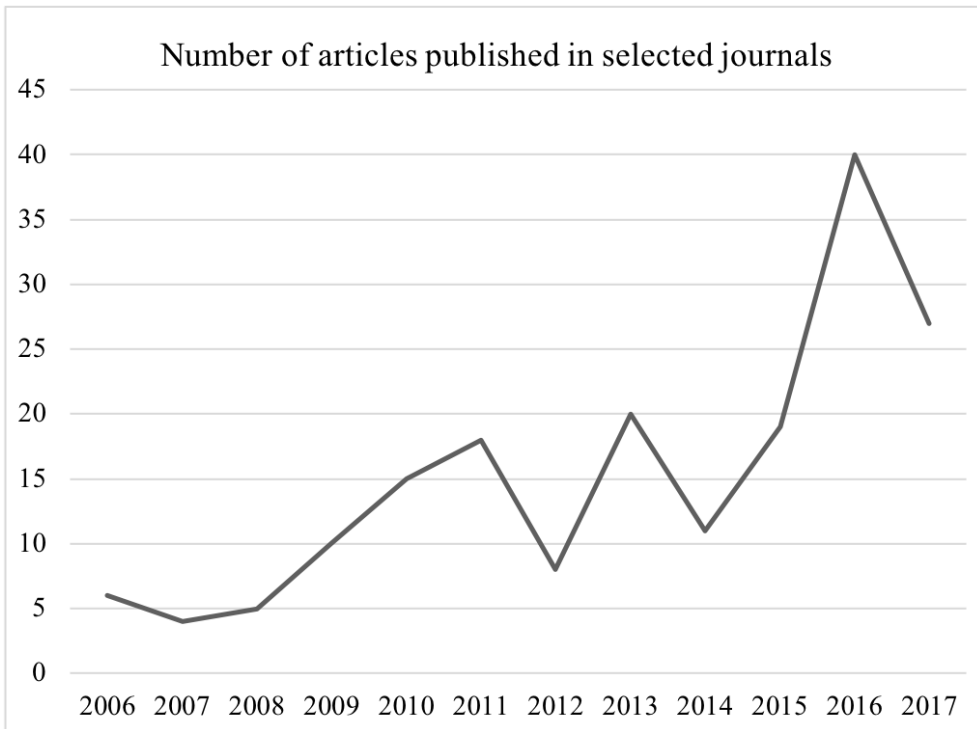


Figure 1: The number of SE-related peer-reviewed articles published in top journals

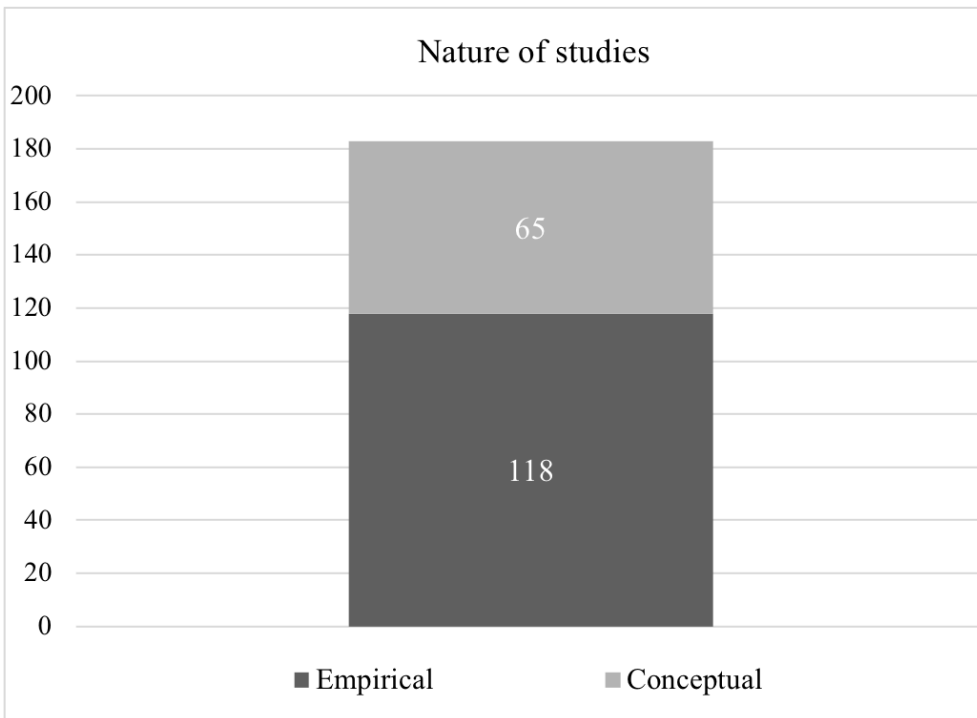


Figure 2: The empirical versus conceptual nature of studies

### 3.2. The main contributions of extant research on social enterprises

In the following sections, I will synthesize the most noteworthy and relevant contributions of extant literature on SEs included in this review, and discuss the most commonly used theoretical lenses in the sample of literature under examination: institutional theory, the resource-based view, and the network approach.

#### 3.2.1. Institutional theory

Institutional theory is the single most widely used theoretical approach in the literature on social enterprises included in this systematic review. In general, institutions have been classified into regulatory, normative, and cognitive institutions (Scott, 2011, cited in Desa, 2012). At an organizational level, institutional theory “focuses on the relationship between organizations and their environments”, and highlights the need for organizations to align with institutional logics, meaning the social rules, practices, norms and values of their environments, in order to gain legitimacy (Smith, Gonin & Besharov, 2013), support, and resources needed for organizational survival (Baum & Oliver, 1991; Singh, Tucker, & House, 1986, cited in Townsend & Hart, 2008). As by definition social enterprises strive to create both social and economic value, they embed potentially conflicting institutional logics, and thus understanding the related tensions is crucial for understanding SEs themselves (Smith et al., 2013).

Logic multiplicity has been observed to have dissimilar effects in different organizations – for instance growth in some, but failure in others (Besharov & Smith, 2014). Smith et al. (2013) note that using multiple institutional logics may be both an advantage and a challenge for SEs, as it may give birth to innovative solutions, but also create difficulties in remaining responsive to competing logics. Besharov and Smith (2014) argue that the exact implications of logic multiplicity depend on the degree of compatibility of the organizational actions that the different logics imply, and the centrality of the different logics to organizational functions. In the following section I

review the literature discussing the effects of logic multiplicity on SEs, and the actions of SEs faced with competing logics.

Many scholars have explored the effect external institutions have on the internal logics, goals and profit-making structures of SEs. In his empirical study of mission drift in non-profit microfinance lenders operating in 123 countries, Ault (2016) found that in countries where governments do not perform their core functions – such as inhibit violence, impose a strong rule of law or ensure secure property rights – SEs may find it more difficult to reach the poor and are more likely to move to target wealthier customers and higher profits, an effect which was found to be stronger in for-profit than not-for-profit SEs. Townsend and Hart (2008) in turn argue that perceived institutional ambiguity concerning the appropriateness of striving to create both social and economic value is a significant factor behind the variance of choice of for-profit versus not-for-profit structures of SEs. The notion is supported by de Clercq and Voronov (2011), who contend that the prominence of a social versus economic logic of a given field is affected by powerful incumbent organizations, and that SEs gain legitimacy by conforming to the balance deemed optimal by these players. Wry and York (2017) in turn argue that entrepreneurs' personal and professional role identities affect their commitment to social versus commercial logics, as well as their recognition and development of opportunities.

In addition to the effects of conflicting institutional logics discussed above, authors in the examined body of literature have explored the actions of SEs striving to balance these contradictory logics. SEs may either hold logics separate, or try to reconcile them internally (Besharov & Smith, 2012; Greenwood et al., 2011; Murray, 2010; Simsek, 2009, cited in Pache & Santos, 2013: 973). Furthermore, SEs may manipulate models set by different logics by selectively integrating distinct elements from diverse logics (Pache & Santos, 2013), differentiate communication and behavior concerning alignment with different logics across different stakeholders, emphasize their own comparative advantages gained through using a logic, highlight the general superiority of a logic (de Clercq & Voronov, 2011), or combine stakeholder engagement and social accounting to justify social commitments and communicate them to external stakeholders (Ramus & Vaccaro, 2017) in order to find balance between logics and gain legitimacy.

Institutional theory has also been used as a theoretical lens to study SEs in exploring how relationships between organizations adhering to different institutional logics can be sustained in the presence of power asymmetry (Nicholls & Huybrechts, 2016), how SEs may endeavor to address institutional voids (Mair & Marti, 2009), how they may construct governance structures and routines (Mair, Mayer & Lutz, 2015), and how institutional conditions affect engagement in social entrepreneurship (e.g. Stephan, Uhlaner & Stride, 2015; Dorado & Ventresca, 2013). Furthermore, the effects of institutional environments on social enterprises have been studied in the specific contexts of Sub-Saharan Africa (Rivera-Santos, Holt, Littlewood & Kolk, 2015) and China (Liu, Zhang & Jing, 2016; Bhatt, Qureshi & Riaz, 2017).

### 3.2.2. The resource-based view

The resource-based view (RBV) originates from the field of strategic management, but has been an undeniably influential theory both in international business (Peng, 2001) and in international entrepreneurship research (Young, Dimitratos & Dana, 2003). Essentially, the approach views unique (tangible or intangible) firm resources as the reason for competitive advantage and superior performance (Freeman & Cavusgil, 2007; Barney, 1991). As stated previously, Dacin et al. (2010) find the innovative combination and use of resources to be fundamental for SEs, and call for research on “resource acquisitions, mobilization and bundling in a social entrepreneurial context”. In this section I briefly discuss the RBV and resource mobilization, and particularly examine their applications in the context of SEs.

In his seminal article, Barney (1991) examines the relationship between the idiosyncratic resources and sustained competitive advantage of a company. Drawing from previously existing understandings, by “resources”, Barney (1991: 101) refers to “all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies”. What turn resources into sources of competitive advantage are their value in either exploiting opportunities or neutralizing threats, their distinctiveness compared to those of

competitors, and their imperfectly imitability and substitutability – that is, the resources must be “heterogeneous and immobile” (Barney, 1991). Barinaga (2017) discusses the expansion of the view of critical resources in stating that for SEs, affects, traditions, and local communities have been found to be as important as the other resources considered in traditional entrepreneurship research.

Furthermore, resource mobilization may be considered especially critical for SEs, as they tend to operate in resource-scarce environments, often “in areas deemed unprofitable by the private sector and neglected by the state” (Di Domenico, Haugh & Tracey, 2010: 681). Furthermore, the primarily social objectives of SEs, and the constraints on surplus distribution of non-profit forms of SEs in particular, “limits social entrepreneurs from tapping into the same capital markets as commercial entrepreneurs” (Austin et al., 2006: 3). Moreover, SEs may have difficulties in compensating their employees competitively (Austin et al., 2006). Thus, resource mobilization can be a particular challenge for SEs.

Several scholars have examined the resource mobilization of SEs through the lens of bricolage, defined as “making do” with available resources and applying them to new situations (Levi-Strauss, 1967, cited in Di Domenico et al., 2010). Desa (2012) examined how SEs faced with institutional voids may mobilize resources, finding that especially in environments with weak or uncertain regulatory and technological institutions, SEs use bricolage to repurpose and mobilize existing material, labor and skill resources. Similarly, Sunduramurthy et al. (2016) found that SEs commonly engage in bricolage, but found the predisposition to apply across varied institutional contexts.

Authors studying resource mobilization in an SE context have also taken the concept of bricolage beyond “making do”, highlighting the role of improvisation (Di Domenico et al., 2010), “tinkering” (Barinaga, 2017: 944), of resisting limitations imposed by institutional environments (Di Domenico et al., 2010; Sunduramurthy et al., 2016), of challenging and transforming institutions (Desa, 2012), of using negotiation and persuasion (Di Domenico et al., 2010), and of blending bricolage with *ingenieur*ing, the latter defined as “a scientific mode of action based mostly on systematic use of known resources and planning” (Sunduramurthy et. al 2016: 856). Although *ingenieur*ing is a



highly dissimilar approach compared to bricolage, successful SEs have been found to apply it in their operating processes, in that they tend to have strong visions, and systematically make plans and set goals in order to create sustained social impact (Sunduramurthy et al., 2016).

In addition to the uses of bricolage discussed above, SEs have been found to engage in it when utilizing networks, tending to involve a diverse range of stakeholders in the design, development and management of their SEs (Di Domenico et al., 2010; Sunduramurthy et al., 2016). In general, the network relationships of a firm are seen as a key type of asset in the resource-based view (e.g. Freeman & Cavusgil, 2007), and as indicated above, their mobilization is considered an important component of bricolage carried out by social enterprises. In the following section, I discuss literature on this specific resource and its significance to SEs in more depth.

