

A hybrid approach to internationalization: An exploratory study of social enterprises

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ABSTRACT

An increasing number of social enterprises (SEs) are international, reaching customers and beneficiaries across borders. SEs are hybrid organizations that pursue both economic and social objectives. This phenomenon has sparked interest among policy-makers and international business (IB) scholars, who see a potential for social entrepreneurship research to extend a new IB agenda to include social value creation. This paper investigates the internationalization process of SEs, building on the four qualities of emerging organizations – intentionality, resources, exchange and boundaries. Drawing on a qualitative multiple-case study of seven international SEs, we examine the drivers, process and governance of SEs’ internationalization. Largely, our findings suggest that notions of internationalization need to be expanded to account for the dual logics that SEs need to address. For instance, SEs’ international activities and commitments do not merely relate to their commercial activities, but also to their social impact. We argue this has consequences for their internationalization process. Our study contributes to current literature in two ways: 1) by expanding research on international growth and scaling of social entrepreneurship, 2) by extending IB theory on the internationalization process of firms.

Key words: SEs, Internationalization Process, Social Impact

INTRODUCTION

Social entrepreneurship has gained a global interest over the past couple of decades due to the inability of governments, businesses and non-governmental organizations to properly address social problems (Chen, Saarenketo, & Puumalainen, 2016). Social entrepreneurship can be conceived of as the entrepreneurial efforts by social enterprises (SEs) to develop, fund and implement business solutions to social problems. The increase of a certain fluidity between the private, public and non-profit sector has led to the emergence of hybrid organizational forms, structures and practices SEs implement to try to reconcile economic and social values and logics and transcend decreasing institutional boundaries (Austin, Stevenson, & Wei-Skillern, 2006; Doherty, Haugh, & Lyon 2014).

Recently, these enterprises have been incentivized to scale their social impact. As SEs often focus on the delivery of solutions to neglected or unaddressed societal challenges, internationalization might serve as a means to scale their social impact given the prevalence of these challenges around the world (Austin et al., 2006; Bloom & Chatterji, 2009).

Yet, while interest in the internationalization of SEs has been sparked (e.g. Alon et al., 2020; Angelo-Ruiz et al. 2020; Bocken, Fil, & Prabhu, 2016; Bretos, Díaz-Foncea, & Marcuello, 2020; Çwiklicki, 2019; Larsen & Hannibal, 2020; Moura, Comini, & Teodosio, 2015; Yang & Wu, 2015), there is a dearth of academic research on the topic. Research on SEs in an international context has mainly been based on cross-country comparisons of domestic firms (Angelo-Ruiz et al., 2020) and research on the internationalization of SEs is largely missing (Alon et al., 2020). Despite the increasing call from scholars (e.g. Buckley, Doh, & Benischke, 2017; Kolk, 2016; Rygh, 2020) to expand the role of IB research to encompass questions concerning ‘grand challenges’ – ranging from climate change to poverty alleviation – that our society is facing, IB research has so far paid limited attention to SE internationalization. In this regard, research on

social entrepreneurship can promote the new IB agenda by extending existing theories and developing new ones (Rygh, 2020).

To address the abovementioned knowledge gaps, we conducted a multiple-case study based on seven social enterprises, using the IREB model (Katz & Gartner, 1988) – focusing on Intentionality, Resources, Exchange and Boundaries – to get insights into their internationalization drivers, processes and governance. While Katz and Gartner (1988) initially developed their model to describe firm emergence, several scholars (e.g., Hewardine & Welch, 2013; Katz et al., 2021; Kundu & Katz, 2001) have applied it to the emergence of international new ventures (INVs) and the internationalization process of firms. By extending all four properties to represent the international context, the IREB model provides a framework to systematically analyze international firm emergence and development.

In doing so, we develop a more comprehensive understanding of SE internationalization by identifying the importance of and interplay between intentionality, resources, exchange and boundaries in an international setting. This paper therefore makes several contributions. First, by studying the drivers, process and governance of SEs' internationalization, we extend the IB research agenda on 'grand challenges' and social value creation and enrich the social entrepreneurship literature that has mainly remained local-centric. Second, we respond to recent calls for research on the internationalization process of SEs, integrating social entrepreneurship and IB literature. We thereby look into the role and impact of hybridity on internationalization. Third, we further develop theory on international social entrepreneurship using a framework depicting the intentionality, resources, exchange and boundaries during internationalization, yet for SEs. This, in turn, has implications for the decision, process and governance of internationalization. In order to accomplish this, we adopted a practice-driven approach (Thomas & Tymon, 1982; Villena & Gioia, 2018) to develop propositions on the internationalization process of SEs and

thereby address the call for researchers to address broader societal challenges (Buckley et al., 2017; Rygh, 2020).

LITERATURE REVIEW

Social Entrepreneurship and Social Enterprises

The inability of governments, businesses and non-governmental organizations to address social problems has fed the interest of a group of prosocial entrepreneurs. The central driver for social entrepreneurship is the social problem being addressed and the organizational form that a SE adopts should be determined by the most effective and efficient combination of resources needed to tackle the social problem (Austin et al., 2006). Social entrepreneurship can therefore be defined as the aim to create social impact through the identification and exploitation of opportunities in an innovative way (Mair & Marti, 2006; Zahra, Gedajlovic, Neubaum, & Shulman, 2009). SEs combine both economic and social logics to deploy financially sustainable, social value creating activities (Peredo & McLean, 2006). SEs can be broadly conceived of as organizations, which may take a for-profit or non-profit form, or a combination of both, that develop business solutions to create social value (Thompson & Doherty, 2006; Yang & Wu, 2015).

Social Enterprises and firm internationalization

Most research on the internationalization of organizations has focused on how commercial companies expand into foreign markets (e.g., Aguilera, Marano, & Haxhi, 2019; Buckley & Casson, 2021; Johanson & Vahlne, 1977, 2009). The fundamental tenet of IB research is that businesses internationalize with the goal of maximizing financial returns. The apparent goal of maximizing profit as the driving force behind internationalization is problematic for SEs. Although financial sustainability remains vital, SEs differ from their traditional commercial counterparts in

that they give priority to their social objectives. Because of their hybridity, SEs thus need distinctive resources and processes (Bretos et al., 2020).

In what follows, we summarize insights from the existing literature on the internationalization of SEs focusing on three IB themes: 1) the drivers to internationalize, 2) the internationalization process, and 3) the governance and organizational structures SEs use (Alon et al., 2020). We identify four particularities of international SEs as compared to commercial enterprises regarding their drivers, process and governance of internationalization.

First, since SEs pursue both financial and social goals, they cannot be presumed to be profit-maximizing entities (Siqueria, Guenster, Vanacker, & Crucke, 2018). SEs will tend to internationalize when there are opportunities to develop specific capabilities that could be used to increase their social impact. Most SEs are assumed to be locally based and community driven entrepreneurs. Yet, some SEs are anticipated to have an international perspective from the start because societal demands are now more globally visible than in the past. Some of these social entrepreneurs therefore focus on international markets from the start, intentionally building and applying resources across borders to bring their social solution closer to where it is most needed (Angelo-Ruiz et al., 2020; Zahra et al., 2008).

Second, financial capital is one of the key enablers for growth and scaling of SEs and developing an appropriate revenue model to support their social mission is crucial for their sustainability (Bocken, 2015; Ćwiklicki, 2019). A SE's income generation is often based on a combination of multiple revenue streams. Due to the uncertainty of funding availability, SEs have been pressured to seek revenue strategies to ensure their financial viability. Understanding SEs' revenue models and different revenue streams is therefore of crucial strategic importance (Guan, Tian, & Deng, 2021).

Third, similar to INVs, international SEs generally lack sufficient financial and human resources (Larsen & Hannibal, 2021) to establish a larger market presence and they will often rely on alternative internationalization modes, such as strategic alliances, social franchising (SF) and networks. Several scholars (e.g., Bradach, 2003; Ćwiklicki, 2019) have argued that replication is one of the most suited mechanisms for SEs to scale as it is based on a proven business model (BM) with a certain degree of standardization of key activities, which would help to control costs. However, scaling may prove difficult because organizations tend to overlook the importance of local adaptation of the model (Corner & Kearins, 2021). In contrast, several scholars (i.e. Agrawal & Gughani, 2014; Dobson, Boone, Andries, & Daou, 2018) argue that a proven BM is not a requirement for successful scaling and that, to compete internationally, it may be beneficial to develop the BM during the scaling process. Internationalization is then seen as an iterative process rather than representing a clear path (Kalinic, Sarasvathy, & Forzo, 2014; Mintzberg & Waters, 1985; Waddock & Steckler, 2014). In this context, strong networks and partnerships are crucial for SEs' scaling success (Breuer & Lüdeke-Freund, 2017; Ćwiklicki, 2019). For example, value based partnerships can be formed from SEs' network relationships (Vissak, Francioni, & Freeman, 2020) and social franchising can help mitigate BM barriers and overcome the challenges of limited resources (Asemota & Chahine 2017; Davies, Haugh, & Chambers, 2019). However, finding the right network and partners is no easy task for SEs since they have to find partners who have similar social values (Spieth et al., 2019).

