Understanding the International Entrepreneurial Process of Emerging Economy Firms: Evidence from Nigerian SMEs

UNDERSTANDING THE INTERNATIONAL ENTREPRENEURIAL PROCESS OF EMERGING ECONOMY FIRMS:

EVIDENCE FROM NIGERIAN SMES

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Abstract

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Keywords: International entrepreneurship, processes, internationalization, formal institutions, emerging economies, Nigeria.

This study is motivated by the need to improve the understanding of international entrepreneurship (IE) in emerging economies. Thus, the researcher conducted an in-depth case study of four Nigerian firms to investigate how divergent institutional conditions influence the processes of IE from emerging economies to developed economies. The findings of the study depict how entrepreneurial activity from emerging economies to developed economies can involve many sub-activities and processes to achieve opportunity identification, development, and exploitation. This process which appears disruptive is significantly supported through resource acquisition and development. However, this process of IE is heavily shaped by the institutional conditions of the international entrepreneur's host and home markets. The institutional environment impeded growth and entrepreneurial aspirations while simultaneously facilitating access to resources, reducing risks and providing legitimacy to the firms. These simultaneous effects of institutions constrained strategic choices of the entrepreneurs and by so doing, shaped the means and processes by which they identify and execute international opportunities.

The major contributions of this thesis include the validation of New Institutional Economics (NIE) framework for the examination of IE processes and empirical evidence demonstrating how entrepreneurial activity from emerging economies to developed economies can involve many sub-activities and processes to achieve opportunity identification, development, and exploitation. Also, the study guides emerging economy managers and entrepreneurs on ways to effectively manage their liabilities of smallness and foreignness. Lastly, the study provides some policy recommendations to facilitate the development of a conducive environment for entrepreneurship and IE to flourish in Nigeria.

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Dedication

This PhD thesis is dedicated to the loving memory of my late grandmother

Hajia Amina Mallam Nuhu

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List of Abbreviations

AGOA	Africa Growth Opportunity Act
ANCOP	Association of Nollywood Core Producers
B.O.I	Bank of Industry
CAC	Corporate Affairs Commission
CBN	Central Bank of Nigeria
EEG	Export Expansion Grant
EXIM	Export Import Bank of United States
FDA	Food and Drug Administration
FDI	Foreign Direct Investment
FIRS	Federal Inland Revenue Service
IE	International Entrepreneurship
IDC	Industrial Development Centres
NACB	Nigeria Agricultural Cooperative Bank
NACC	Nigerian American Chamber of Commerce
NACCIMA	Nigerian Association of Chambers of Commerce
NACRDB	Nigeria Agricultural Cooperative and Rural Development Bank
NAFDAC	National Agency for Food and Drug Administration and Control
NBCI	Nigerian Bank for Commerce and Industry
NCC	Nigeria Copyright Commission
NEPC	Nigerian Export Promotion Council

NEXIM	Nigeria Export Import Bank
NFVCB	Nigeria Film and Video Censorship Board
NIDB	Nigerian Industrial Development Bank
NIE	New Institutional Economics
SAP	Structural Adjustment Program
SMEDAN	Small & Medium Enterprise Development Agency of Nigeria
UK	United Kingdom
US	United States
USAID	United States Agency for International Development
RBV	Resource Based View

Chapter One: Introduction

This chapter provides the introduction to the study. First, the chapter discusses the background of the study highlighting the research issues and their significance. Following the research background, aims and objectives of the study as well as the unit of analysis are clarified. The chapter then explains the research process including the methodology used in the study, the main findings and contributions, key definitions and structure of the thesis. Finally, the chapter discusses the delimitation of the scope of the study.

1.1 The importance of international entrepreneurship

Globalisation has transformed the world's competitive market environment. Breakthroughs in information technology, communications, and reduced transportation costs have set the pace for an increasing number of firms to enter and compete in international markets (Ruzzier et al., 2006, Oviatt and McDougall, 2005a, Kuemmerle, 2005). As a result, international entrepreneurship (IE) has gained enormous recognition (Keupp and Gassmann, 2009, Oviatt and McDougall, 2005a, Zahra and George, 2002, Hisrich et al., 1996).

A major feature of this IE phenomenon has been the increased liberalisation and integration of emerging economies into the world economy (Aulakh and Kotabe, 2008, Kiss et al., 2012). Their emergence on the world economic stage has seen accelerated economic growth thus generating massive investment flows and international trade. Emerging economies are growing at three times the pace of developed economies, and it is estimated that they now constitute more than one-third of the world's largest economies (Kiss et al., 2012). Moreover, it is predicted that the total GDP of the largest eight emerging markets will surpass that of the largest eight developed markets by the year 2025 (Group, 2012). Consequently, given this economic momentum and the important role that entrepreneurs play in driving the process, there is a strong need to develop our understanding of ‘how’ emerging economy firms execute entrepreneurial activities across borders. More specifically, what major behaviours and activities characterise this process of IE in emerging economies?