### 3.2.3. The network view

Scholars have highlighted the significance of the stakeholder orientation that SEs embody in their operations (Phillips, Alexander & Lee, 2017), and drawn attention to the potential fruitfulness of studying social entrepreneurship as a collective process (Barinaga, 2017). Furthermore, social enterprises' networks have been recognized as their core assets, and the driving factors of their success (Leadbeater, 1997; Waddock & Post, 1991; cited in Davies, 2009). Moreover, Roloff (2008) highlights the need for multi-stakeholder networks when tackling complex issues, to ensure that the interests of all relevant stakeholders are addressed and to avoid an organization-centric approach focusing on benefits to the enterprise. In the following section, I will present extant research on the potential benefits and challenges of networks for SEs, and the ways in which SEs may build and use networks and partnerships.

Authors have identified several advantages SEs may find through using networks, one of the most prominent benefits being capacity building and knowledge transfer (e.g. Phillips et al., 2017; Davies, 2009; Di Domenico et al., 2009). For instance, SEs may enhance their commercial capabilities and knowledge through partnering with

commercial companies (Di Domenico et al., 2009; Jenner, 2016), but also learn and share key information with partners they are not directly in business with (Davies, 2009). Phillips et al. (2017) note the importance of stakeholder relationships in enhancing knowledge and skills needed particularly for social innovation. Networks may also contribute to compensating for resource constraints (Phillips et al., 2017), which makes it critical to identify partners possessing competencies the SE does not already have, but that are valued by the market (Davies, 2009). Furthermore, combining competencies with those of others may enable SEs to create an improved competitive position (Davies, 2009).

Networks also support the identification of new opportunities, and facilitate access to local communities, stakeholder groups, and markets (Phillips et al., 2017), especially those with high barriers to entry (Davies, 2009). In his study conducted in the fair trade context, Davies (2009) found that networks may help small SEs to appear larger than their actual size, increasing their credibility and impact in the market. Furthermore, presenting a unified front and aligned communications may significantly increase public awareness of the issue the network members are tackling (Davies, 2009). Naturally, such partnerships require network members to have matching missions and ideologies, as is to a large extent the case in the fair trade industry (Davies, 2009). Networks of like-minded organizations have also been found to enable sharing risk (Phillips et al., 2017), to support the perseverance of the shared ideology despite competitive pressures, and to provide a peer group and sounding board in situations of conflicting decisions (Davies, 2009).

In order to take advantage of the benefits described above, SEs must first build and manage their networks. Phillips et al. (2017) found that SEs tend to network in innovative and cost-efficient ways, relying on personal networks, social media, direct engagement with stakeholders, and free events. These approaches are important due to financial constraints, but also to overcome moral reservations of investing resources into costly means, such as conferences, which do not directly support the social mission of the SE (Phillips et al., 2017).

In identifying partners, Jenner (2016) suggests that “the most productive alliances for social ventures are with strategically aligned corporations”, which provide

corporations with legitimacy within communities, and SEs with commercial capabilities, as discussed above. Di Domenico et al. (2009: 888) share the view, arguing that SEs bring value to such partnerships through their “local knowledge, social capital and social legitimacy”, while corporations contribute “commercial knowledge, financial capital and market legitimacy”. Davies (2009) in turn found corporate values to play an important role in partner selection, compatible values increasing trust and decreasing the perceived risks of the partnership.

When managing networks and relationships, SEs may rely on external control, such as legal contracts, or on self-enforcement, enacted through mechanisms such as trust, goodwill, reputation, or through controlling shared assets, the last of which is both least flexible and least risky (Davies, 2009). In general, a clear goal of commercial success, in contrast to networks built on interpersonal ties, has been found to result in better exploitation of valuable positions, and to leveraging partnerships most productively (Davies, 2009).

Despite the benefits SEs may derive from networks, they also present challenges. SEs have been found to be more effective in using partnerships and networks in the innovation and opportunity recognition phases, but not to be skilled at leveraging them in the implementation of their solutions (Phillips et al., 2017). Specifically, there appears to be a need for SEs to improve the use of networks and partnerships in the stages of proof of concept, marketization, and scaling (Phillips et al. 2017). In addition, Di Domenico et al. (2009) argue that “differences in corporations’ and social enterprises’ goals, ownership structures, governance mechanisms and lines of accountability may lead to a series of tensions”, which must be resolved in order for a partnership to be sustained, resonating with the institutional viewpoint discussed previously. Furthermore, although trust is central in (SE) network relationships, Davies (2009) found a heavy reliance on trust and relationship building to result in failing to pay sufficient attention to other vital aspects of operations, and to missing opportunities. Nevertheless, Phillips et al. (2017) argue that SEs attempting to implement social innovations alone will be the most likely to fail, highlighting the importance of stakeholder networks and partnerships.

#### 3.2.4. Opportunity recognition and the entrepreneurial process

A process not abundantly discussed in extant SE literature, but arguably vital in increasing our understanding of the internationalization processes of SEs, is opportunity recognition within the social entrepreneurship process. SE research has often focused on the individual entrepreneur, rather than on processes of social entrepreneurship, an approach which has received criticism (Mair & Marti, 2006). Furthermore, opportunity recognition is a vital proponent of the entrepreneurship process in general, but as social opportunities in specific are characterized by vagueness and are more challenging to define, a layer of complexity is added (Zahra et al., 2008).

Zahra et al. (2008: 121), point out that views of opportunity recognition in commercial entrepreneurship literature “are grounded in the assumption of the rent-seeking or profit maximizing entrepreneur” and “use the common metric of increasing economic utility, usually proxied as profit maximization”. However, social opportunities, social goods and social welfare often have unquantifiable characteristics, limiting the usefulness of commercial entrepreneurship metrics (Zahra et al., 2008). Thus, Zahra et al. (2008) use behavioral theory in suggesting five criteria for defining international opportunities for SEs: the prevalence of the social issue addressed; the relevance of the issue to the entrepreneurs and their skills, resources and values; the urgency of the need for solving the social issue; the accessibility of the social issue for traditional actors (low accessibility for other players increasing the opportunities for SEs); and the radicalness and innovativeness required of the solution (traditional actors being less able to implement radical solutions departing from their existing operations).

Corner and Ho (2010) also highlight the need for more closely examining opportunity recognition in the SE context. Based on empirical findings, the authors provide a model of opportunity development within SEs, arguing that in practice processes fall somewhere between two alternatives: an effectuation process and a “rational/economic process”. The effectuation process of opportunity identification in SEs proposed by the authors begins with an interesting idea “sparking” the process. The second step is experimentation, or “opportunity creation”, where feedback on how the

idea might be implemented and value may be created in practice are received, followed by reidentification and adjustment of the opportunity based on the feedback (Corner & Ho, 2010). Following opportunity creation, an operating enterprise is formed, a phase the authors title as “manifest opportunity”. Finally, the fourth and last phase is the refinement and development of the opportunity and the enterprise to create value more effectively (Corner & Ho, 2010). At the alternative end of the spectrum, the “rational/economic process” depicts a route where the manifest opportunity itself sparks the process, that is, the opportunity already exists instead of being created by the entrepreneur, as would be the case in for instance franchises. Again, the manifest phase is followed by a refinement stage (Corner & Ho, 2010).

An alternative process model has been proposed by Belz and Binder (2017). Again, the model is based on empirical findings, this time from the context of sustainable entrepreneurship. As noted previously, sustainable entrepreneurship is a concept closely linked to social entrepreneurship, and the authors explicitly argue that the model they propose also has value for SEs. The first step in the model is the recognition of a social or environmental problem, which is formed into a social or environmental opportunity through ideating a solution. These phases could be considered to correspond to Corner and Ho’s (2010) proposed first stage where an idea provides the spark that initiates the process. Belz and Binder (2017: 12) view the next phases as successively developing a double bottom line and a triple bottom line solution, during which the idea “is aligned .. with values sought by particular customer groups”, now corresponding to Corner and Ho’s (2010) experimental opportunity creation phase. The following step in the model is forming and funding the enterprise, and although Belz and Binder (2017) place more emphasis on the role of obtaining funding, this phase bares close resemblance to the “manifest opportunity” phase proposed by Corner and Ho (2010). The final phase is “creating or entering” the market, implying a recognition of opportunities and markets as either being created or discovered by the entrepreneurs.

Both models highlight the roles of creating or discovering opportunities and of producing social or environmental value as central to the process. However, the model proposed by Corner and Ho (2010) emphasizes the circular nature of the process, where

ideas are continuously refined and further developed based on feedback. Belz and Binder (2017) in turn see the process as more linear, and place emphasis on the need for a triple bottom line solution, in this way differentiating their model from social entrepreneurship, where a double bottom line may be the goal. The process models provide valuable insights especially into opportunity recognition and the initial phases of social enterprise creation, but do not consider how these may apply especially in an international setting, an aspect which has been largely ignored in extant SE literature in general (Marshall, 2011). In the following section, I explore the SE research included in this review, which take an explicitly international viewpoint.

### 3.2.5. Social enterprises in an international context

Although current SE research has been found to focus on examining SEs on a community, regional, or national scale (Marshall, 2011), the systematic review also uncovered a small number of conceptual and empirical articles examining SEs specifically in an international context. One of these articles taking an explicitly international viewpoint explores traits of social entrepreneurs through conceptualizing the international for-profit social entrepreneur (IFPSE), defined as “an individual or group who discover, enact, evaluate and exploit opportunities to create social value through the commercial exchange of future goods and services across national borders” (Marshall, 2011: 185). Marshall (2011) draws from literature on entrepreneurship, social entrepreneurship, and international entrepreneurship in arguing that the IFPSE has four main distinctive characteristics. Firstly, the IFPSE has a mindset that is risk-taking, committed to a social cause, and has an underlying belief in the potential transformational power of market-based approaches. Second, the IFPSE recognizes opportunities in social problems, in situations where markets have not valued social improvements and non-market actors have not responded to them (Marshall, 2011). In the conceptualization and illustrative cases, the IFPSEs use business models by which they connect consumers in one country to disadvantaged producers in another, and rely partly on ethical consumerism. Third, the IFPSE uses social networks and partnerships with like-minded organizations to gain

“intellectual capital, local networks, additional capacity, and necessary skill sets” (Marshall, 2011: 195), in line with previous findings of SEs’ use of networks, discussed previously. Finally, the IFPSE considers its social mission as a primary outcome – it is integrated into the business model and is not preceded by financial success or growth of the organization (Marshall, 2011).

Zahra et al. (2008) in turn ask what explains the internationalization of SEs. The authors combine internalization, regime, cosmopolitan, and prosocial theories in suggesting that SEs are likely to internationalize when they are able to develop capabilities that enable “increasing efficiency, maintaining quality, ensuring consistency, and leveraging different skills”, which they use to aid those in need in other countries (Zahra et al., 2008: 126). Furthermore, a shared understanding and appreciation between different actors regarding fundamental human needs facilitates the emergence of SEs to find solutions to the international issue at hand (Zahra et al., 2008).

In another conceptual piece, Zahra et al. (2014) suggest a broader scope for the field of international entrepreneurship, enriching it with social entrepreneurship research. Namely, the authors argue that SE research can broaden opportunity recognition and evaluation in international entrepreneurship by integrating ideas of social value and community development, and highlight the role of entrepreneurship in shaping institutions (Zahra et al. 2014). Furthermore, the authors highlight that more research is still needed of the international operations of SEs (Zahra et al., 2014).

In addition to the conceptual articles, the literature sample also includes articles that have empirically examined social entrepreneurship in an international context. For instance Estrin, Mickiewicz and Stephan (2013; 2016) have studied the relationships between national institutions, social capital, and social and commercial entrepreneurship comparatively across nations, including both developed and developing countries. The authors found that a greater rate of social entrepreneurship in a country increases the likelihood of individuals becoming commercial entrepreneurs, whereas higher rates of commercial entrepreneurship reduce the rate of social entrepreneurship (Estrin et al., 2013). However, the authors assert that SEs require and attract different combinations of human capital compared to commercial enterprises, and thus only compete for the same

talent to a limited extent (Estrin et al., 2016). Furthermore, a strong rule of law was found to facilitate social entrepreneurship entry, and an active governmental sector was discovered to have a smaller crowding out effect on social compared to commercial entrepreneurs (Estrin et al., 2013). Moreover, the authors argue that national institutions, in particular the rule of law, affect the risks and returns of social capital for both social and commercial entrepreneurs, but that this effect is less pronounced for social entrepreneurs, who generate value that is more difficult to expropriate. Thus, the results contribute to explaining “why social entrepreneurship may play an important positive role in countries characterised by dysfunctional institutions” (Estrin et al., 2016: 463).