In this regard, media attention and communication may be an important tool that social enterprises can leverage in their internationalization and network governance. Some scholars (i.e. Angulo-Ruiz et al., 2020; Ćwiklicki, 2019; Walske & Tyson, 2015) already highlight external communication and public relations as an important capability of SEs to enhance the scaling process. Media attention seems to put SEs on the radar of investors (Walske & Tyson, 2015) as

well as of governments, who may prioritize firms with a higher visibility to participate in their support programs (Angulo-Ruiz et al., 2020). Furthermore, SEs may be able to increase their perceived reputation and consequently build partnerships with distributors (Walske & Tyson, 2015) and attract donors (Ćwiklicki, 2019).

Fourth, due to their dual objectives, SEs might significantly differ from traditional companies in their governance and internalization decisions. As SEs do not decide on their internalization activities based on purely economic logics (Bretos et al., 2020; Zahra et al., 2008), social logics might also inform internalization decisions in order to maximize social benefits (Bretos et al., 2020; Moura et al., 2015). In this respect, Larsen and Hannibal (2021) propose that in addition to minimizing transaction costs, SEs will aim to minimize their social costs or to maximize their social benefits.

Yang and Wu (2015) explain that SEs may encounter issues of double-embeddedness. Forming reciprocal relationships with local stakeholders and communities is argued to be critical for an SE's success, while the organization also has to persuade those stakeholders of their legitimacy in order to win their support. Given the complex environments and difficult markets in which SEs operate, these enterprises need to acquire knowledge on the local structures and systems in order to reduce transaction costs. Networks, especially collaborations with local organizations in the host country, may be a powerful alternative to internalization in order to minimize transaction costs (Moura et al., 2015) and to establish legitimacy in the local context (Yang & Wu, 2015).

Despite the increasing interest in international SEs, the literature currently addresses the different aspects of SE internationalization in isolation (Larsen & Hannibal, 2021). Researchers have looked at the drivers of internationalization (e.g., Angulo-Ruiz et al., 2019; Ćwiklicki, 2019; Moura et al., 2015, De Beule, Bruneel, & Dobson, 2023), the internationalization process (e.g., Bretos et al., 2020; Mersland et al., 2020), the performance of international social ventures (e.g.,

De Beule et al., 2020), and resource mobilization for internationalization (e.g., Desa, 2012). Furthermore, IB literature mainly focuses on comparative studies of domestic SEs across countries (e.g., Ault, 2016; Jenner, 2016; Rivera-Santos, Holt, Littlewood, & Kolk, 2015). A holistic perspective on internationalization of SEs encompassing drivers, processes, and governance is lacking. To this end, we will employ the IREB-model to analyze the impact and interrelationship of the intentionality of SEs' internationalization on the resource building and exchange in their internationalization process. This, in turn, is also likely to have an impact on the boundary decisions of these SEs in the organization of their internationalization.

The IREB-model of firm internationalization

In their development of the IREB-model, Katz and Gartner (1988) describe four basic properties in their model of emerging firms, namely intention, resources, exchange, and boundary. While this model was developed to represent the emergence of firms in general, it has the potential to be applied to the internationalization process of firms (Hewerdine & Welch, 2013; Katz, Renko, & Kundu, 2021; Kundu & Katz, 2001).

Intention reflects the entrepreneur's plans, targets, expectations and opportunity identification that led toward achieving the goal of internationalization. In this regard, having a global focus is found to affect a firm's internationalization process (Katz et al., 2021; Peiris, Akoorie, & Sinha, 2012). Resources refer to physical components such as human and financial capital, as well as information-based resources such as knowledge and reputation. The literature has identified financial, human and reputation resources as influencing factors in the internationalization process of firms, and they may particularly influence SEs' internationalization decisions (Bocken, 2015; Larsen & Hannibal, 2021; Walske & Tyson, 2015). Therefore, we will focus on these three particular resources for our case analysis. Building resources for internationalization can originate from domestic or foreign sources while exchange refers to transactions across organizational

boundaries. In the case of SEs, exchanges can refer to both their economic as well as their social activities. Therefore, we will not only look at SEs' exchange with other economic actors, but also with the beneficiaries of their social activities. Lastly, boundaries can be defined as the barrier conditions between the firm and its environment, and deciding on what resource development and exchange to organize itself or through partners, and how. Which governance structures to choose and whether to internalize foreign operations as well as the legal registration of the firm are important decisions during internationalization (Hewerdine & Welch, 2013; Katz et al., 2021).

METHOD

In this study, we apply an exploratory qualitative approach based on a multiple-case study design (Eisenhardt, 2021; Yin, 1984). This will help us to understand the context in which the decisions and actions concerning the internationalization processes are made and will allow for building theory throughout the study (Myers, 2010). The aim is to follow a replication logic, in which each interview either confirms (or rejects) the ideas pointed out in previous interviews (Yin, 1984). A case study approach, in general, is suitable for studies which try to understand contemporary, organizational processes (Myers, 2010; Yin, 2014) and for doing research on under-researched phenomena (Eisenhardt & Graebner, 2007; Myers, 2010). Multiple-case studies, in particular, are well-suited for categorization and abstraction of theoretically relevant constructs, and they often limit alternative explanations, improving the generalizability of findings (Eisenhardt, 2021).

Data Sources and Sampling

As theoretical sampling fits well with multiple-case theory building (Eisenhardt, 2021), we selected the sample of firms based on specific criteria in order to provide sufficient data to answer the research question. First of all, an important criterion for selection was that the SE had a social

as well as an economic mission and that its social objectives take priority over its economic objectives. Furthermore, in order to improve generalizability, we deliberately chose cases that experience the same focal phenomenon, although in different settings (Eisenhardt, 2021). On the one hand, all the social enterprises we selected are internationally active, without restricting the scale of activity abroad. On the other hand, our cases are from different industries and account for sufficient variation in organizational characteristics, which creates more space for a comparative approach (Eisenhardt & Graebner, 2007; Yin, 2014). For instance, our cases include SEs that are for-profits, non-profits or a combination of both. Some cases provide products, while others provide services, or both. Furthermore, our cases include SEs in which the social and economic missions and their associated activities are either separated or combined. In this regard, we describe the SEs' exchanges as social, economic or integrated (when both are combined) in the findings.

Considering the importance of in-depth access and accessibility, the units of analysis were narrowed down to seven Belgian social enterprises, allowing for face-to-face contact with respondents. This is a reasonable number of cases as it is within the common range of four to ten cases for effective multiple-case studies (Eisenhardt, 1989). Furthermore, exploratory qualitative research typically requires few study participants as the purpose is to achieve depth of information rather than breadth (Bailey, Hennink, & Hutter, 2015). Several of the identified social enterprises were found through contacts in Lita.coⁱ, an equity crowdfunding platform dedicated to social entrepreneurship and sustainable development, or supporting organizationsⁱⁱ who provide lists and information about social enterprises in Belgium. Furthermore, choosing organizations with Dutch or French as working languages would allow for the collection of more in-depth information through interviews in the local language (Tsang, 1998). Furthermore, a characteristic of the Belgian legislation is that it allows for several legal forms of organizations. This creates a context with a variety of organizational types, allowing the investigation of the relevance of legal form

(Haigh, Kennedy, & Walker, 2015). Table 1 shows a brief overview of the key characteristics of our cases.

Insert Table 1 here

Internationalization was a key factor for the determination of useful cases in this study. We define internationalization and their international involvement in a broad sense as social enterprises having activities in a foreign country without necessarily being physically present abroad. Specifically, we selected social enterprises which were going through an internationalization process while all the sampled firms had already experienced carrying out activities in foreign countries. Table 2 provides background information on the SEs' internationalization.

Insert Table 2 here

Data Collection

Once identified, we contacted the social enterprises by mail for an interview, which is the core source of our data (see Table 3). All initial interviews were held through Skype, Zoom or Teams in the period 2020-2021. Due to Covid-19, interviews could not be held in person. We conducted interviews with the founder/CEO or a member of the top management team with decision-making qualifications concerning the internationalization process of the enterprise. This allowed us to account for a sufficient degree of credibility (Yin, 2014) as these actors typically have the best knowledge about the organization's history strategy, processes and performance (Carter, Stearns, Reynolds & Miller, 1994).

Insert Table 3 here

The perfectly bilingual lead researcher subsequently collected the data in two rounds of interviews. In the first round, we conducted open in-depth interviews with an average time of an hour. The informants were provided with an overall description of the study topic (e.g. understanding the internationalization practices with regard to their internationalization and their BM elements). Since in-depth interviews are used aiming to discover how people make decisions (Bailey et al., 2015), it allowed us to get insights into motivations and decisions regarding the internationalization process of the social enterprises. All interviews were voice recorded and further transcribed, producing approximately 100 single-spaced pages of text.