1.1.1 The international entrepreneurial process

Accordingly, research interests in the area of IE have risen exponentially (Yamakawa et al., 2008, Chandra et al., 2012). Scholars have been interested in understanding why and how entrepreneurship occurs across national borders (Johanson and Vahlne, 2006, Baker et al., 2005, Oviatt and McDougall, 2005a, Gemser et al., 2004). This need to understand the international entrepreneurial behaviour of firms has triggered research studies along three areas: drivers of internationalisation (Zucchella and Scabini, 2007, Westhead et al., 2001), mediating factors influencing internationalisation (Andersson et al., 2004, Bloodgood et al., 1996) and process-based internationalisation (Bilkey and Tesar, 1977, Johanson and Vahlne, 1977).

The process-based view emerged from the understanding of scholars that entrepreneurship is an action-based phenomenon (Moroz and Hindle, 2012). Therefore entrepreneurs will go through a ‘process’ to identify, assess and mobilise resources to execute opportunities (Zacharakis, 1997, Oviatt and McDougall, 1994). Hence, the process-based perspective is considered vital because of its simplicity and understandable nature (Peiris et al., 2012). Indeed a process perspective can show explicitly what international entrepreneurs do, how they do it and the context in which they do it (Moroz and Hindle, 2012). Surprisingly, however, extant IE literature to date has paid little attention to the ‘process’ perspective (Mainela et al., 2014, Oyson III and Whittaker, 2015).

Indeed, a review of the literature showed that a complete and holistic understanding of the IE process is lacking. For example, we should see that the IE process embodies a range of actions or strategies of entrepreneurs including the creation of organisations, resource acquisition and developing relationships in foreign markets (Berry and Brock, 2004, Gemser et al., 2004, Gurau, 2002). These behaviours at least start with the identification of an international opportunity, following which strategies are enacted to convert the opportunity into tangible market outcomes (Oviatt and McDougall, 1994, Zacharakis, 1997). However, most studies have investigated specific stages or phases of this IE process rather than the entire process itself. For example, the work of Kontinen and Ojala (2011b) explored international opportunity recognition in small firms using the network approach, while Westhead (2008) examined the international opportunity exploitation behaviour of exporting firms. Similarly, Andersson and Evers (2015) studied international opportunity recognition in new ventures while Ellis (2008) explored the nexus of social ties and opportunity recognition in the foreign market.

In spite of the above, however, studying the IE process in portions is problematic. Such an approach precludes an holistic understanding of how international opportunities are spotted, pursued and executed (Zahra et al., 2005). The IE process is chaotic. Even as it appears to have some structure in the sense that firms will recognise international opportunities, then marshal resources and convert the opportunities into tangible market outcomes (Zacharakis, 1997, Oviatt and McDougall, 1994), the IE process is by no means structured. Rather, the IE process is characterised by a series of nondeterministic behaviours or activities (Morris et al., 2012, Melin, 1992, Audretsch and Peña-Legazkue, 2012). As a result, studying a portion of this disorderly process rather than the whole is unlikely to yield a complete and holistic understanding of the IE process. A comprehensive understanding of the IE process will likely require an holistic approach that accounts for all portions or phases of the ‘process.'

Furthermore, the current IE process literature is largely underpinned by conceptual or theoretical understanding. For example, Johanson and Vahlne (1977) conceptualised an incremental process of internationalisation while Mainela et al. (2014) conceived a set of opportunities and demonstrated their significance for IE study. Similarly, Zahra et al. (2005) explained international opportunity recognition and exploitation using cognition theory while the internationalisation study by Oviatt and McDougall (1999) advanced the international new venture framework (INV). However, very few empirical studies explaining the IE process have been conducted. In fact, a study by Mainela et al. (2014) could only identify three empirical studies (Schweizer et al., 2010, Kauppinen and Juho, 2012, Fletcher, 2004) which depicted entrepreneurial internationalisation as a process (p. 14). However, this amounts to an oversight. Without the backing of empirical data, our understanding of a given phenomenon is limited to the abstract. However, an abstract view of the IE process does not explicitly show us how activities and strategies of entrepreneurs manifest in different contexts or situations.