Monroe-White, Kerlin and Zook (2015:178) in turn investigate the relationship between country-level institutional factors and the size of a social enterprise sector in 54 countries, finding that “nearly half of the variance in the size of the social enterprise sector can be attributed to countries-level factors”. Furthermore, the authors found a significant positive effect of lower economic competitiveness, a larger welfare state, and higher “in-group collectivism” on social entrepreneurship (Monroe-White et al., 2015).

The article sample also included some comparative case studies of SEs across country contexts, studying varying aspects such as impact measurement in SEs in Australia and India (Haski-Leventhal & Mehra, 2016), the dynamics between SEs and the public sector in Poland and the United Kingdom (Curtis, Herbst & Gumkovska, 2010), and factors enabling SE development in Australia and Scotland (Jenner, 2016).

### 3.2.6. Other streams of research

Many articles in the sample do not use a specific theoretical lens, but rather mirror their research with various streams of literature, studying areas such as the traits of social entrepreneurs, ethics and social entrepreneurship, financing of SEs, scaling, bottom of the pyramid markets, the emancipatory qualities of social entrepreneurship, and gender and social entrepreneurship. In this section, I will briefly discuss the most prominent viewpoints and contributions of this varied set of literature.



Several scholars have explored the traits of social entrepreneurs, arguing that there are distinct personality traits (e.g. Hwee Nga & Shamuganathan, 2010) and motivators (e.g. Yiu, Wan, Ng, Chen & Su, 2014) driving their behavior and actions. Hwee Nga and Shamuganathan (2010: 259) found agreeableness, openness and conscientiousness to have a positive influence on dimensions of social entrepreneurship, more precisely on “commitment towards the social vision, appreciation of sustainable practices, innovativeness, ability to build social networks and also generate viable financial returns”. Engagement in social entrepreneurship has also been found to be encouraged by compassion (Miller, Grimes, McMullen & Vogus, 2012), and past personal hardships (Yiu et al., 2014). Bacq, Hartog and Hoogendoorn (2016) in turn made somewhat contrasting conclusions, finding that compared to commercial entrepreneurs, social entrepreneurs tend to have less confidence in their abilities to run a business, are less likely to consider entrepreneurship as a desirable career, and are less likely to consider themselves self-employed, instead pursuing their social entrepreneurial initiatives while in other full-time employment.

Another prominent stream of literature examines social enterprises in the bottom of the pyramid (BOP) market context. Kolk, Rivera-Santos and Rufin (2014) conducted a systematic literature review of all articles concerning the BOP, dividing research on the topic into four broad dimensions: BOP definitions, initiators of initiatives, BOP business models, and outcomes of initiatives. The authors’ findings highlight a variance in definitions; an evolvement from MNE-led initiatives to include small companies, SEs, not-for-profits and governmental organizations as initiators; a prevalence of business models where the poor are perceived as consumers rather than co-inventors; and a need for more empirical evidence on social, economic, and environmental impact of BOP initiatives (Kolk et al., 2014). In the explicit context of SEs, authors in the sample have explored BOP initiatives for instance in the fields of microfinance (Yunus, Moingeon & Lehmann-Ortega, 2010), tourism (Hall, Matos, Sheehan & Silvestre, 2012), and social intermediation (Kistruck, Beamish, Qureshi & Sutter, 2013), and argued for the importance of the evaluation of BOP initiatives not just based on raising incomes, but also on capability transfer and retention (Ansari, Munir & Gregg, 2012).

As highlighted by Desa (2012), the dual social and economic goals of SEs can cause difficulties in obtaining financing, as the goals and beliefs of both traditional commercial investors and of non-profit grant makers may contradict the goals of the SE. Other scholars have also started to address this challenge, evident in the considerable amount of research on the use of different financing models in the context SEs, such as crowdfunding, philanthropic venture capital, and microfinance. Microfinance has been examined from multiple viewpoints, the most prominent in the sample being institutional theory (e.g. Im & Sun, 2015; Zhao & Lounsbury, 2016; Zhao & Wry, 2016), and ethics (Chakrabarty & Bass, 2013; Hudon & Sandberg, 2013). Social venture capital and philanthropic venture capital have also attracted scholarly attention, authors exploring issues such as the criteria used in providing funding to SEs (Miller & Wesley, 2010), the used financing instruments, valuation and covenants (Scarlata & Alemany, 2010), and the relationship between founding teams' experience and the social and economic performance of venture capital firms (Scarlata, Zacharakis & Walske, 2016). In the case of crowdfunding, alignment with the cultural attributes of a targeted community (Josefy, Dean, Albert & Fitza, 2017), and an understandable and relatable linguistic style (Parhankangas & Renko, 2017) have been found to have an impact on the crowdfunding success of SEs. Contradictory to research on other forms of financing, Calic and Mosakowski (2016) found that an orientation towards sustainability has a positive impact on crowdfunding success, suggesting that social entrepreneurs are not disadvantaged compared to commercial entrepreneurs when using innovative forms of acquiring finance, such as crowdfunding.

## 4. DISCUSSION

In the previous section I have presented extant knowledge on social enterprises, drawing attention to the most prominent contributions and theoretical viewpoints. In the following section I use the findings in synthesizing and discussing what is currently known of social enterprises, subsequently highlighting aspects that remain to be uncovered.

### 4.1. What do we know of social enterprises?

Extant literature reveals SEs focus on a myriad of different social and environmental objectives, ranging from for instance disaster relief after natural disasters (Lewis, 2013) to the empowerment of women (Haugh & Talwar, 2016), and to socially and environmentally sustainable fashion (DiVito & Bohnsack 2017). Out of the empirical studies, 66 articles (56 percent) examine social enterprises with a social issue as their main focus, while only 2 articles (2 percent) study social enterprises with purely environmental aims. 20 articles (17 percent) include a mix of social and environmental purposes in their empirical data, and in 30 articles (25 percent) the aims of the studied enterprises are not explicitly stated (see Figure 3).

The most prominent theoretical lens used in the articles is institutional theory, while the resource-based view and network approach also receive a sizeable amount of scholarly attention. However, it may also be considered noteworthy that several articles did not adopt an explicit theoretical viewpoint, but were instead based on extant knowledge in general streams of research, such as entrepreneurship, social entrepreneurship, institutional entrepreneurship, ethics, and corporate social responsibility, among others.

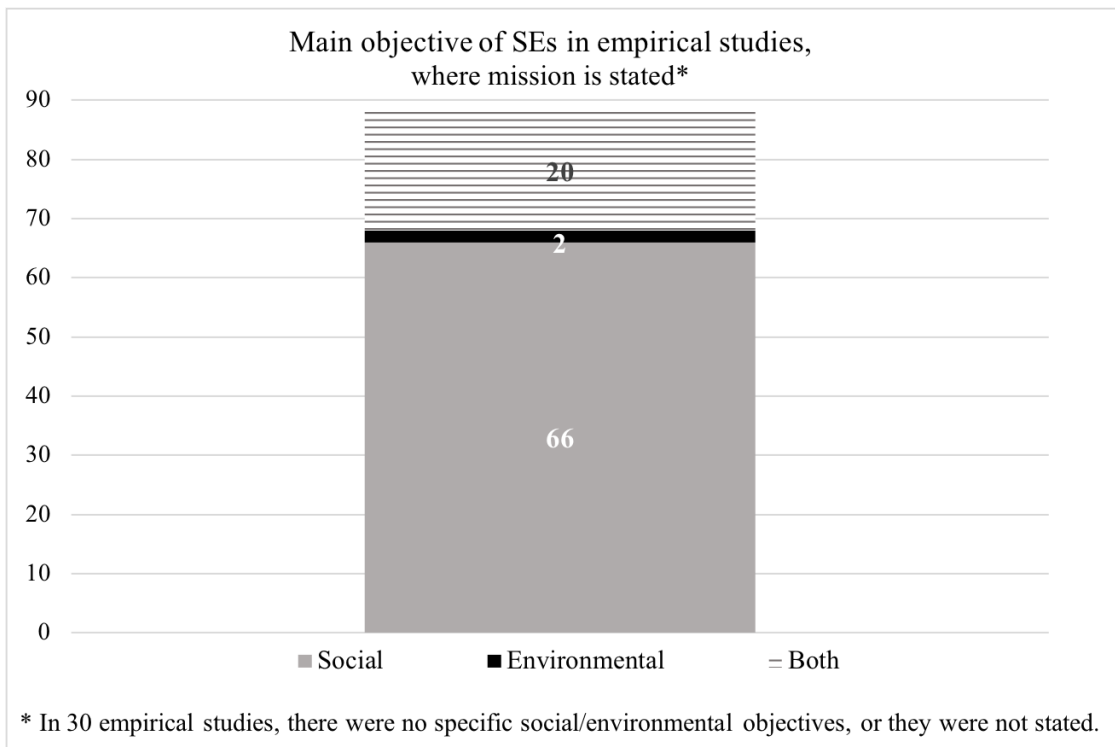


Figure 3: The main objectives of social enterprises examined in empirical studies

Institutional theory came across as the single most used approach in studying SEs, with approximately one in five of the articles using the theoretical lens in a prominent way. Several of these articles examine the factors that affect the relative prominence of the competing institutional logics an SE uses, and the choice of adopting a for-profit or not-for-profit organizational form it makes. The articles highlight the effects of institutional environments, in particular state fragility (Ault, 2016), perceived institutional ambiguity of the appropriateness of endeavoring to create both social and economic value (Townsend & Hart, 2008) and the choices of powerful incumbent organizations (de Clercq & Voronov, 2011) on the SEs. Extant research thus highlights the role of the SEs' environments on the internal prominence of logics in SEs. However, also the entrepreneurs' personal and professional role identities have been argued to have an effect, with for instance personal role identities related to benevolence and caring encouraging the creation of SEs (Wry & York, 2017). Most interestingly, Bacq et al. (2016) discovered somewhat contrasting findings, arguing that instead of acting out of

benevolence or high moral standards, what drives social entrepreneurship may also be a lack of confidence in one's abilities to run a business, a lesser consideration of entrepreneurship as a desirable career, and a tendency not to consider oneself as self-employed.

Moreover, authors using institutional theory found that in order to find a balance between logics and gain legitimacy, SEs may selectively integrate distinctive elements from dissimilar logics (Pache & Santos, 2013), differentiate communication and behavior regarding alignment with different logics across various stakeholders, emphasize their own comparative advantage gained through using a certain logic, highlight the general superiority of a logic (de Clercq & Voronov, 2011), or combine stakeholder engagement and social accounting to justify social commitments and communicate them to external stakeholders (Ramus, Vaccaro & Brusoni, 2017). That is, scholars have examined the balancing act SEs perform between competing logics both internally and in the external communications and relationships their operations involve.

The review also highlights an understanding of the importance of resource mobilization, which is particularly critical for SEs as they “purposely locate their activities in areas where markets function poorly” and resource scarcity is emblematic (Di Domenico et al., 2010: 683). Mobilizing financial resources has been identified as a challenge both when pursuing traditional commercial investments and non-profit grants (Desa, 2012). Conversely, an orientation towards sustainability was found to have a positive impact on crowdfunding success (Calic and Mosakowski, 2016). Thus, it appears SEs may at times have an advantage in securing financial resources from unconventional, community-based funding platforms, but a disadvantage in mobilizing funding in the more traditional means used by purely commercial companies or charitable organizations. Several scholars recognize the prominent role of bricolage among SEs facing resource scarcity (Sunduramurthy et al., 2016; Desa, 2012; Di Domenico et al., 2010), which is used through and alongside improvising (Di Domenico et al., 2010), “tinkering” (Barinaga, 2017: 944), resisting limitations in institutional environments (Di Domenico et al., 2010; Sunduramurthy et al., 2016), transforming institutions (Desa, 2012), negotiating and persuading (Di Domenico et al., 2010), and even with the contrasting

approach of *ingenieur*ing (Sunduramurthy et. al 2016: 856). The viewpoints presented thus highlight the use of *bricolage* in both counteracting resource scarcity, as well as in furthering SEs' social missions, in that *bricolage* is used to defy limitations and act innovatively.

Also the role of networks and partnerships was pronounced in the sample of articles. They were found to be vital for SEs due to of benefits in compensating for resource constraints (Phillips et al., 2017), in capacity building and knowledge transfer (e.g. Phillips et al., 2017; Davies, 2009; Di Domenico et al., 2009), in identifying new opportunities and facilitating access to markets, stakeholder groups and local communities (Phillips et al., 2017), and in improving the competitive position of SEs and making them seem larger than their size, increasing their credibility in markets (Davies, 2009). Especially networks with organizations considered "like-minded" have been found valuable, as they may enable risk sharing (Phillips et al., 2017), increase public awareness of the issue the network members are working to address, support the perseverance of the shared ideology, and offer peer support and guidance in situations of conflicting decisions (Davies, 2009). Both Jenner (2016) and Di Domenico et al. (2009: 888) found partnerships between corporations and SEs to be especially advantageous, SEs standing to gain "commercial knowledge, financial capital and market legitimacy", while the purely commercial counterparts benefitted from "local knowledge, social capital and social legitimacy". Furthermore, authors have also investigated how SEs in practice build and manage their networks, finding that they tend to apply innovative and cost-efficient methods, using in particular social media, personal networks, direct engagement with stakeholders and free events (Phillips et al., 2017). Networks and partnerships are thus connected both to the identified need of counteracting resource-scarcity, and to furthering the social objectives driving SEs' operations.

