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Year: 2023

Version: Accepted manuscript

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Please cite the original version:

Appiah, E. K. (2023). Social Media Usage and Entrepreneurial Opportunity Recognition Among Internationalising SMEs. In V. Jafari-Sadeghi & H. Amoozad Mahdiraji (Eds.), *Decision-Making in International Entrepreneurship: Unveiling Cognitive Implications Towards Entrepreneurial Internationalisation* (pp. 1-30). Emerald. <https://doi.org/10.1108/978-1-80382-233-420231001>

Social Media Usage and Entrepreneurial Opportunity Recognition among Internationalizing SMEs

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Abstract

The study explores the decision-making logics driving the usage of social media among internationalizing small and medium-sized enterprises, and how it supports entrepreneurial opportunity recognition. We draw on qualitative data from four internationalizing firms all of which had adopted social media. The findings show that causal decision-making logic is the main element driving the initial usage of social media (i.e. pre-adoption). With regard to ongoing usage, we found evidence of both causal or effectual logics; the choice being dependent on the firm's resources. The findings also show that both drivers of social media usage have a paramount role in entrepreneurial opportunity recognition.

Keywords: social media, entrepreneurial opportunity, decision-making logic, effectuation theory

Introduction

According to Oviatt et al. (2005) integrated model of the forces influencing the speed of new venture internationalization, access to technology plays a key role. One technology influencing internationalization that has attracted attention within both academia and non-academic forums is social media. In non-academic sectors, it is growing as an important strategic tool among firms (Parveen et al., 2016) and is changing interactions between firms and consumers (Kao et al., 2016; Kaplan et al., 2010). Internationalizing small and medium-sized enterprises (SMEs) often lack sufficient knowledge of foreign markets, often expressed as the liability of newness (Zaheer, 1995), difficulty in achieving legitimacy, expressed as the liability of foreignness (Arenius et al., 2006; Zaheer, 2002; Zaheer, 1995), difficulty in gaining access to existing foreign market networks, expressed as the liability of outsidership (Johanson et al., 2009), and lack sufficient resources (Zahra, 2005). Prior studies (e.g. Arnone et al., 2016; Nowiński et al., 2016) view the leverage of social media as a strategic resource to create social networks, to extract information from foreign markets, to mitigate the probable challenges from foreign market uncertainties (Alarcón-delAmo et al., 2018). Despite those few theoretical contributions, with few exceptions (e.g. Fischer et al., 2011) little research in either the entrepreneurship or information systems (IS) literature has paid attention to decision logic in a social media usage and how it supports international entrepreneurial opportunity recognition. Fischer et al. (2011), for example, find that Twitter interactions trigger effectual entrepreneurial thinking and actions resulting in opportunity creation.

Therefore, the present study aims to enhance our understanding of decision-making logics and opportunity recognition in a social media context. Accordingly, the research question guiding

this study is: What kind of decision-making logic drives internationalizing SMEs to use social media, and how does that logic support opportunity recognition in the foreign market? We develop our theoretical arguments on the basis of effectuation theory, social media literature, and entrepreneurial theory on opportunity recognition. The reason for adopting effectuation theory is that it is a recognizable framework used by scholars to study the international behaviour of entrepreneurial firms (e.g. Fischer et al., 2011; Galkina et al., 2015; Yang et al., 2017). Entrepreneurial theory on opportunity recognition is also a central concept in entrepreneurship research (Short et al, 2010).

The empirical base of this study focuses on internationalizing Finnish SMEs. This study makes the following theoretical contributions. First, with few exceptions (e.g. Fischer et al., 2011), research on decision-making in social media usage and opportunity recognition is limited and the current study provides new evidence using effectuation theory to study the topic in the context of internationalizing SMEs. We contribute to the literature on entrepreneurial behaviour of firms by providing information informed by theory on the decision logics behind the use of social media. Second, according to Knight et al. (2016), opportunity-related studies is an emergent force in internationalization research, and we therefore integrate entrepreneurship, international perspectives (Knight et al., 2016), and social media to advance our knowledge on opportunity-based international entrepreneurship studies. Finally, discussions on social media in the present paper respond to two interrelated research calls. The first call for research is on the impact of digitalization on internationalization by Coviello et al. (2017), and Vahle et al. (2017), and the second call for research is on the growing interest of firms in using social networking platforms made by Shaikh et al. (2015).

Theoretical Background

Entrepreneurial Theory on Opportunity Recognition

Emergence of entrepreneurial opportunity represents a central concept in entrepreneurship research (Short et al, 2010). Holm et al. (2015 p. 339) define it as a ‘desirable but uncertain situation present in foreign markets, which allows firms to benefit from engaging in new crossborder business activities that provide economic value for the firm’. Scholars offer different opinions on the conceptualization of entrepreneurial opportunity (e.g. Schumpeter, 1934; Kirzner, 1973; Shane et al., 2003; Ardichvili et al. 2003; Mainela et al., 2014). The present paper focuses on conceptualizations that are associated with the discovery and creation of entrepreneurial opportunities (e.g. Shane et al., 2003, Gartner, 1985; Ardichvili et al. 2003) in the international market. The discovery perspective assumes that entrepreneurial opportunity exists within the environment waiting to be discovered and exploited (Kirzner, 1973). In contrast, the creation perspective assumes that that entrepreneurial opportunity is created. Thus, the firm or entrepreneur influences the development of entrepreneurial opportunities (Mainela et al., 2014; Schumpeter, 1934). These two opposing positions are frequently mentioned in entrepreneurial opportunity research (Johanson et al., 2009). Our position in this paper is that the process of entrepreneurial opportunity as influenced by social media usage encompasses the elements of both creation and discovery (Ardichvili et al., 2003; Johanson et al., 2009).