1.1.2 Institutions and the international entrepreneurial process

Existing studies have identified that the external environment matters greatly for IE (Peng et al., 2008, Wright et al., 2007, Bruton et al., 2010). Entrepreneurial actions and strategies are embedded in institutional contexts – in other words, 'rules of the game' that guide and structure human interactions (North, 1990). Accordingly, New Institutional Economics theory posits that well-developed institutions enable firms to operate businesses more efficiently by creating enabling market incentives and facilitating access to capital. On the other hand, underdeveloped institutions tend to create higher transaction costs and make market-based exchanges less efficient (North, 1990, North, 1994, Peiris et al., 2012, Puffer et al., 2010, Busenitz et al., 2000). Hence, by creating, defining and limiting entrepreneurial opportunities, institutions profoundly affect entrepreneurial activity (Dana, 1987, Manolova et al., 2008, Aldrich and Fiol, 1994, Shapero and Sokol, 1982, Hwang and Powell, 2005, Gnyawali and Fogel, 1994, Peng et al., 2008).

Given the above interrelationship, an institution-based perspective can provide significant insights into the IE process since institutions profoundly shape the 'process' (Bruton et al., 2010, Peng et al., 2008). Notwithstanding, however, the literature has underappreciated the role of the institutional environment for the IE process (Young et al., 2003). Despite recent calls for greater use of institutional theory within IE (Bruton et al., 2010, Szyliowicz and Galvin, 2010), application of institutional theory to understand the processes of IE remains scant (Dickson et al., 2013).

1.1.3 International entrepreneurship in emerging economies

The liberalisation and integration of emerging economies into the world economy has become a key feature of the global economy today (Aulakh and Kotabe, 2008). Internationalisation has provided a means for emerging economy firms to integrate into the global economy. Through IE, emerging economy firms, which are typically resource-constrained, compete with large companies, act to mitigate the risks and turbulence of their home markets, increase production, generate employment and improve their financial revenues (Etemad, 2013). This has generated unprecedented economic growth. Emerging economies are growing three times faster than developed economies, and it is estimated that they now constitute more than one-third of the world's largest economies (Kiss et al., 2012). Thus, the economic importance of firm internationalisation to emerging economy countries is well established in the literature (Ibeh and Young, 2001, Kiss et al., 2012, Hitt, 2002, Bruton et al., 2008). Scholars seek to understand how emerging economy firms strategise to enter international markets despite the lack of resources and unfamiliarity with the international environment.

Despite the above, however, current IE research that relates to emerging economies is far from adequate (Kiss et al., 2012, Bruton et al., 2008, Jones et al., 2011, Coviello and Jones, 2004). In a recent study of IE research in emerging economies, Kiss et al. (2012) observed the field is highly fragmented and somewhat skewed in its geographic coverage (p. 284). Existing studies tend to focus mostly on limited geographical regions, mainly countries in Asia, Eastern and Central Europe (Bruton et al., 2008, Bruton and Ahlstrom, 2003, Kiss et al., 2012). This is surprising given the rising pedigree of sub-Saharan African emerging economies like South Africa, Ghana, Kenya, and Nigeria. Only recently, Nigeria was declared the biggest economy in Africa with a nominal GDP of $510 billion (AfDB, 2014). Entrepreneurship is said to account for 70 percent of employment in this country of 170 million people. On the international scene, Nigerian international entrepreneurs are capitalising on a strong ethnic consumer base in developed economies. With an average income of $43,000 per annum (Arewa, 2012, Evuleocha, 2008), Nigerians and other Africans living in the diaspora have available funds to spend on African themed products including foods and entertainment. This is an opportunity that alert entrepreneurs have perceived and are tapping into, by selling goods and services in the diaspora. Hence, a study contextualised in Nigerian settings can shed light on how emerging economy firms, which are typically resource-constrained, strategise to enter and compete in developed markets. With the exception of Ibeh and Young (2001), there is virtually no empirical evidence explaining SME internationalisation processes in Nigeria.