However, despite SEs being skilled at using networks and partnerships in the initial phases of their operations, they were found not to be fully utilized in the stages of proof of concept, marketization, and scaling (Phillips et al. 2017). Furthermore, differences in commercial counterparts' and SEs' targets, ownership sand governance structures, and the entities holding them accountable may lead to tensions, complicating

the partnerships (Di Domenico et al., 2009). All in all, networks were found to be instrumental in the success of SEs, presenting a wide array of potential benefits to both SEs and their counterparts, but also to pose challenges related to conflicting institutional logics, practices and structures, and the skills of the SEs in taking advantage of the opportunities inherent in partnerships and networks.

Extant research has also shed light on the personality traits and motives that encourage social entrepreneurship, identifying agreeableness, openness, conscientiousness (Hwee Nga & Shamuganathan, 2010), compassion (Miller, et al. 2012), past personal hardships (Yiu et al., 2014), as well as a lack of confidence in one's abilities to run a business and an unenthusiastic view of entrepreneurship as a career choice (Bacq et al., 2016) as conducive to social entrepreneurship. Furthermore, it has been found that SEs both require and attract different kinds of human capital compared to commercial enterprises (Estrin et al., 2016), supporting the notion that social entrepreneurs may possess unique traits.

An additional stream of research has focused on opportunity recognition and the entrepreneurial process of SEs, which differs from that of the purely commercial entrepreneurial process, as social opportunities, goods and welfare have characteristics, which limit the use of commercial metrics (Zahra et al., 2008). Models of the social and sustainable entrepreneurial processes highlight the roles of creating or discovering social opportunities, and the centrality of producing social or environmental value (Belz & Binder, 2017; Corner & Ho, 2010). Thus far, I have reviewed extant knowledge of SEs, identifying and analyzing prominent academic contributions to date. In the following section, I will turn attention to the gaps in knowledge that the systematic review has uncovered.

#### 4.2. What do we not know of social enterprises?

The premise of this study is the potential SEs hold to answer some of the most pressing global issues of today (Zahra et al., 2008), combined with the lack of academic understanding of how they operate internationally (Marshall, 2011; Zahra et al., 2008).

Out of the empirical articles examined in this systematic literature review, 50 (42 percent) have an international dataset, that is, the SEs examined either have international operations, or operate in different country settings compared to each other. 65 articles (55 percent) focus on a single national setting, while 3 articles (3 percent) did not specify whether the data used is international or not (see Figure 4). 54 empirical studies (46 percent) were conducted in a developed country context, 28 (24 percent) in a developing country context, and 24 (20 percent) spanning both. In 12 studies (10 percent) the country context is not clear (see Figure 5). Thus, the sample of literature supports the notion that SEs are found across the globe, and focus on both local and international issues. Nevertheless, although nearly half the empirical studies embody some international aspect, only few articles explicitly discuss the implications of internationality, resulting in a significant gap in current knowledge.

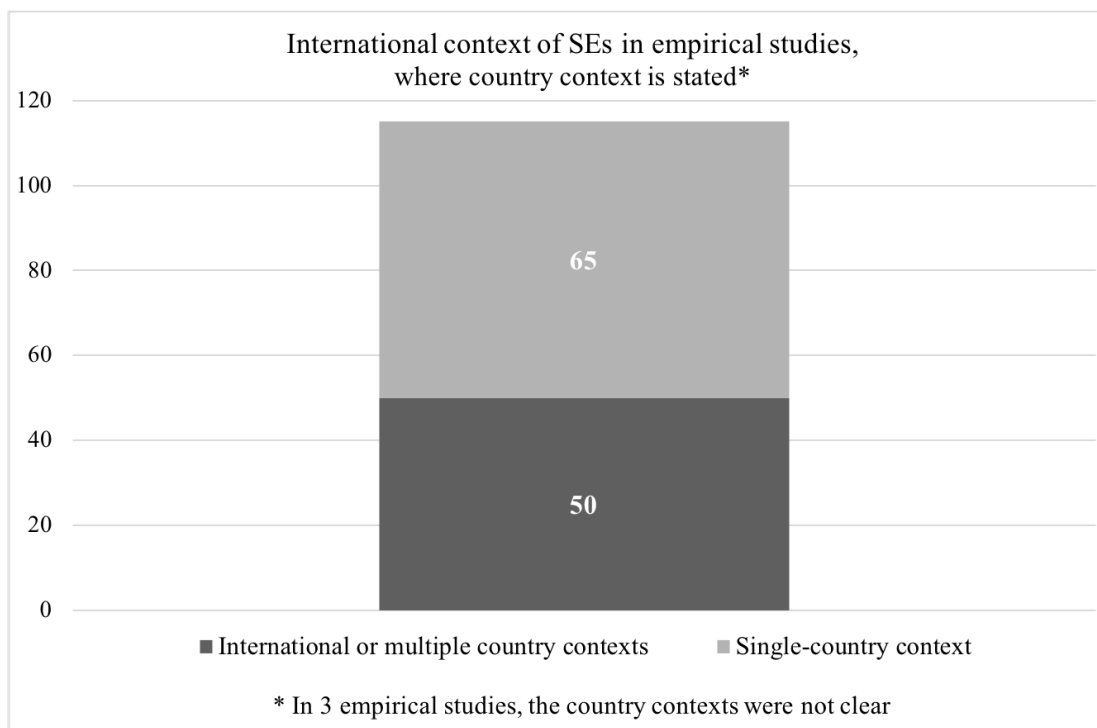


Figure 4: The international contexts of empirical studies



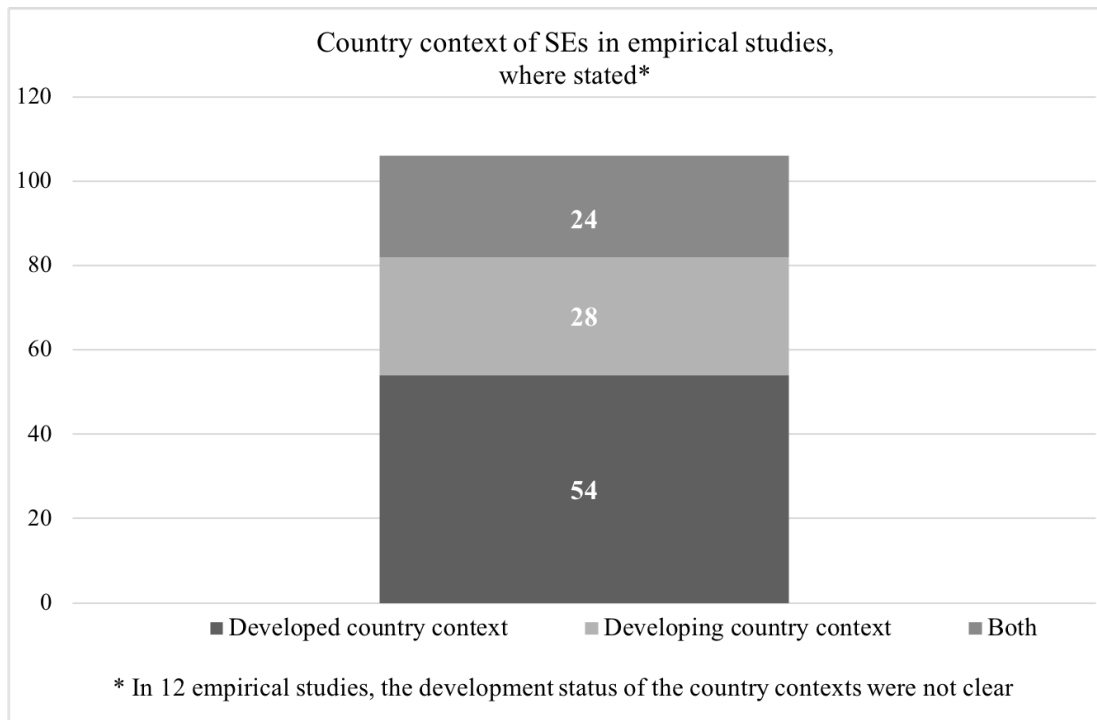


Figure 5: The country contexts of empirical studies

Conceptual articles included in the review that take an international viewpoint discuss the traits of international for-profit social entrepreneurs, the explaining factors of the internationalization of SEs, and the theoretical value of intersecting SE and international entrepreneurship literature. Marshall (2011) uses illustrative cases in his conceptualization of international for-profit social entrepreneurs as possessing risk-taking mindsets, recognizing opportunities created by social problems, holding network relationships in high value, and considering their social mission a primary outcome. Marshall (2011) examines international for-profit entrepreneurs who use business models by which they connect consumers in one country to disadvantaged producers in another, relying partly on ethical consumerism. Thus, although shedding light on what may differentiate international social entrepreneurs, Marshall's (2011) work does not account for possible differences in global SEs with different business models, and does little to increase our understanding of the internationalization of SEs as a process. Similarly, the conceptual discussion offered by Zahra et al. aid in understanding the global forces

leading SEs to internationalize their operations (2008) and in the value of widening theoretical perspectives (2014), but again, the process of internationalization itself remains untouched.

The international empirical studies in turn mainly comparatively examined the relationship between national institutional environments and the occurrence of social entrepreneurship across countries, finding that country-level factors contributed to approximately half of the variance in the size of the social enterprise sector (Monroe-White et al., 2015). Lower economic competitiveness, a large welfare state, and higher “in-group collectivism” were found to have a positive impact on social entrepreneurship (Monroe-White et al., 2015). Furthermore, a strong rule of law has been found to facilitate social entrepreneurship entry, but that its effect is less pronounced for social than commercial entrepreneurs, which can be an explaining factor as to why SEs may play an important role in countries characterised by poorly functioning institutions (Estrin et al, 2016). In addition, the empirical articles included comparative studies of for instance impact measurement in SEs in Australia and India (Haski-Leventhal & Mehra, 2016), and factors enabling SE development in Australia and Scotland (Jenner, 2016). Although shedding light on differences between national contexts and the relationship between a country’s institutional environment and social entrepreneurship, the articles do little to increase our understanding of SEs operating across these borders.

Furthermore, as Zahra et al. (2014) have previously noted, there is only limited research of SEs in developing versus developed country contexts, of how SEs identify and evaluate international opportunities, and indeed, of how they internationalize. Furthermore, Jenner (2016) has drawn attention to the limited and inconsistent research on the growth of SEs. Moreover, it has been argued that much existing research uses “idiosyncratic case studies of a handful of existing social ventures” (Dacin et al., 2010: 42), and even often base themselves on “anecdotal evidence” (Mair & Marti, 2006: 36).

As this systematic literature review has demonstrated, SE research has identified the importance of networks and partnerships, resource scarcity, and the multiplicity of institutional logics as characteristic to SEs. However, their effects on the international operations and internationalization of SEs is not clear. As working across borders in

varying cultures adds a layer of complexity to the operations of SEs (Marshall, 2011), investigating the aforementioned issues presents a potentially fruitful, but understudied area of research. Furthermore, as Zahra et al. (2008) have theorized, the pervasiveness of a social issue may negate the effects of psychic distance, and the lack of other service providers in markets with low accessibility may decrease the liability of foreignness of SEs. Thus, in addition to added complexity, SEs may also find advantages in cross-border operations.

In light of the identified gaps in extant knowledge, I argue that there is a critical need for both theoretical and empirical research on the internationalization process of SEs, incorporating extant understandings of their unique features. In order to explore the identified research gap, in the following sections I will review insights from international business literature, consider how they may enrich social entrepreneurship research, and propose a model of the internationalization process of SEs.

## 5. INTERSECTING SOCIAL ENTREPRENEURSHIP AND INTERNATIONAL BUSINESS LITERATURE

As contended previously, there is a need to increase knowledge of the internationalization process of social SEs. In order to understand how international business research might shed light on the process and enrich social entrepreneurship research, I will next discuss central theories of firm internationalization – incremental models of internationalization, the “born global” approach, and the network view.