Social Media Usage and Opportunity Recognition

Kaplan et al. (2010) define the term social media as a group of mobile and web applications (e.g. Facebook, Twitter, Flickr, LinkedIn, Skype, Pinterest, Instagram) that build on the ideological and technological foundations of Web 2.0, and that allow users such as individuals and communities to create, share, collaborate, discuss, and modify user-generated content (Kaplan et al., 2010). Social media usage is conceptualized into two dimensions, namely, initial usage (i.e. preadoption) and ongoing usage (i.e. post-adoption) (Shaikh et al., 2015). Internationalizing SMEs leverage social media as a strategic resource to create social networks, to extract information from foreign markets, to mitigate the probable challenges from foreign market uncertainty (Arnone et al., 2016; Alarcón-del-Amo et al., 2018). Prior studies (e.g. Arnone et al., 2016) provide confirmation. Arnone et al. (2016) focused on the role of social networking sites in the internationalization of small businesses and found that social media sites enable small ventures to create professional and personal relationships with foreign partners, to identify market opportunities, and to reduce the effect of psychic distance. Nowiński et al. (2016) in contrast examined the role of social networks in the developmental process of international new ventures (INVs) and found that social media contributes to the development of INVs by providing new information to support founders in identifying and assessing international opportunities.

Another benefit derived from the usage of social media is that it provides firms with the opportunity to build their brands (Cawsey et al., 2016). This was evident in the study by Jones, Borgman et al. (2015) establishing that firms utilizing social media create better awareness, develop better relations with customers, increase sales, repeat sales, and more frequently have the opportunity to engage with customers. The inadequacy of resources creates a significant challenge for internationalizing SMEs in building their brands (Altshuler et al., 2010). Therefore, the use of social media can provide an opportunity for a firm to build its brand other than through expensive marketing campaigns. In sum, Parveen et al. (2016) categorized social media usage into three sub-constructs: for marketing, to build customer relations, and to foster information accessibility. With respect to the last form, social media usage to foster information accessibility, firms have created fan pages where customers and users are provided opportunities to comment, like, or dislike their services or products. On these pages, the firms post product or service-related videos, messages, information, and other materials (de Vries et al., 2012). The creation of such pages opens up opportunities for such firms to discover the true personalities of customers and users and their perceptions in regard to the products and services that are delivered. Levels of likes for, and the content of comments on, products and services on social media create an opportunity for the firms to discover how popular their brand or services are (de Vries et al., 2012). The information gleaned from users' or fans' conversations on the firm's fan pages informs the firm about activities and their brand sentiments (Parveen et al., 2016). To conclude, social media can be of considerable help to internationalizing SMEs as it provides opportunities to communicate and respond to competition, to create awareness, to create strategic partnerships with customers, and to develop new capabilities to enhance customer relationships. Social media can thus reduce or even eliminate the physical distance (Altshuler et al., 2010; Vuori, 2014; Alarcón-delAmo et al. 2018; Ahmad et al., 2019).

Empirical evidence shows that these constructs make a positive contribution to the performance of firms (e.g. Parveen et al., 2016).

Opportunity Recognition in the Effectuation Approach

Effectuation theory was propounded by Sarasvathy in the early 2000s and proposes two decision-making logics, the causal and the effectual. Causal decision-making logic is a predictive form of decision-making involving systematic planning and information gathering with clearly defined goals (Sarasvathy, 2008; Nummela et al., 2014). ‘It takes a particular effect as given and focuses on selecting between means to create that effect’ (Sarasvathy, 2001, p. 245). In contrast, effectual decision logic is a non-predictive form of decision-making. It approaches the future by controlling it. It takes ‘a set of means as given and focus on selecting between possible effects that can be created with that set of means’ (ibid. p. 245). Goals are imagined by the decision maker and are evolving. Sarasvathy (2001) suggests that this kind of decision-making logic is applicable in contexts where resources are scarce. Studies on the decision-making logics of internationalizing firms have confirmed that both forms of decision-making logic can be used simultaneously or in isolation. For example, a study by Chetty et al. (2015) on the decision-making process employed by entrepreneurial firms when entering foreign markets found that entrepreneurs intertwine effectual and causal logics in their decision-making. In literature, effectuation theory is based on five heuristic principles. The principles set the differences between causal and the effectual decision-making logics. For reasons of tractability, in this study, we focus on the principle of basis for taking action (means-driven as opposed to goal-driven action) (Dew et al., 2009). We want to understand the motives driving the usage of social media usage. Means-driven means beginning with a set of resources and focusing on generating a goal. Applying the lens of the resource-based view (Barney, 1991), means (i.e. resources) enable entrepreneurial firms to exploit external opportunities. In contrast, being goal-driven involves beginning with a goal and choosing between a set of resources to decide how to achieve that goal. There are a couple of studies that have also focused on one effectual principle. For example, Galkina et al. (2012) focused on the principle of partnership instead of competitive analyses and Wiltbank et al. (2009) focused on the principle of affordable loss.

Over the years, effectuation theory has provided a theoretical lens to explain international opportunity recognition. Theoretical contributions include studies by Chandra et al. (2009), Galkina et al. (2012), and Gabrielsson et al. (2013). Chandra et al. (2009) found that firms with little or no prior international knowledge use effectuation logic in the form of opportunity discovery whilst those with prior international knowledge use causal logic in the form of a deliberate search to discover their first international opportunities. Galkina et al. (2012) also identified international opportunity recognition through effectual logic in networking during internationalization. Similarly, Gabrielsson et al. (2013), studying the growth and survival of INVs, found an effectual decision logic was linked to opportunity creation whilst a causal decision logic was linked to opportunity discovery. There are few contributions investigating decision-making logic and opportunity creation available in the social media context. Among those few, a significant piece of research is that by Fischer et al. (2011) that indicates Twitter interactions trigger effectual entrepreneurial thinking and actions which result in opportunity

creation. The study focused on how social usage influences the entrepreneur. In reviewing the available research, we found none. This study intends to redress that situation.