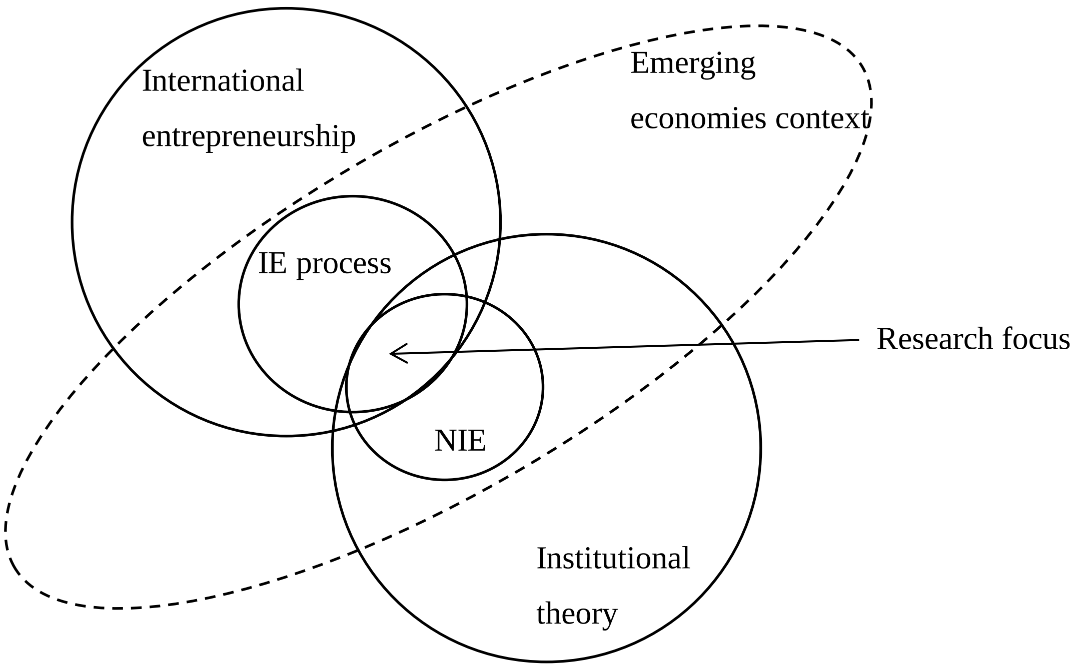
The institution-based view shows potency for explaining how, in the face of fast-changing, unstable and weakly enforced ‘rules of the game,' some firms can internationalise (Volchek et al., 2014). The broader field of international business has shown how institutional theory constitutes a valuable tool for analyzing the cross-border strategies and performance of emerging economy firms where developed formal institutional arrangements are conspicuously absent (Ibeh, 2003, Meyer et al., 2009). Institutions have a profound influence on emerging economy entrepreneurs, organisations as well as their strategies (Hoskisson et al., 2000). To this extent, research has accentuated but not yet established comprehensively how institutional frameworks affect firm internationalisation in emerging markets (Kiss et al., 2012, Szyliowicz and Galvin, 2010).

Previously, institutional factors have been applied to examine small domestic firms (Smallbone and Welter, 2012, Manev and Manolova, 2010, Aidis et al., 2008, Manolova et al., 2008) or the cross-border operations of large Multinationals in Emerging Markets (Peng et al., 2008, Meyer et al., 2009). Nevertheless, a comprehensive understanding of the simultaneous influence of institutions across home and host markets of emerging economy firms remains elusive. However, by ignoring this research dimension, researchers are missing an opportunity to gain a more holistic and comprehensive understanding of the IE process. The inescapability of international entrepreneurs from both their home and host market institutions should mean that the dual institutional perspective promises more insights and knowledge of the IE process (Webb et al., 2010). Hence, it is surprising to find that research around the internationalisation of emerging economy firms into developed economies is almost non-existent (Yamakawa et al., 2008, Ramamurti, 2004, Wright et al., 2005b). First, such an approach can lead to achieving a more comprehensive view of the activities of IE including major characteristics. Second, such a research approach can facilitate understanding of the enabling and constraining impacts of institutions. An enabling-constraining view can potentially show us how institutions push entrepreneurs to make, alter and re-alter their strategies which, by so doing, shape their behaviour (Welter and Smallbone, 2011).

A few studies have reported some barriers to Nigerian SME internationalisation which include the lack of financial capital, limited managerial knowledge, poor infrastructure, and difficulty in meeting the specifications of the international market (Onifade, 2010). There is certainly little doubt that a significant barrier to Nigerian SME internationalisation is related to the lack of capacity on the part of the Nigerian SMEs themselves. However, greater obstacles to internationalisation may indeed come from the external environment via the impacts of business regulations, government incentives, trade barriers and intellectual property rights protection (Tende, 2014). Nigerian institutions have been described as constituting impediments to entrepreneurship in prior studies such as Ofili (2014), Arewa (2012), Onifade (2010) and Okpara and Okpara (2011). This suggests that, in addition to firm-specific constraints, the institutional framework also affects the internationalisation process of Nigerian firms. But these are general SME internationalisation studies and have not examined specific effects of institutions on the IE process. Thus, the nexus of IE processes and the institutional environment in the Nigerian context remains ripe for research exploration.