### 5.1. Incremental models of internationalization

The Uppsala internationalization process model (Johansson & Vahlne, 1977), or simply the “Uppsala model”, is a widely cited theory of incremental firm internationalization into an individual foreign market. According to the model, the current state of internationalization of a company consists of knowledge of the foreign market and the resources committed to it. These factors critically influence perceptions of risks and opportunities, and thus also future internationalization. Future internationalization in turn refers to future resource commitments and performance in the foreign market. In essence, the model highlights the importance of market knowledge gained through experience, suggesting that the internationalization process often starts with countries with low psychic distance, defined as dissimilarities in factors such as culture, language, and political systems. Furthermore, the model suggests a gradual process of internationalization, typically moving from exporting, to using sales agents, to establishing sales organizations, and finally to own manufacturing (Johansson & Vahlne, 1977).

In 2009, Johansson and Vahlne revisited their model, introducing elements pertaining to networks, so as to answer to “changes in business practices and theoretical advances” that had taken place in the thirty years since the publication of their original model (2009: 1411). The central new arguments in the revision are that markets in fact consist of business networks, defined as “webs of connected relationships”, which link

firms, and that relationships between actors in these networks facilitate trust, commitment, learning and creating knowledge, and thus enable developing business opportunities. Hence “insidership” in the right networks is essential for successful internationalization. However, cultivating a relationship requires considerable time and mutual commitment from the counterparts, and may be hindered by psychic distance (Johansson & Vahlne, 1977, 2009).

As stated above, the Uppsala model is widely cited, and considered a classic in the field of international business. However, the model is based on commercial firms aiming to increase profits (Johansson & Vahlne, 1977), and thus does not shed light on how the process of internationalization might differ for an enterprise that is instead looking to primarily increase its social or environmental impact. Moreover, Johansson and Vahlne (1977: 30) argue that significant increases in internationalization will only occur “in firms with large total resources or in firms which feel little uncertainty about the market”, raising the question of how internationalization might occur in small firms with limited resources and experience, which strive to be international from inception? To explore these questions, I shall next discuss the concept of the “born global” firm.

## 5.2. The born global approach

In their seminal article, Oviatt & McDougal (1994: 46) define an international new venture, also referred to as a “born global” (Knight & Cavusgil, 2004), as “*a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries*” (emphasis original). The authors argue that advances in communication technology and transportation, an increase in general international business experience, and a homogenization of many international markets has brought international business opportunities to the reach of “new ventures with limited resources” (Oviatt & McDougal, 1994: 49). The authors discuss the phenomenon of international new ventures and provide a framework of how it relates to the prevailing theories of internationalization, which were at the time mainly based on large, mature MNEs (Oviatt & McDougal, 1994). Unlike the Uppsala model

(Johansson & Vahlne, 1977) discussed in the previous section, the authors contend that internationalization is not dependent on the large size of an enterprise, a wealth of resources, previous organizational experience, a stable market of which information is easy to gather, or a gradual process the firm must go through, but rather on “valuable unique assets” of firms (Oviatt & McDougal, 1994: 52). Furthermore, what is noteworthy in the framework is that foreign direct investment need not be involved at all (ibid: 46).

The framework presents narrowing subsets of market transactions, and four elements that distinguish them: in the case of *new ventures*, what distinguishes them from other organizations is their “alternative governance structures” – meaning the tendency of new ventures to use for instance hybrid structures, such as franchising and licensing, or network structures, due to their lack of essential resources and power (Oviatt & McDougal, 1994). What in turn distinguishes *international* new ventures is a competitive advantage they find in cross-border transactions. This advantage may be for instance access to private knowledge, which can be used with little additional costs in foreign markets (ibid). What finally distinguishes a (financially) *sustainable* international new venture is its unique resources, which competitors cannot access, replicate, or substitute. These resources can be kept unique either “by direct means, such as patents, copyrights, or trade secrets”, by “imperfect imitability” created for instance through socially intricate knowledge or a distinct management style, by licensing, or by using network governance structures, where mutually beneficial relationships discourage the expropriation of knowledge (Oviatt & McDougal, 1994: 56-57).

Oviatt and McDougal (1994: 56) also discuss other issues affecting the internationalization of new ventures, and argue that as competitive processes are becoming more fast-paced due to the increased efficiency of international markets, new ventures “must be international from inception or be at a disadvantage to other organizations that are international already”. Similarly, Freeman and Cavusgil (2007: 16) found that some born globals had “realized that entering international markets was not an option but rather a necessity”, mainly due to small domestic markets and the need to diversify market risk. Furthermore, some firms only used product and customer segments

to distinguish between markets, essentially viewing the domestic and international market as one and the same (Freeman & Cavusgil, 2007).

### 5.3. The network view

The revisited version of the Uppsala model and the born global approach both acknowledge the role that networks play in the internationalization of companies. The uniqueness and value of the network perspective lies in its inclusion of “not only internal development of a firm’s knowledge and resources but also the market and the relationship of the firm to that market” Freeman and Cavusgil (2007: 7). As discussed above, Johansson and Vahlne (2009) define networks as “webs of connected relationships”, which according to Sharma (1993, cited in Coviello & Munro, 1997) “will influence strategic decisions”, and include “resource exchange among its different members”. Freeman and Cavusgil (2007: 7) view the main role of a network as its ability “to provide contacts that can be used when they are required by the firm, such as when entering a new market”. As summarized by Coviello and Munro (1997: 366), “overall, the network perspective goes beyond the models of incremental internationalisation by suggesting that a firm's strategy emerges as a pattern of behaviour influenced by a variety of network relationships”. In this section, I discuss current academic knowledge concerning business networks in an international setting.

Coviello and Munro (1997) studied the impact of networks on small firms’ internationalization processes, in particular the selection of foreign markets and entry modes, through examining small software developers. They found the internationalization processes of the small firms to differ from the “classic” models of gradual internationalization discussed previously, as these companies internationalized quickly, did not undergo all the phases suggested by the incremental models, and most commonly did not begin manufacturing in host countries, but instead relied heavily on network relationships and externalizing select activities (ibid). Freeman and Cavusgil (2007: 22) created a typology of four entrepreneurial approaches to accelerated internationalization of small firms, which differ in their tendency towards “adaptive and

other-oriented behavior”, and “personal and direct interactions”. The network relationships of firms are a prominent feature in the typology – ranging from relationships that are short-term oriented, “more indirect, less personal, more reporting in style, and based more on organizational contacts” to those that are “based on long-term, other-orientated, collaborative partnerships, which ensure the comprehensive transfer of knowledge-intensive high-tech products and/or processes” with key global partners in various markets (Freeman & Cavusgil, 2007: 26).

Coviello and Munro (1997) found that prominent and established network partners of small firms guided market selection and investment and facilitated market entry, making them vital for the fast and successful growth of the internationalizing small companies. Furthermore, Freeman and Cavusgil (2007: 17) found network relationships to help small firms “overcome institutional limitations, such as a lack of knowledge about a new market, not just for entry but also for subsequent foreign market management”.

However, Coviello and Munro (1997: 377) also found that “while network relationships enhanced the internationalisation activities of all four case firms, they also constrained the pursuit of other opportunities”, as each small company could be considered tied to its large partner. This resulted in issues related to financial dependence and challenges in market and product planning, which in three of the studied cases later lead to diversifying products and markets, to establishing own service and support facilities, and as the firms grew to be more successful, to striving to increase their control on the relationship (Coviello & Munro, 1997).



## 6. PROPOSED MODEL OF THE INTERNATIONALIZATION PROCESS OF SOCIAL ENTERPRISES

In the previous sections, I have discussed academic knowledge of SEs to date. I have highlighted the lack of research especially on the internationalization process of SEs, and explored what can be learned from international business (IB) literature. I now bring together the two streams of SE and IB literature through developing and discussing a theoretical model of the internationalization process of SEs, consisting of three main phases: the identification of an international social problem and ideation of a solution; the development and refinement of the solution; and the international implementation of the solution (see Figure 6). In the following sections I will describe and discuss each phase in more detail.

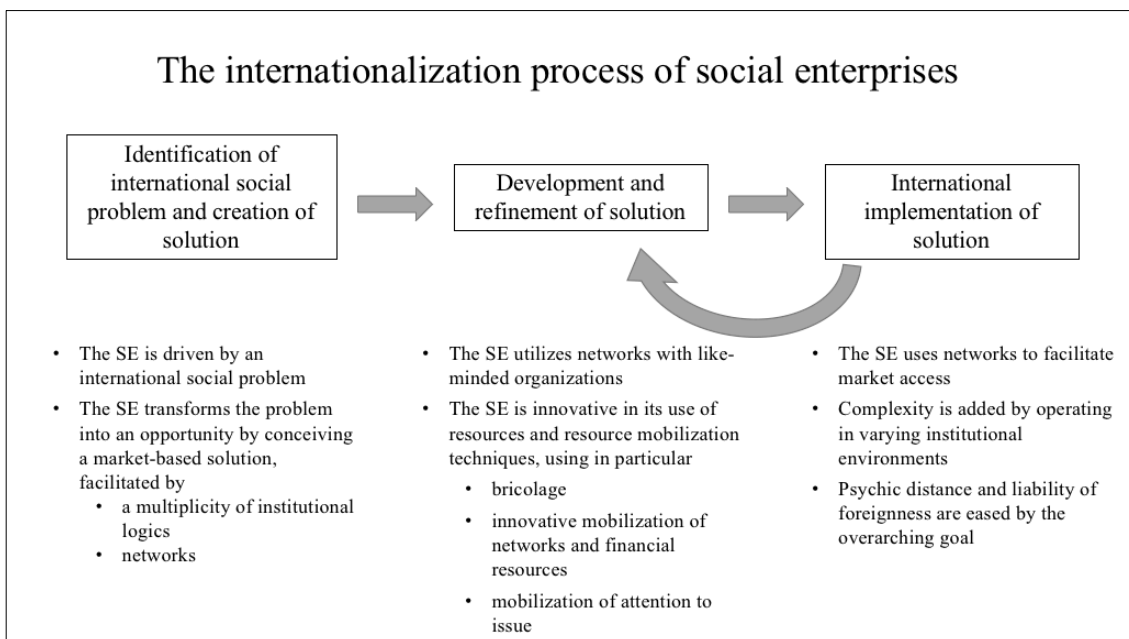


Figure 6: Proposed model of the internationalization process of social enterprises

## 6.1. Identification of an international social problem and creation of a solution

The fundamental purpose of an SE is to address a social issue (Dacin et al., 2010; Mair & Marti, 2006), and so the first steps of building an SE is likely to begin with the identification of a social problem or need (Belz & Binder, 2017; Corner & Ho, 2010), where markets have not valued social improvements and non-market actors have not responded to the problem (Marshall, 2011). Furthermore, as the major problems in society are often global in nature (Zahra et al., 2008), the internationalization process of an SE can be seen to start already in the phase of identifying the international social issue to be addressed. Even if an SE initially operates domestically, the recognition of the international prevalence, accessibility, relevance or urgency (Zahra, 2008) of the social problem it is working to tackle may spark internationalization.

An SE creates an opportunity out of the international social issue identified through conceiving a solution to address it (Belz & Binder, 2017). The multiple institutional logics SEs embody may enable them to create such opportunities (Smith et al., 2013), even when the opportunities have characteristics that limit the usefulness of commercial entrepreneurship metrics (Zahra, 2008). In addition, networks may enable the SE to identify social opportunities (Phillips et al., 2017). On the other hand, a need for a radical solution to address the issue may hinder resource mobilization and the legitimacy of the SE, hampering the implementation of the solution on an international scale (Zahra, 2008).

The incremental internationalization models discussed previously suggest that enterprises initiate internationalization in countries with small psychic distance (Johansson & Vahlne, 1977), but it is possible that social entrepreneurs' fundamental concern for the needs of others and the low accessibility of markets may decrease the impacts of psychic distance and liability of foreignness on the SE, encouraging the creation of solutions to international issues from the outset (Zahra, 2008). Furthermore, some firms have been found to essentially consider domestic and international markets as one and the same, only differentiating between product and customer segments (Freeman & Cavusgil, 2007), a characteristic which may be considered to encourage

international opportunity recognition also in SEs. As stated previously, Oviatt & McDougal (1994: 46) “define *an international new venture as a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries*” (emphasis original). In the case of international SEs, the competitive advantage central to the born global approach may receive less emphasis, as the priority placed on the social goal is likely to imply a focus on impact, which guides the internationalization process as a whole.

## 6.2. Development and refinement of the solution

After the initial ideation phase, an SE will need to develop and refine the solution in order to bring it to the market. As international SEs often operate “in areas deemed unprofitable by the private sector and neglected by the state” (Di Domenico et al., 2010: 681), incorporating “dual social and financial objectives, operating across and within distinct cultures, and building market bridges across these cultures” (Marshall 2011, 187), several levels of complexity are added to the development of the proposed solution.