Methodology

The current study applies a case-study method. We adopted this approach to provide a thorough understanding of the dynamics present within single settings (Eisenhardt 1989). We opted for a multiple case-study design to identify from the findings the similarities and differences among the cases (Yin 1994) without any form of manipulation (Gustafsson, 2017). We follow the steps propounded by Yin (2009) for conducting a multiple case-study that include theory development, case selection, and design of the case specific data collection protocols, preparation and analyses (Yin, 2009; 2014). In the present study, the underpinning theoretical frameworks are effectuation, and emphasis is placed on one effectuation principle, namely - means-driven (as opposed to goal-driven) action (i.e. the basis for taking action principle); and entrepreneurial theory on opportunity recognition.

Case Selection

The empirical context of this study is Finnish internationalizing SMEs. They offer an excellent focus because Finland is a small sized open economy with a long tradition of firm internationalization, with the majority of its SMEs operating in foreign markets (Luostarinen, 1994). We used a purposive sampling method to select the case firms so as to ensure that the case firms met the purpose of the study and were homogeneous. Following the definition by the European Commission, the criteria used in selecting the firms was SMEs with fewer than 250 employees (Eurostat, 2020). They should have already started internationalization right from inception, and finally should be using or have used social media at least within the three years since inception. We used the three-year time frame in order to minimize validity issues related to recall bias and to ensure similarities across our selected firms. In total, seven firms meeting all the criteria were contacted, and four agreed to participate. They fit perfectly the purposes of theory-building on the investigated phenomenon. The number of cases selected is line with the suggestions of Eisenhardt (1989) who suggests that having four to ten cases usually provides a basis for generalizing from case material to theory.

Data Collection

According to Yin (2002), case-study research should be supported with multiple sources of evidence. Accordingly, we collected data from both primary and secondary sources to ensure construct validity (i.e. triangulation) (Yin, 2002; 2013). Secondary data include extracts from the firms' websites, social media platforms, and blog sites. Primary data were collected using semi structured face-to-face interviews. We decided to use this to create flexibility and to obtain diverse insights because the method permits questions to be refined based on the direction that an interview takes. We made sure that questionnaire was correctly designed, and piloted it to check for inconsistencies before the actual interview process was conducted to ensure reliability. During the interview process, we paid close attention to the interview protocol to ensure that we were asking the questions we intended to and continued by revising the protocol with probing questions as and when necessary. The interviewing was conducted in two rounds

so as to encourage consistency in the responses. Table 1 provides an overview of the data collection process, and Table 2 is the social media profile of the case firms.

<Table 1 here>

<Table 2 here>

Data Analyses

The interview conducted was audio-recorded and subsequently transcribed verbatim into Microsoft word format. In addition, we transcribed the interim summaries recorded during each interview. Those interim summaries are the contextual observations made during the interviews. The interim summaries proved invaluable aids to our analyses because they support developing reflexivity in recalling the context, the observation content, and the subsequent interpretations (Saunders et al., 2016). Before analysing the interview transcripts, we provided a summary report to the interviewees to check the accuracy of the information. The analysis started with assigning codes to the data chunks using in vivo coding to detect reoccurring patterns. Thereafter, from the reoccurring patterns obtained, we combined the similar codes to form pattern codes or themes (Saldana, 2013). Finally, we conducted data analyses on a single case level using the effectuation theoretical framework as a guide. Finally, we compared the results of the individual case studies to draw cross-case conclusions.

Within-Case Analyses and Findings

Alpha is a Finnish firm started by five co-founders with experience of importing clean technology (cleantech) into Finland. Its offerings are based on the use of ultrasound to clean industrial equipment. The business founded in 2015 but began effective foreign operations in 2016 and won the best energy start-up award in 2016 and Slush 100 award ¹in 2017. The firm's headquarters is in Helsinki, Finland and it now employs 14 professionals with diverse skills in R&D, industrial and mechanical engineering, artificial intelligence, electronics, and marketing. The firm has provided its services in countries including Thailand, Japan, the Netherlands, Switzerland, Spain, Sweden, and the USA. Currently, it is negotiating with countries like Canada, Thailand, and Brazil to establish operations. In August 2018, the firm announced its first expansion in the form of a permanent office was to be in Las Vegas, in the United States. Share of foreign sales within 3 years of establishment 25% and after 3 years of inception, it had around 80% foreign sales. The firm has a social media team of two who create, publish, and update all the firm's social media output, one of whom is the marketing director. The social media team collaborates with the management team but retains the overarching responsibility for social media matters. The firm established a presence on Facebook, Twitter, YouTube, Instagram, and LinkedIn in 2017. It has a blog, which is updated at least once a month. It uses LinkedIn for employee branding and networking. It uses Twitter mostly to comment on industry related matters related to the firm's blog sites and images shared on Instagram. It also uses the YouTube channel to share videos of their operations and specific events, such as Slush 100 and the Nordic Cleantech Open Finals. According to the firm's social media strategic plan,

¹ Slush 100 Award (Prize given to a startup for emerging as the first among 100 startups in terms of novelty of business idea in a pitching competition). Slush is a student-driven, not-for-profit movement originally founded to change attitudes toward entrepreneurship.

LinkedIn is the number one priority, followed by Twitter, Instagram, Facebook, and finally YouTube.