In consideration of the aforementioned research gaps, the present study aims to investigate how institutions influence the process of IE from emerging economies to developed economies. The results of the study should show and explain the entire IE process, thus depicting how emerging economy firms identify, develop and exploit international opportunities in developed economies. To achieve this, the study takes a stance. First, the study is positioned at the intersection of IE, institutions and emerging economies literature. Secondly, Wright et al. (2005a) categorised market entry mode into: (1) firms from emerging economies entering other emerging economies, (2) domestic firms competing within emerging economies, (3) firms from developed economies entering emerging economies, and (4) firms from emerging economies entering developed economies (Wright et al., 2005b). This research focuses on the fourth category, thus answering the call of scholars (Yamakawa et al., 2008, Ramamurti, 2004, Wright et al., 2005b) for more research on emerging to developed economy entrepreneurship. See Figures 1-1 and 1-2 below.

Figure 1-1: Position of the research within the existing body of literature.



Source: Author's research

Figure 1-2: Focus of the research on the direction of internationalisation.

Direction of internationalization

Firm size	Emerging economies → Emerging economies	Emerging economies → Developed economies
Large	Cell 1:	Cell 2:
Small	Cell 3:	Cell 4: Research focus

Source: Yamakawa et al. (2008)

1.2 Research aim and objectives

The purpose of this thesis is to improve the understanding of international entrepreneurship in emerging economies from a process perspective. As described in section 1.1.2 above, institutions provide a crucial lens that can be used to examine the IE process. As a result, the study has formulated the following research aim and objectives. The research aim is:

“To investigate how the processes of international entrepreneurship from emerging economies to developed economies are influenced by divergent institutional conditions.”

Furthermore, two research objectives have been formulated, which are further broken down into sub-questions to facilitate analysis:

RO1: To explore the key activities and sub-activities involved in the processes of international entrepreneurship in the context of emerging economies to developed economies.

- *RQ1 (a): What are the key activities and sub-activities that lead to international opportunity recognition, development, and exploitation?*
- *RQ1 (b): What are the firm-level resources facilitating international opportunity recognition, development, and exploitation?*

RO2: To examine the formal institutional conditions influencing the processes of international entrepreneurship from emerging economies to developed economies.

- *RQ2 (a): How do home and host market institutional conditions facilitate or impair the processes of international entrepreneurship from emerging economies to developed economies?*
- *RQ2 (b): How do emerging economy firms that are active in developed economies respond to the influence of institutions?*

1.3 Unit of analysis

In this study, the unit of analysis is the '**Entrepreneur**.' Indeed it is the actions and strategies of the entrepreneur that embody the IE process. In other words, the entrepreneur drives the IE process with his actions and decisions. He is the one who identifies and evaluates opportunities, and he decides if the firm will exploit the international opportunity (Oyson and Whittaker, 2010). Therefore the examination of IE processes promises the best insights when the 'entrepreneur' is adopted as the unit of analysis.

1.4 Delimitations of scope

The extent and scope of this research study were delimited in two major ways. First, the research scope was restricted to the IE process in the context of SMEs from emerging economies. As such, why and how developed economies SMEs' initiate internationalisation have been excluded. As this thesis is primarily interested in the major productive stages and mini-activities within the process of international entrepreneurship, the assessment of international entrepreneurs and/or an assessment of the IE process remain outside the study's scope.

Secondly, this investigation of the intersection between the institutional environment and the process of IE has been guided by two specific research orientations. Firstly, intellectual and academic research identifies macro, meso and micro levels of institutional analysis. Also, economic and socioeconomic disciplines have developed research agendas for institutions in business. However, this study adopts the economic and macro-level of analysis through new institutional economics (NIE) (North, 1990). NIE has historical and contemporary credibility within the entrepreneurial and international business research agenda (Puffer et al., 2010, Peng et al., 2008, Meyer, 2001), offering a powerful and credible theoretical lens to identify how *national* institutions influence the IE process. Thus, institutions at international and regional levels are precluded from this study.

Also, while a major purpose of the study is to understand which, and how national institutions, or “the rules of the game” in both the home and host market, affect IE processes, this thesis deliberately avoids thoroughly explaining how those rules of the game come into existence, nor does it seek to predict the future of those institutions. As before, the present study aims to identify and appreciate how the national institutional environment acts to constrain and facilitate the IE process. Section 3.7.1 in Chapter three further addresses validity issues and Section 3.8 outlines the study’s limitations.

1.5 The research process

This study was carried out in two phases: (1) the pilot phase, and (2) the main study. Due to the shortage of empirical research that looks at processes of IE in the Nigerian context, the field trip has been especially useful for developing an understanding of the local dynamics and contexts of entrepreneurship in Nigeria. The field trip was also instrumental in refining the research aim and objectives. In the second phase, the researcher executed the investigation on the ground having obtained a clear understanding of the Nigerian context and refined the research aim and objectives. This second phase, which is the main study, entailed the use of the ‘process approach’ (Van de Ven and Engleman, 2004, Van de Ven and Poole, 2005) to implement a case study design (Yin, 2003) that involved four Nigerian firms internationalising in the US.