Other than the recorded interviews, we also gathered secondary data from the company websites, including complementary material on organizational background, vision and mission, social issue and impact, service/product, target group, year of establishment, and international extent and scope. Once the first round was partially analyzed, we conducted a second round of semi-structured interviews with questions we defined based on recurring response patterns from the first round of interviews.

Data Analysis

Data analysis focused on the interviews with the seven respondents. First, we started by writing summaries after each interview, structuring them in three parts: drivers of internationalization, internationalization process, and governance of internationalization. We triangulated the data from the summaries with secondary sources (website information, external reports, news media, etc.) and developed it into case reports. This increased external validity and reliability. Next, the interviews were transcribed and were individually analyzed together with the structured case reports by the main author. The data was categorized into codes based on respondent's discourse and further abstracted to relate them to the properties of firm internationalization based on Katz & Gartner's (1988) model, i.e. intentionality, resource building,

exchange, and boundaries. Further, the main author conducted a systematic, comparative examination of the seven SEs' internationalization. Together with a co-author, we discussed the patterns emerging across the cases for deeper analysis. Specifically, we focused on the SEs' intention to internationalize, how they built resources and developed exchanges during their internationalization process, and how they established boundaries as internationalizing SEs.

We conducted a second round of interviews in order to deepen our understanding of emerging findings and patterns, such as the use of media attention as a reputational resource to support internationalization. We followed the same steps as for the first round of interviews explained above. The cross-case analysis was discussed with another co-author in order to assess and reach a satisfactory level of agreement about the categorization of the data into the four properties of firm internationalization.

FINDINGS

The internationalization of the case SEs is summarized in Table 2. Some SE's objective was to tackle a global social problem, e.g., Case 3 who was active internationally as a starting position, while other SEs focused on a local social problem and only internationalized later on, e.g., Case 1 who was internationalizing to France and Portugal at the time of the interview. We found that the case SEs' social objectives are their international priority and that their social impact exchanges often preceded their economic exchanges. The SEs also tended to develop their economic model during internationalization and increase its integration with their social impact model while SEs' internationalization governance was typically influenced by both economic and social factors. Furthermore, reputation resources were found to be paramount in supporting SEs' internationalization process. Below, we explore the findings of this research, focusing on the

intentions, resource building, exchange and boundaries of social impact scaling through internationalization. The case analyses can be found in Appendices 1-4.

Emergence: Intentionality

As we can see from Appendix 1, in terms of intentionality, we can distinguish between two different types of SEs, those that started locally versus intentionally international SEs. On the one hand, there are SEs that were established in response to a local social problem and focused on finding solutions and developing the model locally. Because of their successful introduction in the local market, foreign actors (i.e. municipalities, organizations and individuals) in the ecosystem learned of their social innovation and often asked these SEs to collaborate in their local communities. The SEs thus reactively discovered internationalization opportunities and the international prevalence of the social problem. They, in turn, subsequently developed an active internationalization strategy triggered by the motivation to increase the reach of their social impact.

As an example in point, Case 1 developed its social innovation locally in Belgium, whereas a group of municipalities and organizations from across the EU asked the SE to join their partnership for a Horizon 2020ⁱⁱⁱ pilot-project. The idea was to test social impact models in several municipalities in Europe (e.g., Italy, Greece, Hungary). During this project, Case 1 learnt of the internationalization opportunities for its solution, first hand. This triggered the SE to rethink its strategy in 2018 in order to internationalize its social impact and explore ways to acquire financial resources following the project grant.

On the other hand, some SEs developed social innovations in response to societal problems abroad. Rather than focusing on the domestic market, they developed a social innovation for international markets. Surprisingly, after successfully introducing the social innovation abroad, some SEs also realized the potential for localization of their solutions and started developing engagement with local ecosystem actors. For example, Case 3 had an international focus since the

start of its activities and initially focused on Sub-Saharan African countries. It later became clear that opportunities to close the digital divide are also present in Belgium, where the SE now also has several projects.

Yet, regardless of local or international intentionality, it is important to note that the decision to internationalize was always driven by the social mission. Furthermore, as Appendix 1 shows, it is the intention to internationalize the social impact that triggered the SEs to (further) develop their economic model. For instance, Case 1 realized it needed to amend its economic model in order to sustainably scale its social impact. The SE started looking for external funding and also set up a less risky and more financially sustainable revenue stream by targeting not only individuals, but also firms as its customers. Furthermore, the potential scope of social impact has led Case 5 to explore new markets. For instance, in order to support its social impact internationalization, the SE started exporting its chocolate products to Scandinavian countries and has been exploring franchising opportunities in these countries. As such, the internationalization of the economic model can be seen as a means to an end, i.e., to scale their social impact.

Resource building

In Appendix 2, we have distinguished between financial, human and reputation resources.

Financial resources

As can be seen in Appendix 2, our cases provide two interesting insights pertaining to how SEs build financial resources to internationalize their social impact. First, most of the SEs initially largely relied on local or foreign short-term grants or one-time donations. This enabled them to develop the boundaries of the firm – in some cases also internationally. During the scaling of their social impact across borders, the SEs did not necessarily build their financial resources internationally. Rather, what seems more important is to (further) develop their economic model by choosing more commercial and/or recurring revenue models, often with multiple revenue

streams. This enabled them to increase the efficiency of their social impact, i.e. reach beneficiaries more easily (see “Exchange”). Illustratively, Case 1 explained that subsidies are finite, do not necessarily lead to sustainable activities, and it is time-consuming to apply for them. Accordingly, the SE developed an economic model based on monthly or yearly fees to complement the subsidies it received. Case 4 showed a similar logic. After receiving a philanthropic donation of 1.3 million euros to set up the SE, it needed to develop recurring income to ensure its financial sustainability. The SE developed leadership trainings it can sell to commercial firms in order to be able to supply educational materials and trainings to youth workers who then reach street kids. This allowed the SE to grow its social impact exponentially and it now provides its social solution in about 30 countries.

A financially sustainable model does not necessarily need to be based on earned income alone. Some SEs rather invested in building long-term relationships with other organizations and donors as a strategic approach to financial sustainability. Case 3, for example, has been a CSR-partner for corporations in Europe, acting as an intermediary to ship ICT-materials to educational, medical and social projects in sub-Saharan Africa. With contracts of at least 4 years, this SE was able to form strategic partnerships instead of receiving one-off investments. Case 2 has also developed a successful recurring revenue model based on yearly or monthly donations. This SE received a considerable amount of media attention and successfully leveraged this to launch a campaign where individuals can virtually adopt a rat by making monthly donations in order to support the international landmine clearing operations.

Interestingly, a second finding shows that SEs tend to take opportunities to internationalize their social impact regardless of their economic model. For instance, Case 1 and 6 participate(d) in subsidized pilot-projects with a social impact focus. This kind of projects provides the opportunity to scale the social impact while the economic model behind the social solution is not a priority. In

general, it seems the social impact model can even be internationalized regardless of the economic model of the SE. Several of the case SEs internationalized their social impact without recurring revenues or even without an economic model. For instance, Case 4's social impact model had a global focus from the start while its economic model was developed more than five years later.

This pattern of internationalization, however, does not seem to be without risks. As mentioned before, subsidies, and external funding in general, can hamper sustainable growth. This can lead to time-consuming searches and competitions for new financial resources to merely sustain operations. Case 7 especially struggled in this regard. In fact, the SE started to internationalize its social impact while its economic model did not (yet) generate enough revenues. After several years, it lost its momentum and had to look for new funding. Together with other partners, the SE repeatedly tried to apply for European subsidies, but failed partly because its social innovation never truly fitted 'the current agenda'. According to Case 7, its (international) activities ended and its scaling failed due to the absence of a financially sustainable economic model.

Human resources

When we look at the intention to internationalize, the internationalization of the economic model from emergence may be the defining factor for how boundaries are established (see "Governance & boundaries") and human resources are built during SEs' internationalization process. Appendix 2 shows that the SEs that were founded to solve a social problem locally tend to build their human resources mainly domestically. Case 7, for example, purposefully kept its resources limited to Belgium because of, on the one hand, its limited financial resources, and on the other hand, the specificities of the social sector it is active in. Since providing care and support to people with disabilities is highly embedded in local government structures, the SE decided to license its products to existing organizations that are familiar with the sector in the host countries. However, although the internationality of human resources of these SEs remains limited, they

increased their international commitment by hiring foreign sales representatives for the exploration of international opportunities. Case 1, for example, hired a local agent in Portugal for prospection of joint venture (JV) or SF opportunities.