Decision logics driving social media usage

Alpha's decision-making logic for using social media indicated more causal elements of decision-making in the initial usage. That decision on social media usage was based on a desire to advance networking and brand recognition. The marketing director describes the decision-making thus:

The second is, creating connections...those that we see as potential partners and customers are very much active in social media. So we decided to use social media for connectivity and also to reach out to the audience, and a variety of segments...I would say of course the desire to build brand awareness and recognition because, nowadays, the majority of marketing activity happens online and that way it's so much easier to reach a different audience, whether it is industry related or event related.

When asked about building brand awareness, the marketing director described how in the early years of the firm's existence, it had an online presence but had no social media strategy per se. The situation changed after winning the Slush 100 award in 2017 following which the firm invested more resources and created a social media strategy. As the marketing director explained:

We were of course present on social media before winning the award, but after that when we received so much recognition, from media, companies, from potential customers, and from other stakeholders that were super interested in our solution, we devoted more of our resources to the usage of social media...we created a social media strategy.

To summarize, the findings above indicate that Alpha's decision-making logic as it related to using social media was based on goals in the initial stages (i.e. causal logic). Later, it shifted following a greater allocation of resources in the course of events. Therefore, during the ongoing usage of social media stage, the decision-making logic of Alpha is effectual.

Opportunity Recognition

The findings indicate that the causal decision-making logic spurring the use of social media enabled the firm to discover and create opportunities in foreign markets. With regard to the discovery of opportunities, the use of social media enabled the firm to discover knowledge on potential customers and competitors. The marketing director explains:

When it comes to all platforms, e.g. Instagram and Twitter, there are companies that are actively using them and some of these are following us. It is delightful to know what potential customers and competitors are doing.

Finally, the use of blogs, Facebook, Twitter, YouTube, Instagram, and LinkedIn has created an opportunity for the firm to create brand awareness. Twitter has enabled the firm to build closer connection with potential customers, to search for information on competitors, and to broaden its knowledge. As the marketing director put it:

Using Twitter has extended our ability reach to companies from industries that have problems we can solve with our technology... There are posts, presentations, and showcased videos, et cetera on our Instagram page. So, it can really raise the interest in our technology, especially with a company that is kind of struggling with the problem that our technology solves.... the content share on Instagram is not only company related but also the companies share a lot of issues that are global concerns...It is really easy to attend those discussions or at least, broaden our knowledge regarding that.

Gamma is a Finnish firm that was founded in 2016 by two partners who had experience in licensing operations, business, sales, and technology. They saw a need for a system that could help companies involved in licensing to be more agile. The area of operation is in the software development business. It has been collaborating with Rovio Entertainment since day one of inception to develop its software tools. It is a Salesforce-based software that provides licensors and agents with support to manage the activities required to run a successful brand licensing process with B2B partners. It has customers in Europe and the USA. The main office is in Helsinki, but in 2019, the firm established a branch in Santa Monica, USA. Right from inception, most of the firm's market was outside Finland. The percentage of its foreign sales within three years of establishment reached 70%. The firm has been active on Facebook LinkedIn, and Twitter since 2016, on YouTube since 2017, and on Instagram since 2018. The social media channels most used by Gamma are LinkedIn, Instagram, and blog. The chief commercial officer explains:

We use LinkedIn a lot, then also Instagram. I think mostly. Instagram and LinkedIn. Those are the main ones. A little bit Facebook, also a little bit Twitter, and YouTube. But I would say LinkedIn and Twitter, sorry Instagram....We post stuff to Twitter. But it's so often difficult to engage with people on Twitter...

It uses the blog to share the firm's activities, business cases, and events. The marketing team handles the social media activities of the firm, and one of the key actors is the chief commercial officer, who is also a co-founder.

Decision logics driving social media usage

Gamma's basis for using social media for the first time indicated causal elements of decision-making. According to the chief commercial officer, social media is a platform that creates the opportunity to reach the wider community and as a result the firm decided to use social media to reach out to the masses and to grow as a firm:

It's an easy way to reach a big mass of people that you otherwise can't reach. Because otherwise you would have to be physically in order to meet them.... Especially as a born global company, you need to be scalable. Social media is a great platform for that. Then you can actually reach a lot of people at the same time...That is why we decided to use social media. Scalability is the key word.

In addition, the findings revealed the firm decided to use Instagram at the instigation of the top management. Again, in the words of the chief commercial officer:

We saw from the market that a lot of people were using it. And then some people in the company kind of pressured it. I think it was from the top to bottom, really, it came down to Instagram

being adopted into use...Those at the top have the bigger picture in mind and we have to incorporate their goals into our social media strategy.

Nevertheless, the chief commercial officer also highlighted that they were using LinkedIn but had no clear-cut strategic goals. However, according to him, the efficacy of LinkedIn in supporting the firm's activities caused them to set LinkedIn marketing strategy to support the ongoing usage of LinkedIn. The same respondent emphasized:

It's so often difficult to engage people on Twitter. There are certain topics and certain people who are really active on Twitter, but it's sometimes hard to enter those kinds of circles of people so you can get a discussion going. In LinkedIn, it's much easier to get the message across. We have set up strategic goals and strategies that will support the effective use of LinkedIn in our operations...

Gamma's basis for taking action in terms of the ongoing usage of social media followed a causal element of decision-making. The firm's emphasis is on goals rather than resources or means.

Opportunity Recognition

According to the findings, the causal decision-making logic behind the use of social media enabled the firm to discover and create opportunities in foreign markets. Social media usage also enabled the firm to discover business opportunities. As the chief commercial officer emphasized:

...a lot of opportunities happening... You start to see, especially people who are really active on the market... Well I would say, first of all, getting new customers is the main one. That's the number one that we get from there...also social media tells us what is happening... if we have an expo somewhere we get information from social media...we can actually see what the world is doing through social media, in our industry.