1.5.1 Phase 1 – Pilot phase (July – August 2012)

The field trip was conducted in Kano, Nigeria with the following set objectives: (1) to test the research design before commencing the actual empirical phase of the study, and (2) to generate a preliminary understanding of the processes of international entrepreneurship particularly in the Nigerian settings. The researcher collected data through conducting four in-depth interviews. The interview participants involved three international entrepreneurs and one consultant. All the interviews were recorded and subsequently transcribed.

The pilot study provided several key lessons for the researcher. First, it enabled the researcher to further develop and refine the interview protocol that was used for the main empirical phase of the study. The pilot also allowed the researcher to gain awareness and understanding of how respondents may perceive the research. This brought to light potential barriers that may be encountered in the process of gathering data and how the barriers might be resolved. Thus, the pilot study yielded the first empirical observations that helped improve the researcher's understanding of internationalisation. Moreover, the pilot study led to the identification of four empirical contexts that were deemed suitable for exploring the research aim and objectives. These include: (a) the leather industry which witnesses heavy exports to Europe and America, (b) the Nigerian film industry which has become the second largest film industry in the world with interests all over Africa and the diaspora, (c) the Africa Growth and Opportunity Act (AGOA) which is a regulatory framework aimed at incentivising sub-Saharan African countries to export to the US, and (d) the food exports industry which is achieving remarkable results in the African diaspora. A detailed examination of these four contexts that followed led the researcher to conclude that the **Nigerian films** and **foods exports** industries were the most appropriate to examine the process of IE in the emerging to developed economy context.

Furthermore, due to this field trip, the researcher was able to understand that the research can best be explored through a qualitative methodology using case study approach. Both empirical contexts that were selected exist under a natural setting in which the researcher has no control (Denscombe, 2007). Another justification for the selection of a qualitative methodology stemmed from the fact that the researcher had been in the field and carried out the interviews successfully.

1.5.2 Phase 2 – The main study (July 2013 – January 2014)

The main study was conducted in Nigeria through the period July 2013 – January 2014. The researcher covered two of the leading commercial cities (Kano and Lagos) and the federal capital territory. This phase of the study was guided by the two research objectives, which are: (1) to explore the key activities and sub-activities involved in the process of IE in the context of emerging economies to developed economies, and (2) to examine the formal institutional conditions influencing the processes of IE from emerging economies to developed economies.

Four Nigerian firms that are internationalising in the US were selected for this case study research. Two of the firms are involved in food exports while the other two are in filmmaking. The researcher used a set of proxy criteria to select firms that fit with the overall research design as well as its aim and objectives. In total, forty-six interviews were conducted in this multiple case research. Each case in the study was intended to include the entrepreneur and three key personnel who could provide additional insights into how the firm recognised and exploited the opportunity. Thus, sixteen interviews were conducted across all four cases. These were then triangulated with twenty-six interviews involving officials from institutions and further supported through an additional four interviews with consultants. Finally, secondary data from brochures, websites, company documents and newspapers was also collected and used to complement the primary data.

The data obtained from this empirical phase of the study was processed and analyzed through four steps. The first step involved transcribing, where all 46 oral interviews were converted into written texts. In the second step, the researcher adopted the principles of coding which involved breaking down of the data into separate units of meanings (Miles and Huberman, 1994). This was followed by the within-case analysis where the researcher focused on individual cases and allowed patterns to emerge (Eisenhardt, 1989). In the fourth and final step, which is cross-case analysis, the themes that emerged from the within-case were rigorously compared and contrasted to arrive at the main findings of the study.

Several measures were implemented to protect validity and credibility of the research data. First, construct validity was considered in order to guard against the chances of subjective elements driving the data. Thus, the research utilised triangulation of multiple data sources to examine the research phenomenon (Yin, 1994). The approach allowed the use of supplementary interviews conducted with institutional actors and consultants as well as documents to reinforce the quality of the data. Second, validity and reliability were further enhanced through two aspects. Firstly, the researcher explicitly defined all the mechanisms and procedures that were used from data collection through to analysis in the methodology chapter of this thesis. Thus, another study can be conducted using the same procedures and similar case settings to obtain the same results (Ellis, 1995).