In contrast, all SEs that developed a social innovation in response to societal problems abroad demonstrate an internationalization intention at founding (see Appendix 1). Still, a distinction can be made between SEs that had an international economic model and those that had a domestic economic model despite the internationalization of their social activities. In other words, the former has a fully international model, while the latter only had an international social model at the time of inception. As can be seen in Appendix 2, SEs which have a fully internationalized model developed international human resources for their internationalization. For instance, Case 2 has built international human resources in order to support the growth of its social impact. The SE has employees in multiple countries where it is active as well as in its biggest donor countries, the US and Switzerland. Also, Case 3 has roughly the same number of employees in Belgium as in its entity in Kenya as this aligned with its mission to develop the local community.

In contrast, SEs that tackle a global societal problem but have a domestic economic model show a similar attitude towards domestic human resource building as SEs that initially focused on a local problem. For instance, Case 4 provides school materials for street youth around the world, while it sells leadership trainings to commercial firms in Belgium. The SE's team mainly comprises of Belgian employees who develop the school materials and leadership trainings in the home country, while the school materials are provided to local organizations in host countries through a SF model.

Reputational resources

Our cases reveal three main findings with regards to building reputational resources for internationalization: 1) the use of media attention, 2) the importance of networks, and 3) the central role of storytelling. First, SEs leverage media to build reputation and credibility. People partner

with SEs because they believe in the social impact these organizations can generate. For instance, Case 6 and Case 7 explained the need to feature in the media as “best-practice” to establish a reputation and form sustainable partnerships. Media attention related to the social impact of SEs creates “buzz” and can act as an enabler for growth and a medium to develop the network. However, since building a media presence is very time-consuming, the SEs considerably invested in this at the beginning when they had less market activity. Once they were in the scale up process and had built exposure, they became more selective. Case 1, for example, used to invest a lot of time in media and going to competitions and conferences in order to build a strong reputation and develop a broad network. The SE has developed a new approach where its decision to participate in competitions is based on whether this brings opportunities for networking and building partnerships.

Second, all cases underscored the potential of leveraging media (attention) to develop networks, which are then typically used as a stepping-stone towards personal relationships and funding. As illustrated by Case 4, the entrepreneur/founder can play a key role in this matter. He has invested a lot in developing personal relationships which proved important for the scaling of its social impact to additional countries. The SE was taken up in a charity foundation as a result of the founder’s years-long relationship with a person encountered at an international conference. Furthermore, Case 2 strives to build long-term relationships with its donors in order to ensure recurring revenues or donations. For example, the SE often puts its biggest donors in the spotlight on social media.

Third, the SEs placed storytelling at the core of their media strategy. Storytelling proves especially important in two regards: to promote the social innovation and to legitimize and grow the new social business. First, media attention can enable the mind switch that is needed for society to accept a social innovation. For example, because of the ambiguity pertaining to developing

horizontal collaboration in supply chains, Case 6 had (and sometimes still has) difficulties to normalize its social innovation. Building a strong story has been expedient in this regard and the demand for its services now exceeds its capacity. Furthermore, some SEs set up a for-profit entity or a more commercial economic model during their internationalization. Building a strong story to support this decision proved essential to convince donors, investors, or even to reassure internal stakeholders. During the implementation of its strategic shift in 2018 and the set-up of its for-profit in Kenya, Case 3 needed a strong story to convince its stakeholders that this would grow its social impact without mission drift. Similar to other cases, the SE also realized the need to adapt its social story based on the needs of its different stakeholders. Since the digital divide is globally prevalent, Case 3 has stakeholders all over the world. Some of its partners prefer efforts closer to home, in which case the SE will highlight its activities in Belgium. In contrast, other partners may be interested in closing the digital divide in Africa, in which case the SE will focus on its new entity and activities in Kenya.

Exchange

Due to SEs' hybridity, their exchanges include both social and economic aspects. It is important to keep in mind that a SE's (market) exchange commitment is a function of the SE's urge to increase its social impact. Earlier, we explained that SEs tend to internationalize their social impact irrespective of their economic model (see "Financial resources"). Consequently, several SEs thus first have international social exchanges before their (first) economic exchange. The economic side of SEs' first international exchange tended to be characterized by low involvement: commercial contracts, export, selling products, licensing. During internationalization, SEs then tended to increase their international exchange commitment. Our cases show two key features of this process (see Appendix 3).

First, the increased international commitment may be in the form of SF and/or physical investment. Case 3 is a prime illustration where it sought to enhance efficiency in terms of its social impact by investing abroad. The SE initially exported ICT-materials and its involvement ended at the port of Antwerp. In 2004, however, the SE decided to increase its involvement in a larger part of the supply chain by acquiring a refurbishment plant in Kenya. This increased the efficiency of its supply chain and consequently of its social impact. Furthermore, Case 4 internationalized its social impact through SF. This allowed the SE to scale its social impact really fast and reach many beneficiaries, and consequently triggered the need to scale the economic model as well.

Second, some SEs increased their international commitment by diversifying their social impact. This can take two forms: a new application of the social innovation or a new social innovation. For example, after several years of using rats for demining purposes, Case 2 also started to use rats for detection of tuberculosis. More recently, the SE has also started new commercial activities based on the leasing of dogs to commercial demining activities. This diversification of international exchanges enables the SE to easily and quickly increase its social impact. Furthermore, Case 3 developed an additional model based on a new social innovation. In 2018, the SE had an important strategic shift that would allow the organization to focus on supporting innovative tech-savvy entrepreneurs in Kenya, in addition to providing access to ICT materials.

Furthermore, as can be seen in Appendix 3, our cases show an interesting feature of the relationship between the economic and social aspect of their international exchanges. Some SEs integrated their social and economic exchange (further) when developing their model. Several examples can help understand this better. Initially, Case 1's model was based on parents paying a yearly fee to access a platform where they can arrange community-led childcare. The SE started scaling a second model based on yearly subscriptions for firms. Since parents need childcare services due to their work-related responsibilities, targeting firms as a customer enables Case 1 to

tackle the social problem at its roots. This should lower Case 1's reliance on subsidies, support its internationalization and increase the integration of its social and economic exchanges. A second and even more telling example is Case 4. Initially, the SE's social and economic exchanges were completely separate in two distinct models. On the one hand, the social impact model was based on the provision of materials and trainings to youth worker organizations. On the other hand, the economic model was developed to finance the social impact model and was solely based on sales of leadership trainings to firms. Recently, however, Case 4 has developed new social products that are sold to (youth worker) organizations to generate revenues. In this case, an additional exchange stream was set up where the social and economic exchanges are combined.

Boundaries

As we can see in Appendix 4, our cases reveal interesting insights regarding, on the one hand, SEs' legal and physical boundary setting, and on the other hand, SEs' organizational boundaries in terms of their internalization-externalization decisions during internationalization. First of all, SEs tend to put legal and/or physical (international) boundaries. This can help them to increase strategic and structured flexibility during internationalization. Case 3, for example, set up a for-profit entity in 2019 in Kenya which allows it to use its revenues to invest in promising technology-based startups, and to also provide funding and autonomy for its strategic ventures. This new model and the combination of organizational forms not only delivered more strategic and structured flexibility but also increased the social impact and promoted its international scaling. Somewhat similarly, Case 4 set up a for-profit entity in 2007 to develop commercial activities and support the international growth of the social impact model. In 2020, the SE went through an important rebranding strategy; a cooperative acts as parent organization of a non-profit (four social impact products) and a for-profit (commercial leadership trainings) for a better integration and internationalization of the models. A difference between both cases, however, is that Case 3, who

has a fully internationalized model, established international legal and physical boundaries, while Case 4, whose economic model was not (yet) internationalized, established legal and physical boundaries domestically.

A second finding shows that several factors, being economic or social, influenced the SEs' internalization-externalization decision, namely: 1) resource constraints, 2) the primacy of social objectives, and 3) partnering opportunities. First, SEs tended to externalize – at least (partly) the exploitation of the solution because they encountered resource constraints, especially in terms of financial and human capital. For instance, Case 7 was exemplified by an internationalization process that was characterized by a high independence on and low coordination with its partners. The SE did not have a financially sustainable economic model nor did it receive external funding for its internationalization. The team was small and it explored international opportunities on a voluntary basis. Additionally, since its social impact model is highly embedded in the local social care sector, Case 7 decided to externalize international activities. The materials for social impact delivery were shared based on licensing contracts, but the partner organizations were responsible to develop an own business model.

Second, an SE's social impact model dictates the choice between internalizing and externalizing activities for internationalization. For instance, SEs externalize international activities because developing the local community is part of their social impact. For instance, Case 5 externalizes part of its social impact activities in order to support the local community. The SE has also moved part of its supply chain activities to Peru. By externalizing a part of the cacao processing, Case 5 helps the creation of a fair chain rather than fair trade whereby the local community can reap a higher part of the chain's added value.