With respect to opportunity creation, according to the findings, using social media created an opportunity for the firm to network with others and the opportunity to access information on industry events. According to the chief commercial officer, the firm used Instagram to establish connections with other foreign firms. He explained:

Also, Instagram helps us to not only reach out but also to connect...the companies we connect follow us and we follow back... So there's already a connection. Perhaps, like something that could lead to or has already led to a kind of like lead conversion... It's been a great tool... We are actively visible on LinkedIn and keep posting photos and interesting discussions. This has increased the traffic to our LinkedIn profile. We have visitors from the US, Finland, and countries around the globe...Our foreign networks have increased.

Power is a Finnish firm established in August 2012 by an entrepreneur with four years of experience working in a power plant of an international family-owned company. It provides energy competences and solutions based on lean principles built on teamwork to business-to-business customers. It has four people working full time in the core team and four people in what the CEO called the extended team. As part of its foreign operations, it has implemented solutions in countries like Japan, Sweden, the Czech Republic, Germany, Belgium, and Norway. The percentage of its foreign sales within three years of establishment reached 70%.

The firm started to use Facebook, Twitter, and LinkedIn in 2014; however, it does not seem to have used Facebook since 2017 and Twitter usage currently seems negligible. At the time of writing, LinkedIn is the main social media application used by the firm. As a micro firm, the CEO is the main person handling social media issues but has supporting staff to assist. The supporting staff does short postings, and the CEO shares them, depending on the content and aim.

Decision logics driving social media usage

Power's basis for using social media indicated causal elements of decision-making, both in the initial and ongoing usage. According to the CEO, due to their target group, they decided to use LinkedIn and have set plans to increase that use to build awareness. Both first time usage (i.e. pre-adoption) and ongoing usage (i.e. adoption) are based on goals. Explained by the CEO:

... One of our intentions is to use LinkedIn is to understand key persons we are meeting. Who they are and where they are coming from...The other driver is the subtle awareness building of our presence as a company and we have plans to increase the awareness-building activity by writing short LinkedIn posts and posting pictures of events.

Opportunity Recognition

According to the findings, the causal decision-making logic behind the use of social media created an opportunity for the firm to create networks. LinkedIn supported the firm in the contact building. The CEO emphasized:

Through my high-quality network of more than 2500 contacts, with a fair percentage being foreign people, and another fair percentage of Finnish people being heavily involved in international business and thus having one network with international contacts, what we post and share, will thus reach foreign people and increase our visibility. On a semi-regular basis, with efficient use of time, I add relevant contacts to my expanding network. I target geographic areas such as Sweden, Germany, China, Italy, etc. that are relevant to us, directly or indirectly.

Finally, the CEO asserts that the firm has a Facebook account but it is not using it frequently. However, one of his colleagues is using it from time to time to network for the company.

Beta is a Finnish firm established in 2015 by two people with previous experience of the lighting market and knowledge of the industry who were working for different lighting manufacturers. Looking for something new like a blue ocean strategy in a saturated market, they identified the possibility of developing a business idea around the design and manufacture of light-emitting diode (LED) light birthing. Beta is involved in the design and distribution of industrial lighting for mining, oil and gas, and heavy industries. It has sales representatives in Sweden, Norway, Denmark, Estonia, Latvia, Lithuania, and the UK. Made foreign sales in the UK and Norway but waiting for country-related requirements before delivery. Beta combines both digital marketing and traditional marketing in its operations. It has established cooperation with an IT software and service company to innovate and deliver the Internet of things (IoT) solutions for demanding needs in industrial environments. The firm has been active on LinkedIn since 2015, and was once on Facebook but has closed the account. At the moment it is having a social media strategy but at a higher level. It is participating in a business and innovation development project called the BID4E-project organized by the University of Vaasa, University of Tampere, Lulea University, and Mid Sweden University to have novel

ideas on how to develop its social media strategy at a higher level. The marketing director handles the social media activities of the firm. Working as a pair in one office, he is often supported by one of the co-founders.

Decision logic driving social media usage

Beta's decision-making logic behind using social media indicated the causal element of decision-making. According to the marketing director, the firm decided to use social media to keep abreast with competition. Both the marketing director and the other founder entrepreneur leveraged their prior experience in the use of social media applications to pursue a goal of being competitive in the market. The marketing director explained:

Why we use social media? That is where the world is going and is also an easy way to reach out... We do not want to be left behind... We used our experience. It is not outsourced. I have been doing it myself and together with Sammy...

The marketing director described the firm as still in the early stages in its application of social media and is setting up strategies and goals to enshrine ongoing use. As stated:

Yes, we are looking into social media more deeply... Yes, we are using it as much as possible. The face is not there. I would say it's at the birthplace -It's not there yet. We are looking for a path, setting goals, and objectives... At the moment we are building a strategy on how can use it more in the future.

According to the marketing director, for the past nine months, he has been trying to find someone who has achieved success in the usage of social media at a higher level. Because of that, in December, he talked with social media influencers to find out how they are doing their activities. The firm is also participating in a business and innovation development project called BID4E-project to have insights on how to develop a high-level social media strategy. The decision of Beta on the ongoing usage of social media indicates a causal basis for taking action because it is focused on goals rather than resources.

Opportunity Recognition

The causal decision-making logic behind the use of social media has created a networking opportunity for Beta. According to the marketing director, the firm has tried Facebook and LinkedIn but of the two, LinkedIn has created a clearer opportunity for the firm to expand its foreign networks. He adds:

We do posts to networks. We have a small number of followers on LinkedIn but since the amount is small, we mostly use our LinkedIn account. I do a post or my colleague does a post on the company's activities and impending events on LinkedIn and link them to our networks. We have huge followers. Through that, we received positive comments and inquiries from people from different countries... Over the years our LinkedIn contacts are growing and the brand image has enhanced.