Secondly, the researcher established a carefully constructed interview protocol that ensured a high degree of consistency in interview procedure, questions, contents as well ethics. Thirdly, the study applied credible conceptual constructs and theoretical assumptions in the fields of international business, entrepreneurship, and IE to inform the research design and guide the data collection. This led to the use of the highly credible theory of New Institutional Economics (North, 1990) as the major theoretical lens through which to examine the processes of international entrepreneurship. Additionally, this includes the established processes of international entrepreneurship, notably recognition, development, and exploitation.

1.6 Research findings and contributions

The primary purpose of this research is to develop IE research by addressing the critical knowledge gaps that were identified. Hence, by studying the influence of divergent institutional conditionals on the processes of IE, this study contributes to the literature in several ways.

1.6.1 Empirical and theoretical contributions

This study has numerous implications for the empirical and theoretical domain of international entrepreneurship. Firstly, research to date has largely relied on economic and behavioural theories such as the resource-based view, network perspective and dynamic capabilities to illuminate major issues of IE. Specifically, the resource-based view, network perspective and dynamic capabilities have been the dominant perspectives used in examining IE (Young et al., 2003, Peiris et al., 2012). Notwithstanding the significant contributions of these perspectives, the IE literature has underappreciated the role of the external and institutional environment on IE behaviours, outcomes, and processes (Young et al., 2003). Despite recent calls for greater use of institutional theory within IE, its application remains scant (Hoskisson et al., 2000, Bruton et al., 2010). As such, the primary contribution of this study relates to the examination of IE via an institutional framework through New Institutional Economics (NIE). This work indicates the process of IE is heavily shaped by the institutional conditions of the international entrepreneur's host and home markets. The findings showed how weakly enforced home institutions constrained growth potential and discouraged domestic entrepreneurial ambitions while the perceived highly functioning host market institutions attracted entrepreneurs and encouraged them to direct activities outwards. Thus, institutions constitute a push and pull force that is driving the internationalisation process.

Secondly, a primary justification for this study has been the compelling need for more empirical studies of the IE process to advance current understanding of the field. While there is a consensus that IE involves the recognition, evaluation, and exploitation of international opportunities (Oviatt and McDougall, 2005a), evidently, it is not very clear what the details of these behaviours individually constitute (Butler et al., 2010). Hence, the evidence of this empirical study suggests how entrepreneurial activity from emerging economies to developed economies can involve many sub-activities and processes to achieve opportunity identification, development, and exploitation. Moreover, this process appears significantly supported through resource acquisition and development. The study showed how internal difficulties along with a challenging domestic environment prompted the entrepreneurs to leveraged their firm-level resources (such as creativity, prior knowledge, and networks) to carry out and sustain IE. This insight improves our understanding of the contexts in which IE activities are conceived and executed.

Finally, IE research in emerging economies has considered the direction of internationalisation largely from the developed economy to emerging economy context (Wright et al., 2005). A few examples include the study by Brouthers and Brouthers (2001) of institutional distance as it affects entry decisions, Fey and Bjorkman's (2001) analysis of HRM practices in host markets, Delios and Henisz (2000) examination of experience in unfamiliar emerging market environments and Meyer's (2004) study of spillover effects in emerging markets. However, given that emerging economy firms contribute enormously to today's global economy, this neglectful stance of the literature has precluded an holistic understanding of IE in emerging economies (Kiss et al., 2012). Accordingly, scholars have repeatedly called for studies that focus on emerging economy to developed economy entrepreneurship (Yamakawa et al., 2008, Ramamurti, 2004, Wright et al., 2005b). Therefore, as a major contribution to the literature, this study has examined the processes of IE from emerging to developed economies through case studies of Nigerian firms internationalising into the US. The results show how weak institutions push emerging economy firms outwards and that those firms are attracted or 'pulled' inwards by the relatively better-functioning institutional framework of developed economies.

1.6.2 Managerial and policy contributions

This study also provides significant managerial and policy contributions. Firstly, the findings of the study challenge emerging economy entrepreneurs to improve their managerial capabilities for enhanced international competitiveness. This study dissected the process of IE into sub-activities by identifying and illustrating specific managerial decisions and actions which lead to the successful recognition, development, and exploitation of international opportunities. Aspiring international entrepreneurs and managers can, therefore, benefit from the rich experiences of the case firms by adopting the identified managerial decisions and actions as a blueprint or conceptual guide.

Secondly, this study charges emerging economy SMEs to develop their internal resources as a core means of managing their liabilities of smallness and foreignness. The findings of the study showed how despite resource and knowledge limitations, the firms creatively leveraged their firm-level resources to enter and compete in the US developed market. Emerging economy firms interested in internationalising to developed economies can, therefore, study and adopt the improvisation techniques of the entrepreneurs which allowed for the successful recognition, development, and exploitation of international opportunities.