Still, while SEs will externalize activities if this is efficient from a social impact point of view, we also see that SEs at times prefer to internalize activities during the internationalization process

for the same reason. With its first model, Case 3 progressively internalized the supply chain of its refurbished ICT materials. The subsequent increase in revenues translated in opportunities to deepen its social impact and the SE developed a new social impact model in Kenya. This process was also internalized since Case 3 set up an own for-profit in Kenya as well as an investment fund. However, the subsequent internationalization, once the BM had proven its merits, in South Africa was rather externalized, under a SF model. Furthermore, Case 6 also keeps its activities, i.e., orchestrating and managing logistical flows from Belgium for clients, internal. However, these logistical flows also have cross-border return-flows. Since the SE is not physically present in other countries, the management of these return-flows are externalized through informal partnerships with foreign firms.

Furthermore, certain SEs chose to internalize their R&D. Case 1 initially received an investment from an impact investment firm to scale through internal exploitation of its social innovation. However, the SE soon realized this was not part of its core business. The founder explained that they did not have enough time anymore to develop additional materials and be close to their target group. Moreover, Case 1's organization is not a fixed structure but it is rather based on networks, freelancers and partners. Consequently, to quickly scale impact, it is more interesting to support those organizations that already have scale. Therefore, in order to scale its social impact while continuously improving its social innovation, Case 1 chose to externalize the exploitation of its social impact solution, while internalizing the R&D.

Third, externalization-internalization decisions can also depend on opportunities, specifically potential partnering opportunities. For instance, Case 4 identifies itself as an R&D organization in the sense that it focuses on the creation of social impact products, while it externalizes the exploitation of these products. The SE further explained that it has difficulties with its international scaling processes, especially in terms of partnership governance. For instance, there is a risk of

jeopardizing the social mission, especially when scaling the commercial activities. Case 4 sells leadership trainings that are based on social values related to its social mission. Consequently, when the SE looked for partners to internationalize, it had to be very diligent concerning the social values of potential partners.

DISCUSSION AND PROPOSITIONS

SEs have been shown to be flexible organizations that continuously reshape their social impact model while economic activities are meant to increase their social impact (Bacq et al., 2015). This flexibility as well as their hybridity and the primacy of their social objectives also influence several aspects of their internationalization, such as their internationalization process, whether and in what way to internalize or externalize activities and with whom to form partnerships. In the next section, we develop several propositions based on our findings related to the drivers, process, and governance of SE internationalization.

Drivers

Our empirical analysis showed that a commonality of all the case SEs is their driver to internationalize, namely the urge to maximize social benefits. One of the key assumptions of IB research is that businesses internationalize with the goal of maximizing financial returns. This assumption does not hold for SEs as they focus on social value creation rather than financial performance. Since an SE's primary mission is its social impact, it focuses on increasing social value creation from inception (Austin et al., 2006; Zahra et al., 2009). Our case analysis revealed that SEs do not internationalize to reap investments in firm-specific assets but rather to scale their social impact. However, because funding is often uncertain, they soon discover the need for financial sustainability in order to further scale their social impact. Consequently, some of the SEs pursued opportunities to internationalize the economic side of their business model. Although the

SEs also internationalized based on these economic considerations, the ultimate driver remained the pursuit of their social objectives.

Following these insights, we argue that IB research should extend their understanding of the drivers of firms to internationalize to include social aspects and we propose:

Proposition 1. For SEs, pursuing their social mission is their primary motivation to internationalize.

Process

On the one hand, our findings reveal that SEs' hybrid character can have important consequences for several internationalization aspects such as the pattern of internationalization, resource building and exchange of internationalization (Mersland et al., 2021). On the other hand, the intention to have global or local social activities at the time of inception – in and of itself – does not have a strong influence on how SEs build resources and commit to exchanges during internationalization. This suggests that SEs do not have a clear intention-to-action path of internationalization. Rather, our findings indicate that the vision and intention of the social entrepreneurs involve an iterative process with revisions during the internationalization process (e.g., Kalinic et al., 2014; Mintzberg & Waters, 1985; Waddock & Steckler, 2014). This resonates with the lean startup model, rooted in the entrepreneurship literature (see De Cock et al., 2020 for a discussion).

Our results show that, during their internationalization, the SEs felt the need to develop more robust (economic) models to sustain and grow their social operations (Bocken, 2015; Ćwiklicki, 2019; Guan et al., 2021). In this regard, the SEs tended to diversify their financial resources and move toward more commercially based and/or recurring revenue-based models to have more stable long-term prospects. Moreover, the SEs tended to increase the integration between their social and

their economic activities (further) or set up additional models where the social and economic exchanges are combined. SEs thus seem to allow for strategic and structured flexibility (Smith & Besharov, 2019) in order to scale their social impact in the most efficient way. In this regard, integrating the social and economic models seems to be an interesting way for SEs to allow for mutual reinforcement of their social impact and financial performance (Holland & Lam, 2014).

Since a SE's "raison d'être" is to respond to social opportunities – whether local or global – we argue:

Proposition 2. SEs will develop their economic model and tend to integrate more tightly with their social activities during the internationalization process.

A large part of research on how firms internationalize has relied on the idea that internationalization is a risky and costly endeavor (e.g., Johanson & Vahlne, 1977, 2009). Consequently, firms are said to first have activities domestically before internationalizing. This literature explains internationalization as a continuous and incremental process where firms increase their market commitment from mere export to investment in the host country. In contrast, many of the SEs took on the opportunity to tackle a social problem abroad and were therefore international from inception. This is very much in line with the international entrepreneurship (IE) literature, which sees international markets as opportunities rather than challenges (e.g., Chetty & Campbell-Hunt, 2003; Oviatt & McDougall, 1994, 2005).

Since SEs have both economic and social exchanges, SEs' internationalization cannot be described only in terms of their economic activities as SEs tend to diversify their social impact during internationalization. Therefore, our case analysis suggests that SEs go beyond increased market commitment during internationalization as described by the traditional internationalization theory. Instead, SEs increase their social impact commitment during internationalization (Bloom

& Chatterji, 2009). This increased commitment does not necessarily imply an increase of control and ownership of international activities. In this sense, the internationalization of SEs revolves around value creation rather than value capture.

Therefore, we propose:

Proposition 3 SEs increase their social impact commitment during their internationalization process without necessarily increasing their economic exchange commitment internationally.

Some of the cases provide solutions to local problems, while others tackle globally prevalent issues from inception (Angelo-Ruiz et al., 2021; Zahra et al., 2008). This is in contrast to the Uppsala theory which posits that firms would internationalize to psychically and physically close countries first and over time successively enter more distant countries (Johanson & Vahlne, 1977). The empirical reality of fast internationalizing firms – so-called INVs or born globals – has triggered a growing stream of literature, mainly in the IE literature (e.g., Knight & Cavusgil, 1996; McDougall, Oviatt, & Shrader, 2003). Recently, several scholars explain the phenomenon of born globals (e.g., Dow, 2017; Hennart, 2014; Hennart et al., 2021) by arguing that a global niche business model would predict the rapid expansion of firms abroad. Moreover, INVs and born globals are found to sometimes internationalize to countries with a high psychic distance first (e.g., Moens, 2002).

These insights seem to apply to our cases. In particular, several of the SEs developed social innovations for beneficiaries in the Global South. These SEs internationalized from inception to a faraway host country in order to pursue their social mission. Our findings thus inform the international entrepreneurship literature by showing that SEs who are intentionally international from inception have a more rapid internationalization process. Moreover, they actually show a form of reversed pattern; once they became aware of the prevalence of the social problem in their home

country, the SEs decided to localize their social innovation to the home country and neighboring countries.

Based on these insights, we propose:

Proposition 4 The intention to tackle a social problem that is globally prevalent decreases the importance of psychic distance during SEs' internationalization.

Relatedly, SEs' social mission is often linked to the development of the local community where they are active (Naatu & Alon, 2019). Therefore, they may invest their scarce resources in host countries where risk and uncertainty are prevalent (Zahra et al., 2008). Our case analysis revealed that by internationalizing their social impact to countries with low institutional quality, these firms can help develop location advantages in the host country. In a sense, this requires developing infrastructure in the host country to be able to operate and consequently create positive externalities for the local community (Cuervo-Cazurra, 2018; Montiel, et al., 2021). Still, part of the research on multinationals focuses on the importance of locational advantages of countries as a key determinant for multinationals' foreign activities (e.g., Dunning, 1977). This view is based on the premise that firms may upgrade their firm advantages by internalizing the location advantages of the host country through foreign investment. Our case analysis suggests that we should move beyond the traditional view of seeing firm advantages as being based on location advantages.

Therefore, we advance the following proposition:

Proposition 5 Through their social mission, SEs help develop location advantages, which can then be leveraged for their firm-specific advantages.

Entering and operating in a country with high risks and uncertainty, however, is not an easy task. Additionally, since SEs have limited resources, internationalization may prove difficult.