Cross-Case Analyses

Decision logic driving social media usage

The study of the four case firms reveals that causal logic rather than effectual logic drove the initial use of social media (see Table 3). In terms of the planned ongoing use of social media, we found that it was driven in the operations of Gamma, Beta, and Power by the causal

decision-making logic; however, Alpha is influenced by the element of effectual decision-making logic driving the ongoing use of social media.

<Table 3 here>

Opportunity Recognition

Gamma uses Instagram and LinkedIn as opportunity recognition tools in its foreign operations, while Power uses LinkedIn and Facebook, but prioritizes using LinkedIn. Twitter and Instagram are seen as important opportunity recognition tools in the operations of Alpha. However, this is not the case for Beta, which prefers to use LinkedIn. Our analysis reveals how the causal and effectual decision-making logic underpinning the use of social media enabled Alpha to discover and create entrepreneurial opportunities. The firm's marketing director asserts that the use of social media (i.e. Twitter and LinkedIn) has enabled the firm to reach out to clients with its solutions and to learn about potential customers and competitors. In the case of Gamma, the causal decision-making logic behind the usage of social media (i.e. LinkedIn, Facebook, Instagram, and Twitter) has created an opportunity for the firm to engage customers with informative content and insights, build connections with other foreign firms, and the discovery of business opportunities (e.g. getting new customers, industry events etc.). Similarly, the causal decision-making logic behind the usage of social media, particularly, LinkedIn has provided Power and Beta with an opportunity to expand their foreign networks.

Discussions

The current study investigated two main issues. One is the decision-making logic driving social media usage, and the other is opportunity recognition associated with the usage of social media. We have identified causal decision-making logic as the main element driving the initial usage of social media. The case firms are by their intention to use social media and having set goals governing that use. The findings contrast with those of extant studies (e.g. Gabrielsson et al., 2013; Andersson, 2011; Chandra et al., 2009) suggesting that early phases of internationalization are characterized by an effectual decision logic. They assume that the longer a firm has been operating internationally the greater is its ability to adopt a causal decision-making logic (Nummela et al., 2014). We argue that the difference between our finding and extant studies may be explained by the research context. The existing studies approached their research from an environmental perspective (i.e. high uncertainty versus low uncertainty) but the present study is approached from a social media usage context focusing on the heuristic principle for taking action (i.e. means driven versus goal driven). We therefore make a first proposition that:

Proposition 1. A causal decision-making logic drives internationalizing SMEs to use social media to advance their foreign operations in the early phases of internationalization.

Moreover, this study revealed that both causal and effectual decision-making logics can be applied in the ongoing usage phase (i.e. the adoption) of social media. That was particularly evident in the case of Alpha. In contrast, we found evidence of the causal decision-making logic in Beta's, Gamma's, and Power's decisions on the ongoing use of social media. The findings support studies that suggest causal and effectual decision-making logics can be alternated (e.g. Nummela et al., 2014; Yang et al., 2017). Following Sarasvathy (2001), we argue that the logic applied is predicated on resources. According to Sarasvathy (2001), an effectual decision logic is used in a context where resources are scarce. As the marketing

director of Beta commented: *Yes, we are looking into social media more deeply...We are looking for a path, setting goals and objectives... As we are not there yet and as small as we are, we want to manage our resources judiciously by developing solid goals that will enable us to use social media effectively. We do not pump in resources whilst there are no clear-set goals.* In contrast to this comment, the presence of resources in Alpha enabled the firm to incorporate more resources to develop its social media strategy and objectives to enhance its brand. The marketing director commented: *We devoted more of our resources to the use of social media... we created a social media strategy with basic examples and objectives.* Based on the foregoing, we offer the following propositions:

Proposition 2. In facing limited resources, internationalizing SMEs adopt an effectual decision-making logic with regard to the ongoing use of social media.

Proposition 3. If resources are abundant, internationalizing SMEs adopt a causal decision-making logic with regard to the ongoing use of social media.

Overall, we found the desire for scalability, to enhance networking, for recognition, to understand potential clients, and to be competitive were the main goals driving the use of social media. Following Nguyen (2007), we argue that the case firms' intentions to adopt social media were dissimilar due to their international strategic goals, and the nature of their chains of command. For example, with respect to Beta, one of the main drivers that moved the firm towards the use of social media was the desire to be competitive (i.e. following what others are doing in the market) by leveraging the prior experience of the co-founder and the marketing director of social media usage, but this was not the case for Alpha. The main driver that moved Alpha to adopt social media was the desire for networking brand recognition. Notwithstanding these dissimilarities, we also identified some similarities among some of the case firms. For example, among Alpha and Power we identified the desire for recognition as a common driver of the move to social media usage. Similarly, with respect to Gamma and Beta, we found the desire to be competitive to be a driver of the firm's use of social media. Based on the findings from the study, we proceed further to develop additional propositions centred on the drivers of social media.

Desire for Brand Recognition

One major liability usually experienced by internationalizing SMEs entering foreign markets is a liability that arises from their foreignness (Arenius et al., 2006; Zahra, 2005). The liability of foreignness encapsulates all the costs involved in doing business in foreign markets. A major cost that is of particular interest to the present research is the social cost of acquiring access and legitimacy. Legitimacy is 'a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions' (Suchman, 1995, p. 574). The absence of prior experience in foreign market operations and a corporate history can cause potential customers, suppliers, and the public to question the legitimacy of an internationalizing SME. To overcome the problem of legitimacy, Alpha and Power embarked on using social media to build recognition. According to the marketing director of Alpha and the CEO of Power, the majority of the firms' marketing activities happen online which is one way to increase recognition of the firm abroad, for example by writing short LinkedIn posts and posting pictures of events. Using social media

tools thus created an opportunity for those firms to reach out to a large mass of people, and to build strong mutual connections with existing and potential customers. As the marketing director of Alpha explained: *Customers who contact us by visiting our webpages mostly say that they discovered us through social media. The brand image of the firm has improved and according to our internal matrix, more people are visiting our webpages.* Accordingly, we propose that:

Proposition 4. Using social media to enhance brand recognition has a strong impact on the liability of foreignness and creates an opportunity for internationalizing SMEs to acquire legitimacy.