Extant research in both the streams of SE and IB note the significant role of networks. In IB literature, the revised version of the Uppsala model of incremental internationalization (Johansson & Vahlne, 2009), as well as the born global -approach of the internationalization of new ventures both highlight the role of networks in the internationalization of companies. Johansson & Vahlne (1977, 2009) argue that markets themselves are built of business networks, and that relationships between actors in these networks facilitate trust, commitment, learning and creating knowledge, making “insidership” in the right networks essential for successful internationalization. Coviello and Munro (1997) in turn state that networks influence the strategic decisions of companies, and according to the born global approach introduced by Oviatt & McDougall (1994), new international enterprises often use network structures as sources of competitive advantage, enablers of access to knowledge and other resources, protection against the expropriation of knowledge, and as effective ways of saving resources or compensating for a lack of them. However, competitive advantage and avoidance of the

expropriation of knowledge might not play an equally relevant role to SEs as to commercial enterprises, as the primary goal of an SE is the creation of social, not economic value (Dacin et al., 2010; Mair & Marti, 2006.)

In the context of SEs, the role of networks in internationalization may nevertheless be even more pronounced than for commercial enterprises. Fundamentally, complex social issues need to be addressed in ways that consider the many needs of various stakeholders, implying an important role for multi-stakeholder networks (Roloff, 2008). In practice, SEs have been found to be skilled in engaging their stakeholders especially in the ideation phase of social innovation (Phillips et al., 2017). Furthermore, networks and partnerships may enable SEs to access commercial support and knowledge they may lack, but which is needed to deliver their products or services (Jenner, 2016). As in the case of commercial companies, SEs may use networks to access resources. However, they have especially been found to build their networks in resource-conserving and creative ways, such as through social media, personal networks and free events (Phillips et al., 2017). Furthermore, SEs may learn, share information and build intellectual capital with partners who either do or do not have a direct stake in their operations (Davies, 2009). Gathering from these insights, networks might be especially relevant in the phase where SE's solutions are developed and readied to be brought to the international market.

Although networks may be especially important for the internationalization of SEs, their context may also pose specific challenges. Differences in the institutional logics adopted by corporations and social enterprises, manifested in goals, ownership structures, governance mechanisms and lines of accountability are potential sources of tensions, which need to be resolved if a partnership is to be viable (Di Domenico et al., 2009). Also other authors have highlighted the importance of SEs partnering with like-minded organizations with compatible values and ideologies, as they may facilitate sharing risk (Phillips et al, 2017), improve knowledge, skillsets and capacities, and extend networks (Marshall, 2011), and form a supportive peer group, providing useful perspectives in challenging decision-making situations (Davies, 2009).

Obtaining strategic resources is critical for any company (Barney, 1991), and Oviatt and McDougal (1994) argue that the competitive advantage of sustainable

international new ventures is created by unique resources, which may be kept unique by incorporating socially intricate knowledge. The idea resonates with the idea of SEs addressing fundamentally complex social issues that require the engagement of multiple stakeholders, and could thus be argued to embody socially intricate knowledge. However, the mobilization of resources is argued to be another challenge affecting SEs specifically (Di Domenico et al., 2010; Austin et al., 2006), increasing the importance for their innovative combination and use (Sunduramurthy et al., 2016; Dacin et al., 2010). Especially obtaining financial resources may be challenging in the solution development phase of internationalization, as SEs have been noted to have a limited possibility to utilize capital markets in the same manner as commercial entrepreneurs do (Desa, 2012; Austin et al., 2006). However, Calic and Mosakowski (2016) found that an orientation towards sustainability has a positive impact on crowdfunding success, suggesting that social entrepreneurs are not disadvantaged compared to commercial entrepreneurs when using certain innovative means of financial resource mobilization. In addition, Barinaga (2017) notes that for SEs, affects, traditions, and local communities have been found to be as important as other resources considered in traditional entrepreneurship research. Furthermore, Sunduramurthy et al. (2016: 864) propose that successful SEs are apt at adopting “a bricoleur-type of approach to resources in that they identify new uses for existing resources that are discarded by others and/or recombining existing resources in novel ways”. Moreover, although ingenieuring is a highly dissimilar approach compared to bricolage, successful SEs have been found to apply it in their operating processes, in that they tend to have strong visions, and systematically make plans and set goals in order to create sustained social impact (Sunduramurthy et al., 2016).

Fundamentally, the development and refinement of a solution, be it a product or service, may be an especially challenging phase of internationalization for SEs due to the challenges posed by resource-scarcity and conflicting institutional logics. These features may make the innovative mobilization and use of networks and other resources especially salient in the internationalization process of SEs.

### 6.3. International implementation of the solution

Incremental internationalization models, such as the Uppsala model (Johansson & Vahlne, 1977) suggest a gradual process of internationalization, moving from exporting to using sales agents, to establishing sales organizations, to own manufacturing. In the case of SEs, solving an international or global problem may suggest less of a gradual approach, and one more close to the model of international new ventures, also called born globals. As discussed previously, in both internationalization models and in literature of SEs in general, networks play a substantial role. Similarly, in the phase of bringing the developed solution to the market, networks may be vital.

Networks have been found to guide market selection decisions (Coviello & Munro, 1997), and facilitate access to markets, stakeholder groups, and local communities (Phillips et al., 2017), especially in conditions where markets have high barriers to entry (Davies, 2009). A network organization structure can also enable companies to seem larger than they actually are, increasing their credibility and market impact (Davies, 2009). Furthermore, creating an “ideological network” with likeminded organizations can enable SEs to take advantage of each other’s brand propositions and increase public awareness of the issue being addressed (Davies, 2009). These networks may be managed either through external enforcement, such as legal contracts, or self-enforcement through mechanisms such as trust, reputation, or controlling joint assets (Davies, 2009). Both methods have their implications, external enforcement mitigating risk, but self-enforcement allowing for more flexibility (Davies, 2009).

As discussed above, SEs have been found to be effective in using networks when innovating and finding opportunities (Phillips et al., 2017). However, in the implementation phase, especially when allocating people and resources for scaling, marketization and proof of concept, SEs have faced difficulties (Phillips et al., 2017). Nevertheless, developing relationships at this stage is considered important, as it may expand the potential for social innovation and impact, and allow the SEs to develop their capabilities (Phillips et al., 2017).

When bringing their solutions to new markets, SEs are not only faced by institutional tensions between themselves and their partners, but also those in their new environment. A close alignment with institutional environments has been argued to increase prospects of organizational survival and facilitate access to communities, important stakeholders, and other actors able to provide legitimacy, support and resources (Baum & Oliver, 1991; Singh, Tucker, & House, 1986, cited by Townsend & Hart, 2008). Freeman and Cavusgil (2007: 17) found network relationships to help small firms “overcome institutional limitations”, both during market entry and later during operations in the foreign market. SEs facing legitimacy issues in a new field may also “selectively couple” elements from distinct institutional logics, in order to gain acceptance (Pache & Santos, 2013). Ultimately, SEs may influence the institutions they are operating with, affecting perceptions, discourses, and approaches to how the social issues are addressed (Dacin et al., 2010).

In terms of resources, as early as in 1994, Oviatt and McDougal argued that advances in communication technology and transportation, an increase in general international business experience, and a homogenization of many international markets had brought international business opportunities to the reach of “new ventures with limited resources” (1994: 49). The pace of digitalization has not slowed since, and information and communication technologies (ICTs) have been found to facilitate the internationalization of companies facing resource scarcity (Arenius, Sasi & Gabrielsson, 2005; Reuber & Fischer, 2011) and liability of foreignness (Arenius et al., 2005), by providing economical channels for sales and distribution, reducing the need for varying international operation processes (Arenius et al, 2005) and “by reducing communication, search, and interaction costs” (Reuber & Fischer, 2011: 664). As stated before, SEs tend to gravitate towards cost-efficient networking methods (Phillips et al., 2017), possibly increasing the significance of ICT resources in their internationalization process.

All in all, the internationalization process of SEs seems to bear resemblance to that of other international ventures. However, logic multiplicity and dominance of the social goal add challenging elements, which increase the importance of innovative resource mobilization as well as networks consisting of organizations with compatible

goals and practices. These networks are valuable both in the idea creation and development phases, providing knowledge, commercial support and access to resources, and in the implementation phase, where they enable SEs to reach their international goals.



## 7. ILLUSTRATIVE CASE STUDIES

The systematic literature review revealed a research gap especially in empirical research on the internationalization process of SEs. Based on extant SE and IB research, I proposed a theoretical model of the internationalization process of SEs, which I will now discuss through exploring two illustrative case studies.

### 7.1. Method

Qualitative methods in general are “about explaining phenomena in the many contexts in which business operates” (Welch & Piekkari, 2017: 723). Case studies in particular are an appropriate choice considering my goal of exploring the internationalization processes of SEs, as they enable examining the phenomenon in its context, even when the boundaries between the case and context are not clear, leaving room for complexity and the interpretation of meaning (Yin, 1981; Eriksson & Kovalainen, 2011).

The case study research strategy has also received critique, as Eriksson and Kovalainen (2011: 117) point out when stating that “[c]ase studies have sometimes been labelled anecdotal descriptions, which lack scientific rigour”. In this study, I do not aim to produce generalizations or measure frequency, but rather to deepen and enrich the understanding of a phenomenon that has thus far not received much scholarly attention. As Austin et al. (2006: 6) contend, while illustrative cases “can only provide limited supporting empirical evidence for grounded theory building, they can be helpful in capturing illumination from practice that can signal promising paths for further investigation”. In line with this view, the cases used in my research are designed to be illustrative, adding practical insights to the developed model, and highlighting areas with need for further research.

As stated above, the data used here were gathered jointly with Aalto University School of Business researchers Tiina Ritvala and Rilana Riikkinen as part of a research project on the internationalization of social enterprises. We chose a comparative, longitudinal study of two cases so as to understand the process of internationalization across two SEs that are operating in different contexts. This “matched case study”

approach allows for the comparison of two cases, holding many factors constant, but exploring and comparing differences in others (Buck, Filatotchev, Nolan & Wright, 2000).

#### 7.1.1. The case companies

Duara Travels (hereafter “Duara”) is a social enterprise operating in the global sustainable tourism industry. Duara’s solution starts with connecting local villagers with tourists from around the world. Travelers select, book and pay for their stay through Duara’s website, after which they receive the details of a local contact person in their chosen village, located in one of the six countries Duara operates in: Indonesia, Nicaragua, Sri Lanka, Tanzania, Thailand and Vietnam. The contact person connects the travelers to a local family that hosts the visitors in their home. The local family receives 40 percent of the price of the stay, while the contact person and a community savings group receive 10 percent of the price each. Ultimately, Duara is fighting poverty by aiming to channel money flows from the tourism industry to the local people who are in fact providing the hospitality services.

The Seabin Project (hereafter “Seabin”) is working to solve the environmental problem of ocean pollution, which poses a serious threat to both marine and human life (World Economic Forum, Ellen MacArthur Foundation & McKinsey & Company, 2016). Seabin’s solution is a floating rubbish bin catching waste and oil, which in its current form can be installed on floating docks in marinas, yacht clubs, ports, or any other relatively calm water bodies. Furthermore, the company also works on education and scientific research around the issue. At the time of data collection, Seabins had been installed in cities of developed countries in Europe, the United States and the Caribbean.

#### 7.1.2. Data collection and analysis

The key source of empirical data are in-depth interviews with 11 informants representing the case companies and their key partners. In addition, I use data gathered from the

companies' social media posts, as well as other available material such as blog posts and the websites of the two companies. Please see Appendix 1 for a list of key empirical data, gathered jointly with Aalto University School of Business researchers Tiina Ritvala and Rilana Riikkinen. Semi-structured interviews were conducted with the respondents between April 2017 and January 2018. As the case studies are illustrative rather than the main focus of my study, coding and analysis of data was performed on an accordingly broad level. I use an inductive approach, developing the exact coding scheme from the empirical data itself, using sensitizing concepts (Eriksson & Kovalainen, 2011) identified from current social entrepreneurship and IB literature. Based on the analysis, I form two chronological case descriptions, gathering insights that can be compared across cases, and related to the model based on findings of the systematic literature review.

## 7.2. Duara Travels

### 7.2.1. Identification of the problem and creation of a solution

Duara's three Finnish founders had all travelled in developing countries, and shared a personal experience of the same problems: local people not benefitting from the tourism industry, and travelers being detached from local life. Networks played a vital role in the beginning of the enterprise's journey, as their university's networks connected the like-minded founders in 2015, and provided critical support and encouragement needed in ideating the solution through a sustainable business competition the team took part in. During the competition, the founders designed the concept and business model of Duara, embodying dual objectives of creating income opportunities in developing countries and bringing value to customers through a market-based solution.