Similar to INVs, they can leverage their networks to decrease the costs of internationalization (e.g., Mort & Weerawardena, 2006). However, developing a network and finding partnerships may reveal quite complex due to SEs' dual logics (Bretos et al., 2020; Spieth et al., 2019), even more so in an international context. In order to reap the maximum number of benefits from their networks to increase their social impact, SEs build important reputation resources (Walske & Tyson, 2015). The SEs used media attention and communication to build and spread awareness around their innovation and reputation. Our case analysis shows storytelling skills are especially important in this regard. In particular, SEs need to develop a strong but flexible social story, adapting it to their external stakeholders in order to acquire resources and form partnerships for internationalization. For instance, several SEs adapted their communication to align with the interests of the stakeholder they were dealing with at the time in order to secure contracts or funding.

Therefore, we argue that:

Proposition 6 Leveraging their storytelling skills enables SEs to build reputation resources and consequently enter networks and partnerships to facilitate their internationalization.

Governance

A large body of research on internationalization has sought to explain how firms deal with risk and uncertainty of operating in different international contexts by using different governance structures. Transaction cost economics (Williamson, 1975; Hennart, 2005) and internalization theory (Buckley & Casson, 1976) have been the predominant approaches to study these internationalization choices. The underlying assumption is that the firm internationalizes based on profit-maximizing goals while internalizing cross-border market imperfections. The firm will therefore make the decision to internalize or externalize its activities based on economic efficiency.

However, this is inherently in conflict with SEs' dual mission, which suggests that SEs organize their activities and build resources based on both economic and social logics (Bretos et al., 2020).

Proposition 7 SEs' internalization decision is influenced by efficiency considerations pertaining to their social impact.

An important constraint for SEs' internationalization is their limited financial and human resources (Walske & Tyson, 2015; Zahra et al., 2008). If an SE suffers from this constraint, it will tend to externalize at least the exploitation of its social innovation in order to grow its social impact internationally. In particular, the SEs tended to internalize their R&D activities while externalizing the exploitation of their social innovation. Furthermore, in some cases the SE externalized international activities to support the development of the local community (Naatu & Alon, 2019). A straightforward way to do this is by externalizing activities to their beneficiaries or intermediaries in the host country. On the other hand, externalizing international activities tends to be more complex when profit and social motives between partners differ (Spieth et al., 2019). Since an SE's social mission comes first, it will be vigilant against the risk of mission drift. If it does not have common social values with a potential partner, the SE will rather incur higher costs and internalize the activity. Several of the SEs had to develop thorough due diligence processes before working with partners. In general, social values had to be aligned and the partner needed to be financially sustainable. The SEs not only considered which resources their partners could bring, but also whether they would increase their reach to beneficiaries, provide a new application for the social solution, etc.

Therefore, we suggest that:

Proposition 8 The presence of common social values with a potential partner is a necessary condition for SEs' decision to externalize activities.

CONCLUSION

In this paper, we have examined SEs' internationalization process and organization based on their intentionality, resource building, resource exchange and boundaries. By investigating this type of firm, we believe we will be able to understand the fundamental influence of their hybridity and the presence of social considerations on internationalization. This multiple-case study of seven Belgian SEs offers new insights into the increasingly relevant phenomenon of international social entrepreneurship.

Before concluding, it is important to note some shortcomings. Despite providing in-depth knowledge on the under-researched phenomenon of international social enterprises, our study is limited in terms of statistical generalizability given its qualitative nature. Moreover our findings are drawn from a multiple-case study of international SEs from Belgium. Still, to the extent that the starting conditions are similar, the findings could be applicable to other contexts. We therefore encourage future research to investigate SEs from other (larger) economies in order to extend and validate our propositions.

In summary, our study contributes to the nascent literature on the internationalization of social enterprises – and more generally of hybrid organizations. In particular, the analysis reveals that SEs continuously search for ways to grow their social impact. An important way to reach this is through social business model innovation. Social enterprises are flexible organizations that adapt their social impact and economic models. This feature also influences their internationalization process and organization. These firms' hybridity has important consequences for several aspects of internationalization, such as whether to internalize or externalize activities, with whom to form partnerships and which form these partnerships best take. This suggests SEs do not merely make decisions based on a profit-maximizing logic but rather it is their social impact mission that leads

social entrepreneurs' decision-making during internationalization. We therefore encourage future studies to further investigate the influence of hybrid logics on the internationalization decisions of SEs in particular, and commercial firms in general.

Furthermore, by showing that SEs which are intentionally international from the start internationalize to more distant countries and go through a more rapid internationalization process, we inform the international entrepreneurship literature. Moreover, our research contributes to the international business literature in general by revealing that certain firms are not driven to internationalize merely based on economic logics but also based on social logics. Our study paves the way to analyze how social considerations can influence firm internationalization. In a world where MNEs are under increasing regulatory scrutiny and rising pressure to take responsibility for human rights issues in their entire chain of activities at home and abroad, internationalization decisions will unmistakably involve social factors. Therefore, future studies are advised to acknowledge the hybridity of enterprises and the increasing importance of considering social factors when theorizing about firm internationalization.

ⁱ <http://lita.co>

ⁱⁱ Such as <https://socialeinnovatiefabriek.be> , <https://www.socialeconomie.be>, <https://www.ashoka.org/fr/pays/belgium> , etc.

ⁱⁱⁱ European project-based subsidies

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TABLE 1

CASE #	CASE 1	CASE 2	CASE 3	CASE 4	CASE 5	CASE 6	CASE 7
Industry	Social sector (children day-care)	Demining + medical sector	Digital sector	Social sector (youth work)	Fair trade food sector	Logistics sector	Social sector (assistance to people with disabilities)
Establishment (year)	2014	1997	2003	2000	2008	2008	2011
Organizational form	For-profit	Non-profit	For-profit + Non-profit	For-profit + Non-profit	For-profit	For-profit	Non-profit
Financing model	Membership fee of 30 euro per year for families and 8,500 euro per year for businesses	Main financing method is donations – concept of rat adoption; Commercial contracts / government contracts (e.g. 3-4yrs contract in Mozambique); Leasing of rats/dogs to commercial demining firms	Sell refurbished ICT-materials: Charge a price to the projects for the refurbishment and transportation costs, but also to keep the organization viable. The SE gets the materials for free, so they are able to keep a low price. Profits made by the for-profit in Kenya will be reinvested to scale the model.	For-profit was founded in order to invest its profits into the non-profit Now also sells social products to intermediaries (youth worker organizations)	Traditional commercial sales (selling food products)	Traditional commercial transactions (fee-for-service)	Start capital from partnerships with Proximus (telecommunication firm), Nationale Loterij (national lottery) and other sponsors. Did a huge campaign with de Lijn (public transport firm). Apart from the app, the SE didn't find a sustainable business model to finance its social mission
Annual revenues (in euro)	53K	4.8mio euro	1.5mio euro	1.2mio euro	4mio euro	450K	fluctuating
# of employees	3 + 2 freelancers	280	16	10 + 7 freelancers	9	4	2-5

Social mission	<p>Problem The vulnerability of families and the decreasing trend of informal day-care</p> <p>Solution Solidary day-care with a rotation system organized by parents, grandparents and family members. The application supports the activities themselves. The methodology is developed for the families. Once the planning period starts, the application can help to bring structure.</p> <p>Service / <u>Product</u> Provides web-app and methodology to organize day-care</p> <p>Target Group Vulnerable parents and families</p>	<p>Problem Landmines not only causes 7000-8000 deaths a year, but it also causes anxiety, refugees and uncertainty. Tuberculosis causes 1.5mio deaths a year. 10 million people are infected each year and 3 million stay undetected.</p> <p>Solution Detection with rats; detection of landmines with dogs</p> <p>Service / <u>Product</u> Rats and dogs as leasing products and detection as a service</p> <p>Target Group Countries and regions which are vulnerable because of landmines/tuberculosis</p>	<p>Problem The digital divide leads to less opportunities in terms of development</p> <p>Solution Offers high-quality, pre-owned ICT-material donated by European and international companies to educational, medical and social projects in developing countries</p> <p>Service / <u>Product</u> This includes monitoring the refurbishment process, transport, export/import process, distribution, installation and maintenance and local collection and recycling of ICT-material. Additionally, the SE now also organizes training and funding opportunities for tech-savvy entrepreneurs in Kenya and South Africa.</p> <p>Target Group Educational, medical, entrepreneurial and social projects; Tech-savvy entrepreneurs</p>	<p>Problem The system now is to pull children out of the street and put them into systems without first empowering them</p> <p>Solution Non-formal education with a focus on building self-esteem, identity and arm them on the street. Empower children so they make decisions about their future</p> <p>Service / <u>Product</u> Training of educators / youth workers and lending of educational materials</p> <p>Target Group Street youth</p>	<p>Problem Agricultural producers need to become autonomous, develop their sustainability and receive fair prices</p> <p>Solution Design products within a close partnership with our partners, namely producers in the South; Support producers in their activity of processing products with the goal of higher added value (focus on quality and training); Distribute and commercialize in the Benelux</p> <p>Service / <u>Product</u> Fair trade products</p> <p>Target Group (Cooperation of) producers</p>	<p>Problem The logistics sector is characterized by low efficiencies and sustainability levels. This will soon lead to capacity shortages and other problems in the logistics and transport sector. There is therefore a need for more horizontal partnerships in the sector to increase sustainability and cost-efficiency.</p> <p>Solution The new business models for smart and sustainable logistics will be based on sharing capacity, i.e. bundling of flows, clustering of activities, sharing services and pooling resources. The SE acts as a neutral orchestrator, whereby it prepares, involves and supports companies in the processes of creation and managing horizontal collaboration partnerships and platforms. In this bundling opportunities can be taken at the source.</p> <p>Service / <u>Product</u></p> <p>Target Group Production companies (clients of transport sector) which generate the streams and use the services of the logistics provider.</p>	<p>Problem The idea of this SE was born to answer the question 'How can we help the caregiver and people with disabilities in their day-to-day life?'. There is a need for support to communicate with fellow citizens.</p> <p>Solution The overall mission is to provide autonomy and social inclusion. Disabled individuals can use an app (with agenda, tools to communicate, possibility to ask a question) or a card to support the communication with fellow citizens</p> <p>Service / <u>Product</u> Smartphone app and cards</p> <p>Target Group Individuals with a disability (and their caregiver)</p>
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TABLE 2