Desire to Understand Potential Customers

Due to its newness and lack of prior knowledge of potential customers, one of the case firms, Power, decided to use social media as a channel to obtain knowledge about prospective customers. According to the CEO, Power's target group is business-to-business customers, so they use LinkedIn to develop knowledge of potential clients. The CEO emphasized: *For the target group, which is business-to-business, we reach out to relate to them in the best way through LinkedIn...We use LinkedIn to understand key persons we are meeting. Who they are and where they are coming from.* The example of Power identified social media as a channel that enables new ventures to overcome the absence of knowledge on potential customers. The channel provides access to new knowledge, despite the firm's newness in the foreign market (Autio et al., 2000). We therefore propose:

Proposition 5. Using social media has a strong impact on the liability of foreignness in that it creates an opportunity for internationalizing firms to acquire knowledge of potential customers.

Desire to be competitive by leveraging prior experience

Experience is considered a primary element in facilitating the internationalization process of firms (Johanson et al., 2009; Oviatt et al., 1994; Bruneel et al., 2010). Experience can be gained at either the firm level or the entrepreneur level. In the context of the present paper, our case firms relied upon experience acquired at the entrepreneur level in the form of the management team's experience of employing social media. Scholars argue that prior experience among entrepreneurs or the management team influences a new venture's perceptions of, attitudes to, and capability to plan and implement international strategies (e.g. Oviatt et al., 1994, Bruneel et al. 2010, Westhead et al., 2001). From the case findings, we found Beta leveraged the prior experience of the co-founder and the marketing director of social media usage in its quest to remain competitive. This confirms Bruneel et al.'s. (2010) assertion that the less firm-level experience available, the more significant the influence of the prior experience and skills of the entrepreneur or management team. In line with these submissions, we propose:

Proposition 6. The greater the experience of the entrepreneur or management team in the use of social media, the greater the extent to which social media will be used in foreign operations to become competitive.

Desire to be competitive by yielding to pressure from management

Internationalizing SMEs are reported to suffer from liabilities of newness – usually in the form of lacking the knowledge and skills needed to compete and survive in the early stages of their foreign operations (Posen et al., 2013). In compensating for this liability, they engage in vicarious learning where they learn from the knowledge and experiences of the industry's

incumbents (Levit et al., 1988; Posen et al., 2013). Inspired by the management's decision, one of our case firms decided to use Instagram because the industry's incumbents were already using it. The management applied vicarious learning to decide it would be expedient to pressure the marketing team to use Instagram. We, therefore propose that:

Proposition 7. The more intensively incumbent firms in the foreign market use social media, the greater the pressure from the management team of new ventures to use social media to enhance the firm's competitiveness.

With respect to opportunity recognition, we have found that both causal and effectual decision-making logic driving social media usage can play a paramount role in entrepreneurial opportunity creation and the discovery activities of internationalizing SMEs. It confirms Alvarez et al. (2007) conceptualization that recognition of entrepreneurial opportunities in the foreign market can be explained through discovery and creation processes rather than just one view or the other. In summary, with respect to opportunity discovery, social media has enabled some of the case firms to discover competitors in the foreign market and encouraged their determination to search for their digital footprints, and to identify the kind of solutions and services such competitors offer. With regard to opportunity creation, social media has enabled some of case firms to measure their social media performance against competitors; to understand potential customers; and finally, it has created the opportunity for the case firms to enlarge their international knowledge and activities. The findings corroborate extant studies that assert that social media usage has a positive impact on information accessibility and networking (see Arnone et al., 2016; Parveen et al, 2016). We therefore offer the following proposition:

Proposition 8. Social media usage driven by either causal or effectual decision-making logic supports internationalizing SMEs in the creation and discovery of opportunities in foreign markets.

Conclusion

Internationalizing SMEs are known to adapt to using new technologies, for example, social media, because they are relatively unhampered by bureaucracy and size (Zahra et al., 2018). Second, internationalizing SMEs can often be quicker to address international opportunities – and be more flexible and responsive – than large firms (Crick, 2009). These characteristics are among those that make internationalizing SMEs an interesting topic of research. This study has utilized theoretical arguments drawn from effectuation literature, entrepreneurial opportunity literature, and social media literature to investigate the role social media plays in SME internationalization, and how it enhances the opportunity creation and discovery processes.

Theoretical and practical implications

First, bar a few exceptions (e.g. Fischer et al., 2011), research on decision-making around social media usage and opportunity recognition is limited. Our paper provides new evidence using effectuation theory to study the area in the context of internationalizing SMEs. Related studies on the decision-making of internationalizing firms show that an effectual decision-making logic is linked with the early phases of internationalization (e.g. Gabrielsson et al. 2013; Andersson, 2011; Chandra et al., 2009) but our study has provided evidence that in relation to

social media usage that a causal decision-making logic can also be deployed during the early phases of internationalization. We contribute to the literature on the entrepreneurial behaviour of firms by providing a theory-informed understanding of the decision logics behind the use of social media. Second, linking social media with the entrepreneurial opportunity concept, we contribute to opportunity-based international entrepreneurship studies by enriching our understanding of the emergence of entrepreneurial opportunity within the social media context. The study postulates that in the social media context, opportunity can be created and discovered. Furthermore, the digitalization of business operations has challenged the traditional way of conducting foreign business operations, prompting researchers to investigate the sources and implications of the use of digital technologies. By studying how social media enhances entrepreneurial opportunity recognition, we contribute to research on the impact of digitalization on internationalization in international entrepreneurship (Coviello et al., 2017; Vahle et al., 2017).