### 7.2.2. Development and refinement of the solution

After the successful business competition, the founders developed the solution further, refining the concept, ideating the brand image and customer experience, and considering

the different stakeholders who needed to be engaged for the solution to be operable. A decision was made to scout a pilot destination community in Tanzania, a choice guided by the founders' existing networks and personal ties in the country. Furthermore, in addition to using existing networks, the team searched for new contacts through online communities. In the fall of 2015, the founders started applying for funding, and raised money first from family members and later from a Finnish development finance organization, used for the travels to find communities and contact persons. The travels in Tanzania was a success, and when coming back to Finland, Duara had already allocated its first seven villages.

In the beginning of 2016, the first customers piloted the Kigamboni village in Tanzania, although at this stage the travelers only paid for the community's portion of the fee, Duara not collecting compensation for itself. Thus far, the founders had taken advantage of personal, online, and university contacts, but in the spring of 2016, Duara started collaboration with World Vision, a global development organization. *"Everybody was telling us that you need a strategy for scaling, like you can't do it on your own, you need a partner"*, recalls one of the co-founders. The Duara team envisioned the partnership to provide them access to the vast networks of World Vision, enabling expansion to several countries. Through the organization's private sector partnership program, World Vision helped Duara source villages and contact persons in Sri Lanka. However, the partnership did not come without its challenges: *"It wasn't as smooth as we maybe would've hoped ... it wasn't that easy to, change from the NGO mentality to a business mentality"* a co-founder describes. Thus, Duara experienced first-hand the challenges in using multiple institutional logics, the company's operations being driven by a social goal, but executed with a market-based approach and business-minded mentality. The Duara team decided that the bureaucracy and slowness of the decision-making process were not adequately compensated for by the advantages of the partnership, and subsequently returned to their original model of sourcing communities on their own.

### 7.2.3. International implementation of the solution

In July 2016, Duara had its first fully paying customers, and took part in the university's startup incubation program, through which they received valuable additional contacts and support. In the fall of 2016 the company also expanded to Indonesia and Vietnam, at this stage having developed an effective routine for finding contact persons and communities. Furthermore, Duara created a new model for scaling to new villages, relying on traveler volunteers to test the locations instead of using a large-scale partnership.

Networks largely influenced Duara's initial market entry decisions, but they have also been driven by the ultimate goal of the company: *"After starting Duara we've got multiple requests, sort of, to take Duara to Lapland ... It could be an interesting business but it's not why we found Duara. So that's why we can't do it."* a co-founder states. Furthermore, destinations Duara enters must strike a balance between not being too developed, but not too secluded. For instance, Duara received a suggestion to expand to a remote village in Namibia, which the company decided to refuse in order to protect the vulnerable community, despite the tremendous marketing potential of the destination.

Duara has also experienced challenges during its internationalization process, the main difficulties rising from resource scarcity and a lack of knowledge and skills. Although the team had created a well-functioning method of sourcing communities and contact persons, growth of demand remains a critical challenge. *"If we even manage to get a critical mass travelling from Finland, then internationalization would be much easier ... I feel like building trust in Finland is number one"* a co-founder reflects. However, the company has an international customer base, with the founders estimating around 50 percent of customers coming from outside of Finland.

Although receiving an innovation grant in 2017, resources continued to pose a significant challenge, leading the founders to seek employment outside of Duara in late 2017. The choice allowed for the founders to secure their income, but continue running and even slowly expanding Duara. Being able to provide unique experiences to travelers and helping communities keeps the team motivated despite all challenges and sacrifices

of personal free-time, as one founder states: *“I still wanna keep it going because I think it's worth every time somebody goes. It's worth it.”*

### 7.3. The Seabin Project

#### 7.3.1. Identification of the problem and creation of a solution

Seabin's two Australian founders have a deep passion for surfing and the ocean, and could not avoid realizing the perilous state it is in. The two created the idea of the Seabin, and in 2014 one of the co-founders quit his job to concentrate solely on the project. An Australian marine technology firm provided seed funding for the company, which was set up in an old factory space in Mallorca, where the prototyping of the Seabin truly began.

However, in late 2015 the company was facing severe financial difficulties. Therefore, the founders decided to create a crowdfunding campaign to mobilize financial resources, working with a production studio to create a visually appealing video presenting the emotionally compelling story behind the Seabin Project. Furthermore, they also partnered with designers and an NGO, creating merchandise to be sold and given as awards for donors of the crowdfunding campaign.

Reaching the targeted amount of donations remained unsure until the very last days of the campaign. However, by the end of the year the campaign video was being increasingly shared through social media, the attention snowballing and the project finally gathering 115 percent of the targeted funding amount. A current Seabin team member recalls one co-founder saying *“it was one of the most stressful moments of his life because he had, like, ten dollars left in the bank”*.

#### 7.3.2. Development and refinement of the solution

Much of the success of the crowdfunding campaign is attributable to the attention Seabin was able to generate through social media, which also caught the eye of future partners

of the project and influential media outlets, who shared the videos to their millions of followers. Throughout its internationalization process, the team has been skilled in mobilizing like-minded people, organizations, and communities through successful communications on social media. From the beginning, the founders had been adamant about keeping the message positive, concentrating on what can be done to solve the problem instead of focusing on its negative impacts. Furthermore, over a third of Seabin's collected Facebook posts were centered on increasing awareness of the issue, not directly advertising the product.

The founders understood that the Seabin would not fix the underlying reason for the problem – the mismanagement of waste – and that a more comprehensive solution was required. Thus, Seabin hired its first employee, who headed the creation of a research and educational program, comprising of teaching school and youth groups and working with universities and academia, with the goal of increasing awareness and creating a database using data of marine waste collected by the Seabins.

In March 2016 Seabin announced a global partnership with Poralu Marine, a multinational company manufacturing marina equipment. The agreement allows Seabin to take advantage of Poralu's ability not only to produce the Seabins, but also to distribute them to their global networks. Soon thereafter, Seabin announced the first out of six pilot partner agreements that were to be announced during the following year. Under the pilot program, partners sponsored Seabins to various locations across Europe and North America, supporting the company with testing and developing the product, as well as implementing the research and educational program. The partners were chosen based on the resources, skills, and networks they provided, but also due to their compatible values: *“they had to have a real passion and enthusiasm for the environment and share the vision that we had”*, describes a team member.

Despite the beneficial aspects of the partnerships, they also presented challenges. The large companies did not experience similar pressures from lack of financial or time resources, and thus did not face the essential need to act as quickly and agilely as Seabin did. Furthermore, each partnership required tailoring, and as data collection from seabins is not linked to the core day-to-day operations of pilot partners,

the team has occasionally needed to push the partners to keep performing this vital component of the partnerships.

Despite the strides made in developing the concept and forming international partnerships, Seabin found itself in a financially difficult situation yet again in May 2017, and decided to launch another crowdfunding campaign. Two team members also took part in a startup booster program and competition, through which Seabin won a grant of 360 000 euros, easing the financial pressure on the company.

### 7.3.3. International implementation of the solution

The products were brought to the international market in November 2017 with a successful “pre-sales” launch of 500 seabins, limited to marinas, ports, and yacht clubs. To answer to the demand created by individuals, the team produced a crowdfunding package, containing information needed to start a small crowdfunding campaign to fund the acquisition of a Seabin in a neighborhood. The pre-sales campaign allowed Seabin to understand the demand for the product, and identify the markets with most potential. In addition to learning from the pre-sales launch, market entry decisions have been influenced by Poralu’s manufacturing and distribution network.

The team is seeking to continue developing the product in the future, first making it compatible with fixed docks and ultimately moving it to open waters. In addition, the company is looking to set up a foundation to enable applying for grants to finance the research and education program. The foundation is envisioned to work with NGOs and other stakeholders, implementing what the company considers the “real” solution to the problem of marine waste: education and awareness. Thus, despite hectic schedules, resource constraints and a wide array of stakeholder relationships to be managed, the goal of the team remains clear: *“Our mission is to live in a world where there is no need for Seabins, because the oceans are clean”*.



## 7.4. Discussion

### 7.4.1. Identification of the problem and creation of a solution

Both of the case companies' internationalization process began with the identification of an international problem and an ideation of a market-based solution to address it. In both companies, the realization came from personal experience and the team's intrinsic motivation to make a change, in line with the arguments of Zahra et al. (2008), who suggest that a social opportunity's relevance to the entrepreneurs' experiences and knowledge may inspire SEs to pursue international opportunities and decrease the perceived associated risk. Furthermore, Freeman and Cavusgil (2007) found that some companies have been found not to differentiate between international and domestic markets, visible in the way Seabin set up its headquarters in a foreign country from the outset. Also Duara immediately offered its services to clients from around the globe, although focusing marketing activities and trust building in their domestic country of Finland.

Seabin and Duara also experienced the same challenge: resource scarcity. Although resources are important for all new enterprises (e.g. Barney, 1991), their mobilization has been identified as especially challenging and critical for SEs (Di Domenico et al., 2010). The case SEs were able to take advantage of the dual social and economic objectives they embody in mobilizing funding – in Duara's case grant funding from a development financing organization, and in Seabin's case seed funding from a like-minded company and crowdfunding from individuals concerned about the marine environment. As discovered by Calic and Mosakowski (2016), a sustainability orientation may be beneficial in executing successful crowdfunding campaigns, the case of Seabin supporting this claim. Both companies also utilized networks, Duara's founders being connected by their university and by taking advantage of the support the university provided for entrepreneurs, Seabin by early on partnering with companies, designers and NGOs with compatible missions.

The main differences to the initiation of commercial enterprises' internationalization was thus in both cases the driving power of the social problems and the SEs' embodiment of multiple institutional logics, which allowed the companies to turn the global problems into international entrepreneurial opportunities. Furthermore, the goal multiplicity enabled Duara to receive funding from a development finance organization, and for Seabin to mobilize like-minded individuals and organizations to support the project, enabling operations despite initial resource constraints.

#### 7.4.2. Development and refinement of the solution

After creating the solutions, both companies went through a piloting phase, testing the ideas in foreign markets and forming partnerships. In this phase market selection was based on a mix of personal and network ties – Duara scouted its first location from Tanzania, where the founders had existing personal ties, while the subsequent villages in Sri Lanka were discovered through a partnership with an international NGO. Seabin in turn formed a partnership with a multinational manufacturer, opening access to the company's product development and manufacturing capabilities and global distribution networks.

Insidership in important networks has been argued to be essential for the successful internationalization of any company (Johansson & Vahlne, 2009), but networks and stakeholder relationships have been identified as especially vital for SEs, who have been found to be challenged in utilizing networks in the phase of scaling their solutions (Phillips et al., 2017). Both case SEs in this study used networks to leverage and develop skills and access resources, behaviors that are seen as common to also purely commercial international new ventures (Oviatt & McDougall, 1994). Furthermore, SEs have been found to share information and build intellectual capital also with entities that are not directly involved in their operations (Davies, 2009), something that also the case companies demonstrated: Duara when using peer networks provided by the university, and Seabin by engaging actors and communities who share their vision.

The vision of the companies was again a driving force in the development and refinement phase of their internationalization, and in forming the partnerships that facilitated the international scaling. Di Domenico et al. (citing Husted, 2003), state that “traditional relationships between corporations and non-profit organizations have tended to be based on philanthropy and characterized by the overwhelming dominance of the corporation”, but in the case of Seabin this did not appear to be the case. Seabin’s selection of pilot partners was very much based on compatible values, and the partner’s readiness to contribute to the education and research program and data collection activities. Seabin was contacted directly by several parties wishing to participate in the pilot program, and the partnership selection process was based on assessing what each party could bring to the partnership. Also Duara maintained a clear vision of its ultimate goal, refusing to take the company to possibly profitable markets, if it did not contribute to the ultimate goal of reducing poverty, in a manner that is sensitive to local cultures.

Di Domenico et al. (2009) found differences in institutional logics, manifested in goals, ownership structures, governance mechanisms and lines of accountability, to be potential sources of tensions in partnerships formed by SEs. Despite the careful consideration in choosing partners, differences in institutional logics and working practices were at times challenging in the partnerships formed by both Duara and Seabin. As young SEs facing resource scarcity, the companies needed to be agile and adaptive, all while keeping focus on their social goal. In the case of Seabin, working with large organizations not pressured by resource constraints and not equally focused on the environmental goal, and for Duara working with an NGO with bureaucratic processes and a lack of business mentality created tensions. In Seabin’s case, the partnerships proved to be beneficial for both parties, but in the case of Duara, the company decided to return to its initial method of sourcing destinations on its own. Duara’s hopes of rapid scaling through the partnership were thus not met, placing restrictions on the internationalization pace possible for the company in the future. The cases thus highlight the importance of forming partnerships and networks with actors that are both compatible with the ultimate goal of the SE, as well as with its more practical operating practices.