CASE #	CASE 1	CASE 2	CASE 3	CASE 4	CASE 5	CASE 6	CASE 7
First int'l (year)	2020	2000	2003	2000 (social impact side)	2008 (social impact side) 2014 (economic side)	2008	2013
First int'l location	Italy, Greece, Hungary	Moved HQ to Tanzania	Kenya	Bolivia and Guatemala	Peru (social impact side) Finland (economic side)	The Netherlands	The Netherlands
Scope of int'l (# countries)	3	7	Over 50	30	6	7	4
Name of targeted countries	Portugal, France	Tanzania, Mozambique, Ethiopia, Angola, Cambodia, Colombia, Zimbabwe	Worldwide (focus on SSA)	Worldwide	Benelux, Finland, Sweden, Norway	The Netherlands, Germany, Italy, Norway, Austria	UK, US, the Netherlands, South Africa
Int'l pattern	First int'l of SIM through European subsidized pilot projects with partners (municipal level) Int'l motivation of social impact triggers the development of a new, more robust and less risky revenue model (customers are firms rather than families) EM is not necessarily internationalized; It is the methodology / social solution behind the SIM which is internationalized	Int'l motivation of social impact triggers the further development of EM (e.g. monthly donation model; leasing of dogs) Both SIM and EM are international and become more structured with growth (e.g. HQ in Tanzania early on and further opening of facilities in different countries where it is active; new monthly donation model triggers the establishment of foundations in major donor countries)	Both SIM and EM are international and become more structured with growth (e.g. initially organized entrepreneurship contests and later developed this into a structured model in a for-profit) Initially involvement ended at port of Antwerp; Took over a refurbishment plant in Kenya to increase efficiency of SI and develop EM This provides opportunity for further internationalization and diversification of SIM which triggers further the development of the EM (i.e. set up for-profit organization and investment fund)	SIM was developed and scaled up internationally without a revenue model (received a large donation of 1.4mio euro) Later a separate EM was set up with a for-profit (BCorp) Further int'l of the SIM triggers the need for more financial resources: int'l of initial EM + diversification of EM (adding the sales of social products)	The EM is international (Benelux) from the start The further growth (both int'l and deepening) of the SIM triggers the need to internationalize the EM further: i.e. find new markets in Scandinavian countries to meet the supply of products	Int'l is twofold: 1. Has a structural partner in the Netherlands (closeness to demanding parties), 2. Clients have international logistical streams which makes the SI international by nature. Participates in subsidized pilot projects: Since clients are often commercial firms, they are mainly interested in the cost-reducing aspect of the service. The SE is not always able to persuade the clients of this aspect and has difficulties to form structural partnerships after the pilot project	Parallel search for an EM while it received interest from parties to internationalize Int'l of SIM triggered efforts to develop the EM (e.g. SE chose an English name for its app) EM (app) was international but for own organization: SF partners needed to develop own EM and pay a license fee for app

TABLE 3

CASE #	Role respondent	First interview	Second interview
CASE 1	Founder / CEO	25/03/2020 50mn	22/10/2021 40mn
CASE 2	Co-founder / CEO	19/03/2020 61mn	05/05/2021 40mn
CASE 3	Impact Manager	16/03/2020 54mn	21/09/2021 32mn
CASE 4	Co-founder	01/04/2020 69mn	04/05/2021 80mn
CASE 5	Co-founder / CEO	08/04/2020 55mn	05/05/2021 26mn
CASE 6	Co-founder / CEO	12/03/2020 50mn	04/05/2021 24mn
CASE 7	Co-founder	17/03/2020 61mn	18/08/2021 25mn

APPENDIX 1

Drivers: Intentionality

CASES	
CASE 1	<p>From local to international</p> <p>Approached by other organizations to participate in European subsidized pilot project (reactive)</p> <p>Rethinking the strategy in 2018 to internationalize the social impact</p> <p>Intention to internationalize/grow social impact model (SIM) triggers the development of the economic model (EM) (cfr. Appendix 2)</p>
CASE 2	<p>International by nature</p> <p>Explored opportunities to gain a foothold in target countries: Intention to</p> <p>Intention to internationalize/grow the SIM triggers the development of the EM (e.g. Exploring opportunities to broaden/grow social impact by broadening the market (leasing dogs))</p>
CASE 3	<p>International by nature; later started activities in home country and closer countries</p> <p>Explored opportunities to gain a foothold in target countries: Intention to increase efficiency of the process and develop economic model for financial sustainability</p> <p>Explored opportunities to better invest revenues in social impact: Strategic shift in 2018 with intention to deepen (diversify) social impact</p> <p>Explored opportunities to further internationalize for-profit SIM</p>
CASE 4	<p>SIM: International by nature; later started activities in home country and closer countries</p> <p>EM: From local to international</p> <p>Explored opportunities to increase social impact through internationalization</p> <p>Explored ways to increase revenues (by internationalizing and diversifying revenue streams) to support social impact growth</p> <p>Explored ways to develop the technology-based methodology as a strategic choice to internationalize and diversify social impact</p>
CASE 5	<p>SIM: International by nature</p> <p>EM: International from start (Benelux)</p> <p>SIM: intention to increase the social impact by exploring investments (processing plant) in Peru</p> <p>EM: explored new markets to enter</p>
CASE 6	<p>From local to international</p> <p>Internationalization was driven by pressure of investors but SE bought them out</p> <p>Since logistical flows cross borders, the SE's activities become international</p>
CASE 7	<p>From local to international</p> <p>Responded to demand for internationalization from other parties</p> <p>Exploring ways to develop an EM to support the SIM</p>