Practical knowledge is as valuable as theoretical knowledge (Flyvbjerg, 2006). From a practical-point of view, the present study offers managerial implications for international entrepreneurs that intend to adopt social media in their internationalization processes. It will enable entrepreneurs and information technology managers to understand the efficacy of social media tools in opportunity creation and discovery in an overseas market. Furthermore, the paper provides insights for entrepreneurs and such technology managers on the principles, processes, and tools available to accelerate internationalization in their startups from inception, and to discover and exploit opportunities. Finally, entrepreneurs are encouraged to utilize more digital content marketing activities as an important element in their social media strategies. This is because the present study has shown that digital content marketing activities disseminated via social media have a key role in the opportunity recognition process of internationalizing firms.

Limitations for future research

The present study is qualitative and, in that sense, its potential for statistical generalization is limited; however, its findings are generalizable in relation to theory (Yin, 2013). Although our propositions hold promise for future research, we see the need and opportunity for a more robust quantitative study to test them. Finally, our data may be culturally biased since the case firms are from Finland. Therefore, we suggest future studies conduct a similar study with firms from different cultural settings. In addition, our study does not link social media usage to performance. Future research could collect subsequent performance data to examine how social media usage influences performance in terms for example of growth advantage, profitability, and positional advantage. We propose a retrospective longitudinal single case study to address that shortcoming because it would provide a holistic picture of the prevailing dynamics of social media usage and the performance relationship within a specific timeframe and setting.

Acknowledgment: I acknowledge the financial support of the Foundation for Economic Education, and the South Ostrobothnia Regional Fund of the Finnish Cultural Foundation.

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Table 1. Data Collection Process

Firm	Position	length of interviews (1st round)	length of interviews (2nd round)	Venue (1st round)	Venue (2nd round)	Date of Interview (1st round)	Date of Interview (2nd round)
Alpha	Marketing Director	1 hour 10 mins	48 mins	'Company premise	'Company premises	09/04/2019	02/10/2020
Gamma	Chief Commercial Officer/Co-founder	1 hour	35 mins	'Company premise	'Company premises	08/05/2019	14/10/2020
Power	CEO (entrepreneur)	1 hour 15 mins	1 hour	'Company premise	'Company premises	10/05/2019	18/11/2020
Beta	Marketing Director	1 hour 05 mins	40 mins	'Company premise	'Company premises	16/05/2019	02/11/2020

Table 2. Social Media Profile of Case Firms

Firm	As at first round interview	LinkedIn	Twitter	Facebook	YouTube	Instagram	As at second round interview	LinkedIn	Twitter	Facebook	YouTube	Instagram
Alpha	As at first round interview	316 followers	195 followers 200 following 346 tweets	75 followers	15 subscribers 4 videos	63 followers 127 following 51 posts	As at second round interview	390 followers	203 followers 213 following 374 tweets	90 followers	22 subscribers 4 videos	86 followers 135 following 86 posts
Gamma	As at first round interview	2,200 followers	126 followers 177 following 645 tweets	53 followers	8 subscribers 4 videos	254 followers 118 following 171 posts	As at second round interview	2,234 followers	132 followers 183 following 653 tweets	56 followers	8 subscribers 4 videos	264 followers 122 following 180 posts
Power	As at first round interview	60 followers	20 following 30 followers 58 tweets	324 followers			As at second round interview	64 followers	25 following 24 followers 58 tweets	329 followers		
Beta	As at first round interview	125 followers					As at second round interview	132 followers				

Table 3. Cross-case analyses

FIRM	ALPHA	GAMMA	POWER	BETA
Decision-making logic (Goal-driven/causal action)	<p>Goal: Desire for networking and brand recognition</p> <p>Initial Usage Action: It decided to use social media (i.e. Twitter and Instagram to share posts, presentation and videos)</p>	<p>Goal: Desire for scalability and desire to be competitive</p> <p>Initial usage action: the firm decided to use social media (i.e. the usage of Instagram and LinkedIn for posting, sharing the firm's blog and posting relevant articles for target markets) set up strategic goals that will support the effective use of LinkedIn</p> <p>Ongoing usage action: the firm has set up strategic goals that will support the effective use of LinkedIn and Instagram</p>	<p>Goal: Desire to understand potential clients and desire for brand recognition</p> <p>Initial usage action: the firm decided to use social media (i.e. the usage of LinkedIn, writing short LinkedIn posts and posting pictures of events, usage of Facebook)</p> <p>Ongoing usage action: the firm has set plans to increase the usage of LinkedIn to build awareness</p>	<p>Goal: Desire to be competitive (i.e. following what others are doing)</p> <p>Initial usage action: the firm decided to use social media (i.e. LinkedIn) by leveraging the prior experience of staff</p> <p>Ongoing usage action: the firm is looking for a path, setting objectives to enhance the usage of social media</p>
Decision-making logic (Means-driven/effectual action)	<p>Means: Devoting more resources</p> <p>Ongoing usage action: Devoting more resources to developing social media strategy and objectives to enhance the brand</p>			
Entrepreneurial opportunity recognition by the usage of social media	<p>discovery knowledge on potential customers and competitors</p> <p>creates an opportunity for the firm to create brand awareness, to have a closer connection with potential customers, to search for information on competitors via Twitter, to connect with companies with Instagram</p>	<p>discovery of business opportunities (e.g. getting new customers, industry events)</p> <p>creates an opportunity to have connectivity with other foreign firms with Instagram</p>	<p>creates an opportunity to network with LinkedIn and Facebook, to enhance the brand</p>	<p>creates an opportunity for the expansion of foreign networks with LinkedIn</p>

Author's Bio

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