Also online social networks and communities proved to be vital in the internationalization processes of the SEs. For Duara, some of the local contact persons for villages have been found through online communities, while Seabin has created its own powerful community in online social networks. As discovered by Phillips et al. (2017), using social media is characteristic to SEs, as they often must build their networks in resource-conserving ways. Seabin has actively used social media to increase awareness of the marine waste crisis, building a large international follower base of like-minded individuals. The powerful message of the company also caught the attention of mainstream media, further increasing the visibility of the issue and the company. This in turn has led the company to have a value proposition for partners in the form of a strong promotional tool, giving Seabin the possibility to take its pick of eager potential partners. The importance of gaining attention is further highlighted by Duara considering reaching its target group as one of its most pressing challenges.

The incremental internationalization models discussed previously imply a gradual process of internationalization (Johansson & Vahlne, 1977, 2009), while the born global approach (Oviatt & McDougall, 1994) suggest companies may be international from the outset. Interestingly, the two cases illustrate differing internationalization paths, Duara implementing internationalization somewhat more gradually and emphasizing building trust and obtaining a critical mass of customers first in its domestic market, Seabin immediately reaching for global markets through networks and supported by a strong international follower base. The significance of the online popularity of Seabin highlights the role of building communities and mobilizing attention towards the addressed social issue in the internationalization process of SEs. However, the companies also differ in their offering – in Duara’s case of providing a hospitality service in developing countries, emphasizing poverty in the villages might not entice travelers to become customers. Thus, this study highlights the importance of examining the dynamics between the social problem addressed, the offered product or service, and the internationalization process of an SE, an issue that has not been researched to date. The initial insights gathered from the two cases suggest that service providers targeting social problems face different

challenges in scaling and internationalization than companies offering products targeting environmental issues.

#### 7.4.3. International implementation of the solution

Despite continued expansion and successful commercial launches in 2016 and 2017, both companies continued to struggle with a lack of resources. Duara addressed the issue by initiating an ambassador program, geared towards using volunteers as a resource allowing for more efficient internationalization. Volunteerism has been identified as an important resource for nascent entrepreneurs (Chell, 2007), Duara's case indicating that volunteers may also play a critical role in the internationalization processes of SEs. Seabin in turn worked to be able to answer market demand by individuals by creating a crowdfunding package private persons could use to fund the acquisition of a Seabin in their local port or marina. The adjustments the companies have made and the plans they have for the future demonstrate the need for the SEs' solutions to be continuously developed, even after the offering has been brought to the international market. This is in line with the social entrepreneurship process model developed by Corner and Ho (2010), who recognize the circular nature of the process.

Prior to the initiation of the commercial launch, Seabin had also applied for a worldwide patent for its product, safeguarding itself from the expropriation of its technology. According to Oviatt and McDougal's (1994) view of international new ventures, the unique resources such ventures possess are the basis of their competitive advantage, and thus measures such as patents are expected to be used to maintain the position. Duara however views competition on quite different terms, considering platforms such as Airbnb and Couchsurfing as having paved the way for its service.

Through the pre-sales, Seabin received product orders from across the world, while Duara continued its gradual internationalization, expanding country by country. Zahra et al. (2008) found that the institutional forces underlying a social issue are likely to vary between locations, "making the internationalization of a standard business model and organizational structure difficult". Duara's solution exemplifies the difficulty of

creating a standardized business model, as the service it provides is highly tied to its context, and requires much adaptation. Seabin, in comparison, produces a fairly standardized product, which it has been able to roll out to several locations with only minimal adaptation.

However, Zahra et al. (2008: 126) do also theorize that SEs' fundamental goal of addressing the human needs of others, and the low accessibility of markets it targets may reduce their psychic distance and liability of foreignness, facilitating the internationalization of SEs compared to commercial companies. This study of two SEs may be considered to cautiously support the suggestion, given that neither company has experienced significant challenges due to psychic distance or liability of foreignness, which may be considered especially remarkable in Duara's case, where the company is operating across extremely varied institutional contexts.

While the rapid internationalization of Seabin may be to a large extent contributed to the international attention it has mobilized and the networks and partnerships it has access to, Duara has for now not entered new partnerships, and the founders are in a process of scaling back the time resources committed to the company. Phillips et al. (2017) boldly state that SEs operating alone are likely to fail, indicating the path Duara is on to be perilous. However, Marshall (2011: 188) argues that an SE "may perceive the growth of the enterprise as a positive outcome, if and only if the enterprise finds continued success in ameliorating the social problem". Seabin's ultimate goal of creating a better world for future generations through cleaning the world's oceans clearly calls for immediate action, growth and internationalization. The Duara team in turn finds value in impacting the lives of individual people around the world, discovering fulfilment in every new visit travelers make.

## 8. CONCLUSIONS

### 8.1. Main findings and theoretical contributions

SEs are increasingly operating across national borders (Marshall, 2011), holding the potential to address pressing global challenges and improve the quality of life around the world (Zahra et al., 2008). However, extant research in the field of social entrepreneurship is centered on enterprises operating within communities, regions, or nations (Marshall, 2011), and there is limited empirical research examining their international operations. Furthermore, there was no comprehensive review of literature on SEs in an international context. The goal of this study is to contribute to filling the knowledge gap, and increase the understanding of extant knowledge of the internationalization of SEs, by answering the research question: *what do we and do we not know of the internationalization process of social enterprises?*

In conducting a systematic literature review, I synthesized extant literature, uncovering the most prominent contributions and theoretical viewpoints in current SE research. I find the most prominent theoretical lens used in the articles to be institutional theory, while the resource-based view and network approach also receive a sizeable amount of scholarly attention. However, a research gap was discovered especially regarding the internationalization process of SEs, indicating a critical need for both theoretical and empirical research on the internationalization process of SEs. As a main theoretical contribution of this study, I integrated knowledge from the fields of social entrepreneurship and international business through creating a proposed model of the internationalization process of SEs. The theoretical model highlights the role of networks of likeminded individuals and of the innovative mobilization and use of resources in the internationalization process of SEs. Furthermore, the process is distinguished from that of purely commercial enterprises by the substantial influence of the guiding social goals of SEs, which affect decision making throughout the process.

Subsequently, I presented two illustrative cases, providing indicative empirical evidence of the internationalization processes of SEs. The findings of the cases supported the importance of networks in the internationalization process (e.g. Johansson & Vahlne, 2009; Freeman & Cavusgil, 2007; Coviello & Munro, 1997; Oviatt & McDougall, 1994) in particular highlighting the importance for SEs to work with likeminded individuals and organizations (Phillips et al., 2017; Davies, 2009), with compatible institutional logics and operating practices. Furthermore, the cases reinforced the arguments of resource scarcity being characteristic to SEs (Di Domenico et al., 2010), and of the importance for SEs to use and mobilize resources in an innovative manner (Dacin et al., 2010), for instance through social media (Phillips et al., 2017). Furthermore, the case of Seabin suggests that creating awareness of the issue an SE is tackling may be a contributing factor to its successful internationalization.

Marshall (2011) has noted the added complexity expected to be experienced by SEs working across borders and in varying cultures. Remarkably, neither SE identified operating across different institutional contexts as a challenge, providing early support to the suggestion that SEs' fundamental social goals and the low accessibility of markets they target may reduce their experienced psychic distance and liability of foreignness (Zahra et al., 2008).

Overall, the systematic literature provided theoretical contributions in synthesizing extant research and highlighting gaps of knowledge. Furthermore, by integrating knowledge from the fields of social entrepreneurship and international business into a proposed model, I provided a theoretical contribution advancing the understanding of the internationalization of SEs. Finally, the illustrative cases were used to provide additional insights into the process model.

## 8.2. Managerial implications

The findings of this study provide insights for managers of internationalizing SEs by highlighting the importance of networks and partnerships with likeminded organizations.



The case companies experienced challenges due to differing weights partners put on the ultimate social goal, as well as due to differences in organizational processes between the small and agile SEs, and NGOs or more established companies. Thus, partnerships with entities embodying similar institutional logics and operating practices may prove to be most beneficial. The findings from the cases also support extant research in finding partnerships to potentially enable access to critical resources such as international networks, knowledge and capabilities, and financial resources (e.g. Phillips et al., 2017; Davies, 2009; Di Domenico et al., 2009). Furthermore, the cases shed light on the potential of online social networks in creating awareness and increasing the visibility of SEs, thus facilitating international expansion. Finally, the literature and cases suggest that the primacy of a social goal may facilitate success in mobilizing crowdfunding (Calic & Mosakowski, 2016), and decrease the effects of psychic distance and liability of foreignness in international markets (Zahra et al., 2008).

### 8.3. Suggestions for further research

In this study, I integrated knowledge from the fields of social entrepreneurship and international business through creating a proposed model of the internationalization process of SEs. However, future research is needed to improve the understanding of the process and the different factors affecting it. Furthermore, as the model is based on social entrepreneurship literature and internationalization theories from the field of IB, valuable insights might be added by incorporating views from related fields, such as sustainable entrepreneurship or institutional entrepreneurship. Moreover, while the illustrative case studies enriched and illustrated the proposed model, only limited conclusions may be drawn from two brief cases, emphasizing a need for especially empirical research on the internationalization process of SEs.

Despite not producing generalizable conclusions, the illustrative cases did highlight possibly fruitful areas for further research. The cases revealed both similarities and differences in the internationalization processes of the studied SEs: both companies

were created due to the founders' personal recognition of a global problem, both went through a piloting phase, and both encountered challenges due to resource scarcity. Furthermore, both SEs were driven by their ultimate goal throughout the process of internationalization, and used networks and partnerships to access skills, knowledge, and tangible resources. However, Seabin was able to use the networks and resources of its partners in internationalizing rapidly, while Duara did not continue its partnership with an international NGO. Findings of the systematic literature review and illustrative cases point to the importance of partnering with likeminded organizations (Phillips et al., 2017; Davies, 2009), but further investigating how SEs use networks and partnerships to internationalize, and what determines whether the partnerships are successful, seem to provide promising avenues of future research.

Mobilizing resources was an important challenge for both companies. An orientation towards sustainability has been found to have a positive impact on crowdfunding success (Calic and Mosakowski, 2016), a factor which may have contributed to Seabin's eventually successful crowdfunding campaign. Conversely, Duara's main initial funding was gathered from personal networks, and received as a grant. Therefore, future research might gain from investigating the most effective resource mobilizing methods for internationalizing SEs, and the factors affecting the outcomes. Furthermore, are there other specific resources that are especially important in the internationalization of SEs?

The two cases also differed from each other in terms of their offering, Duara providing a service, and Seabin a product. Furthermore, Duara targeted a social issue while Seabin addressed an environmental problem, a factor which appeared to have an impact on the scalability and need for adaptation of the solutions. Value might be found in further exploring the dynamics between the nature of the issue an SE addresses, the service or product it offers, and the internationalization process it goes through. That is, how does the internationalization of an SE that creates a service differ from one that creates a product? Or, as also Zahra et al. (2014) have asked, how does the internationalization process differ for SEs tackling social versus environmental issues?

In addition, the cases provided evidence of the power of social media in mobilizing attention to both the issue at hand, and the SE itself. The success of Seabin may be highly attributable to its effective social media communications, suggesting that creating awareness of the issue an SE is tackling may be a contributing factor to its successful internationalization. Furthermore, the case companies had clearly dissimilar marketing strategies on social media, Seabin indeed heavily focusing on building awareness, while Duara's social media presence was more focused on promoting its product. Future research could thus further explore the role of social media in the internationalization of SEs, especially in terms of the role of creating awareness of the targeted issue. Finally, the cases provide support to the theoretical argument of the primacy of a social goal and of low accessibility of entered markets decreasing the effects of psychic distance and liability of foreignness for international SEs (Zahra et al., 2008), but more empirical research is needed to fully understand the related dynamics.

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## APPENDIX 1: Empirical data

Semi-structured interviews were conducted with the respondents between April 2017 and January 2018. We interviewed informants in person (7 interviews) or via Skype (4 interviews), most interviews lasting approximately 50 minutes. The interviews were recorded and transcribed ahead of analysis. I collected all 1440 posts and videos published between the launch of the Facebook pages (August 2015 for Duara, and October 2015 for Seabin) and December 31, 2017.

Table 2: Empirical data

	<b>Case Duara Travels</b>	<b>Case Seabin Project</b>
Interviews	<ul style="list-style-type: none"> <li>• 3 Co-founders of Duara</li> <li>• Village contact person, Bali</li> <li>• Representative of World Vision, Duara's partner in Sri Lanka</li> </ul> <p><b>Total: 5 interviews</b></p>	<ul style="list-style-type: none"> <li>• CEO and Co-founder</li> <li>• Project Operations Manager (interviewed twice)</li> <li>• Head of Scientific research and Education</li> <li>• Representative of Seabin's corporate pilot partner in Finland</li> <li>• 2 representatives from the Port of Helsinki, location of first Seabin in Finland (interviewed in tandem)</li> </ul> <p><b>Total: 6 interviews</b></p>
Facebook posts	93	1214
Facebook videos	9	124