APPENDIX 2

Process: Resource Building

CASES		
CASE 1	FINANCIAL	<p>Able to internationalize through European subsidized pilot projects.</p> <p>After the end of the subsidies the SE looked and found a business angel who provided funding to support internationalization.</p> <p>Received VLAIO funding to develop a more robust and less risky revenue model to grow Technology for app needs to be developed, so is looking at three options: financing it itself, look for subsidies, find a technological partner to set up a JV</p>
	HUMAN	<p>Limited due to limited financial resources; Domestic</p> <p>Found a business angel who also has knowledge and experience on internationalization to boost growth</p> <p>Hired a freelance partner with an extensive international network for prospection</p> <p>Found local agents in Portugal and France to exploit the model</p>
	REPUTATION	<p>Leveraging media for networks: founder has a key role; speaker at events put SE on the radar; participating to events as starting point to build personal relationships</p> <p>Leveraging media for financial resources: attracted investors</p> <p>Strong storytelling to normalize the social innovation (especially through impact cases and research)</p>
CASE 2	FINANCIAL	<p>The development of a recurring revenue model (monthly subscription) helped the SE to grow</p> <p>The development of a commercial revenue model (leasing dogs) helped the SE to increase its social impact without own operations in target country</p> <p>Applied for a social loan to quickly scale its commercial revenue model</p> <p>Leveraging media for financial resources: important trickling down effect (two press articles resulted in 250k euros revenues + recent pro-active social media strategy with 180-200% return on Facebook campaigns)</p>
	HUMAN	<p>Large international employee base in countries where it has social activities (R&D, training of rats, visitor center) and in donor countries</p>
	REPUTATION	<p>Leveraging media for networks: founder has a key role, speaker at events and winning awards puts you on the radar; participating to events as starting point to develop personal relationships</p> <p>Strong storytelling to normalize the social innovation (especially through impact cases and research)</p>
CASE 3	FINANCIAL	<p>Received funding from investor to set up for-profit in Kenya + subsidy from the Netherlands to open innovation hub in Kenya</p> <p>For-profit entity provides funding (investment fund), flexibility and autonomy for innovation hub and other strategic ventures in Africa</p>
	HUMAN	<p>For-profit has employees in Kenya</p> <p>Hired a local agent for prospection in SA</p>
	REPUTATION	<p>Leveraging media for networks: founder has a key role, personal social media to create sense of community; participating to events as starting point to develop personal relationships</p> <p>Storytelling legitimizes the new social business model (for-profit)</p> <p>Leveraging media for financial resources: found investor for for-profit entity</p>
CASE 4	FINANCIAL	<p>Received a big donation (1.3mio euro) to set up the organization</p> <p>Later, developed a recurring income model separated from the SIM (purely commercial product sales) to become financially sustainable and grow social impact internationally</p> <p>Recently has developed 3 technology-based products to sell online which increases its social impact and profit at the same time</p>
	HUMAN	<p>Has employees mainly in Belgium, but they give trainings in the Netherlands and to international firms online (EM); develop methodology behind social impact products locally and give trainings to youth organizations in countries all over the world (SIM)</p> <p>From 2023, partnered with a local agent to internationalize to the Netherlands</p>
	REPUTATION	<p>Leveraging media for networks: founder has a key role, speaker at events puts you on the radar; participating to events as starting point to develop personal relationships</p> <p>Storytelling as a growth- and impact-strategy</p> <p>Leveraging media for financial resources: participating in events helps build personal relationships which then are converted into funding (e.g., taken up in a foundation because developed personal relationship with person on board of the foundation)</p>

CASE 5	FINANCIAL	Received local subsidies for wages and international investments EM is based on commercial sales of food products → Since the Benelux market is too small for the supply, the SE needs to grow its model to other foreign markets
	HUMAN	Employees in Belgium only Hired a local agent for prospection in Sweden and Finland
	REPUTATION	Leveraging media for networks: participating and winning competitions puts you on the radar + social media to create sense of community Leveraging media for financial resources: use competition prizes and articles as marketing strategy to attract customers
CASE 6	FINANCIAL	Participate to subsidized projects focused on the social impact Functions under a standard commercial model, i.e. fee-for-service
	HUMAN	Limited; Domestic
	REPUTATION	Leveraging media for networks: winning awards puts SE on the radar; participating to events as starting point to develop network Leveraging media for reputation/credibility: storytelling / best-practice / success story to normalize solution
CASE 7	FINANCIAL	Subsidized at local level only; applied multiple times to European level subsidies but did not receive it (social impact story did not match policy focus) EM based on fee-for-app did not generate enough revenues to internationalize, nor to develop nationally
	HUMAN	Limited; Domestic
	REPUTATION	Leveraging media for networks: participating to events as starting point to develop personal relationships Leveraging media for reputation/credibility: storytelling / best-practice / success story to normalize solution Failed to leverage media for financial resources: was taken up as good practice in a European project, but the SE was not able to leverage this for its scaling

APPENDIX 3

Process: Exchanges

CASES	
CASE 1	<p>First internationalization of SI is low-risk, low structural commitment in the form of partnerships through a European-level subsidized pilot project</p> <p>Plans to set up an SF in Italy</p> <p>Found a local agent who will exploit the SIM in Portugal in a separate entity with co-ownership</p> <p>Found a partner in France to implement the model in an already existing organization: Models of both organizations are complementary and they will exchange their platforms to implement it in both countries</p> <p>Ultimate idea is to find partners to form a platform where costs and knowledge can be shared → Instead of sharing income through a SF, sharing costs/risks through equal partnerships</p>
CASE 2	<p>First international SI exchange is through partnership with university where SE can use facilities for R&D in Tanzania</p> <p>First international transaction through a 2-3yrs commercial contract in Mozambique for demining</p> <p>Further demining activities through government contracts in different countries</p> <p>More recently, the SE is able to increase its social impact quickly through leasing contracts for dogs to commercial demining firms</p>
CASE 3	<p>At first, international exchanges (sourcing in Be and NI and delivering in Sub-Saharan Africa) with low involvement and through intermediaries (non-profit projects) based on exports (involvement stopped at port of Antwerp)</p> <p>In 2004, increase of commitment of exchanges: started refurbishment activities in Kenya itself on terrain of non-profit partner</p> <p>SE has now also direct SI exchange with beneficiaries in Kenya with an innovation hub (training tech-savvy entrepreneurs)</p> <p>SE also partners with different organizations (commercial firms in the form of CSR and non-profit organizations) to diversify its social impact, often on a project-basis</p> <p>Just set up a SF in SA for an innovation hub</p>
CASE 4	<p>First internationalization of SI exchange is based on SF with local organizations and lending/export of materials</p> <p>Economic exchange started with a couple of clients in the Netherlands (selling); now has a local agent who is exploring the local context and planning to set up a SF</p> <p>It now also has an integrated exchange: sells technology-based social impact products online directly to customers (= intermediaries)</p> <p>Also had talks with a UK partner to set up a joint-venture to facilitate knowledge exchange and leverage complementary assets</p>
CASE 5	<p>SI exchange includes buying products from farmer cooperatives and partnerships with NGOs to train farmers</p> <p>Economic exchange: started based on exports in Benelux, and later in Scandinavian countries; was setting up a SF in Sweden and Finland in 2021</p>
CASE 6	<p>Participates to subsidized impact pilot projects focused on SI exchange</p> <p>Several informal partnerships in different countries to complement efforts from Belgium (logistical flows are international by nature and automatically include returning flows)</p>
CASE 7	<p>Very limited exchanges: Licensing agreements (mostly symbolic) to use name and materials are highly decentralized, i.e. partner organizations are responsible for own EM and implementation of a SIM</p>

APPENDIX 4

Governance & Boundaries

CASES	
CASE 1	<p>Set up a cooperative for scaling of SI (strategic intent)</p> <p>Externalizes the exploitation of its SI product because it wants to focus on R&D/methodology behind the product</p> <p>Internationalization governance will depend on local context and partner with an emphasis on ‘partners as equals’</p> <p>Consequently, there is a high importance of due diligence i.t.o. social values and financial stability</p>
CASE 2	<p>Set up its HQ at a university in Tanzania to be present in target country</p> <p>Conducts own R&D and training of rats through partnerships with research institutes</p> <p>However, is open and wants to grow the externalization of operations through leasing of dogs to commercial firms to easily and quickly grow international SI</p> <p>Set up two foundations in Switzerland and in the US (two important donor countries) to have control over and simplify revenue management</p> <p>Was looking to set up a for-profit entity to scale up the leasing model in order to apply for a considerable social loan</p> <p>However, idea was abandoned because 1. It requires a lot of work and increases complexity of organization (risk averse), and 2. Model is still used for humanitarian work and not for purely commercial purposes</p>
CASE 3	<p>Initially externalized an important part of its model/value chain: export of ICT materials with end of involvement at port of Antwerp</p> <p>Increasingly gained control and internalized activities for efficient SI reach: set up a refurbishment plant in Kenya to be active locally</p> <p>For the development of its new social business model, the SE tends to internalize with high involvement: Next to its non-profit in Belgium, it set up a for-profit and an investment fund in Kenya in 2019</p> <p>However, leans towards SF for further internationalization of this model</p> <p>Also planning to move refurbishment activities away from partner’s property to gain more independence</p>
CASE 4	<p>Set up a non-profit for international SIM in 2002</p> <p>Set up a for-profit in 2007 (BCorp since 2016) to develop commercial activities to support international growth of SIM</p> <p>Went through a rebranding in 2020: cooperative as parent organization of a non-profit (4 products are internationalized) and a for-profit (leadership trainings; internationalized) for a better integration of the different models for internationalization</p> <p>Since SIM relies on local organizations, it has a thorough due diligence process, including training (social values and financial stability)</p> <p>International governance mode of EM is somewhat more flexible and depends on potential partner: Internalization through JV can help gain assets from partner</p> <p>SF in the Netherlands will be set up after simple exploitation of the product by experienced partner</p> <p>In general, SE tends to externalize the international exploitation of the models and keeps R&D internal</p>
CASE 5	<p>Externalizes internationalization of EM: goal to set up independent entities in Scandinavian countries</p> <p>Partly externalizes training of farmers to local NGO</p> <p>Externalizes part of cocoa processing by opening plant for producers in Peru</p>
CASE 6	<p>Activities are mainly internal, but externalize the management of returning logistical streams to local partners</p>
CASE 7	<p>Internationalization of model characterized by high independence of partners, low coordination because SIM is heavily embedded in local social sector</p>