From the policy implications point of view, given that this study examined the Nigerian institutional framework as it affects IE, there is scope to unpick deficient institutional arrangements for possible review or redesign to make them function better. For example, across the cases, eligibility criteria for accessing government incentives were perceived as cumbersome which impeded keen participation of entrepreneurs. In addressing this problem, it should be understood that the entrepreneurs probably have no technical knowledge of regulatory and policy issues. As such, they may not appreciate the contextual conditions that force regulators to apply so-called rigorous criteria. Given this, policymakers should provide entrepreneurs with one-on-one support to guide them through application processes. Hence, this study recommends that a dedicated ‘know your eligibility’ helpdesk be set up at every government institution that administers incentive schemes. The helpdesk should be manned by experts who will provide detailed information and personalised support to help applicants meet conditions of eligibility.

Also, bottlenecks related to seeking permits, inspections and company registrations impeded internationalisation by provoking costly delays for entrepreneurs. The problem appears to be caused by inefficiencies which manifest through the lack of prompt and timely discharge of functions by government agencies and departments. Hence, this study recommends the following measures: First, the operational guidelines of relevant public agencies should be revised to incorporate specific timelines within which prescribed services must be rendered to a client. For example, the new guideline should mandate the Nigerian pre-shipment inspection agency to carry out inspections and provide certificates of clearance within twenty-four hours, provided the exporter has completed the correct documents and paid the required fees. Also, subject to proper documentation and payment of fees, Nigeria's food regulator (NAFDAC) should be required to provide the applicant with the approval documents inside forty-eight hours. Similarly, the Corporate Affairs Commission should be mandated to register a company and deliver the certificate of incorporation within forty-eight hours, provided the applicant has completed the required documents and paid their fees.

Secondly, policymakers should consider introducing more managerial resources and incentive driven processes to encourage efficiency by public workers. To this extent, electronic payment systems and computer-based documentation should be standardised across the board. In addition to this, a system-based appraisal scheme should be introduced to monitor and appraise the output of workers on the basis of individual cases attended and dispatched. These recommendations, if implemented, will erode the bottlenecks significantly delaying entrepreneurs while also complementing the federal government's policy drive on "ease of doing business" in Nigeria.

Also, a major challenge faced by the entrepreneurs in this study related to the lack of capital financing by commercial banks. This problem challenged the firms in numerous ways and denied them certain strategic choices (Zhu et al., 2006). The chief factor constraining access to bank loans is collateral which the SMEs do not possess. Thus policymakers should consider a course of action that absolves SMEs of the need to pledge collateral while keeping the commercial banks out of risk. A new policy can be introduced in the 'Banks and Other Financial Institutions Act' (BOFI) that provides the option for banks to add a third-party insurance company in a loan agreement. For a fee (that will be borne by the borrower), the insurance company will take the risk off the bank by standing as guarantor for the borrower. It will then be the prerogative of the insurance company, as the bearer of the financial risk, to monitor the borrower's activities and ensure that the borrowed funds are utilised judiciously and repaid as at when due.

Finally, the findings of this study showed that the emerging economy small scale entrepreneur lacks the knowledge to internationalize successfully into developed markets. As such, the Nigerian Export Promotion Council (NEPC) should set up a dedicated 'SME internationalization development centre' in each and every State of the federation. The new centres should target the provision of non-financial support to SMEs such as sensitization workshops and assistance to help entrepreneurs develop networks and relationships in desired foreign markets.

1.7 Key definitions

This section provides key definitions of concepts and constructs that informed this research.

1.7.1 International Entrepreneurship

International Entrepreneurship (IE) has been defined in numerous ways. This study, however, adopts Oviatt and McDougall (2005a) who defined IE as **"the discovery, enactment, evaluation, and exploitation of opportunities across national borders to create future goods and services"** (p. 540). Hence, this definition is relevant for the present study, because it: (1) stresses the centrality of opportunities in IE, (2) conceptualizes IE as a process, and (3) places emphasis on entrepreneurial behaviour that crosses borders as well as entrepreneurial activities in different national contexts.

1.7.2 The International Entrepreneurial process

By the definition of IE adopted in this study, there is no doubt that the IE process is an action-based phenomenon which involves a series of strategic and creative, yet interrelated activities (Moroz and Hindle, 2012). Thus, this study conceives the IE process as '**actions concerned with the identification and assessment of international opportunities and the marshaling of resources to execute the opportunities**' (Zacharakis, 1997, Oviatt and McDougall, 1994). This conceptualisation corresponds to opportunity-based entrepreneurship (Shane and Venkataraman, 2000a). Therefore, the IE process pertains to actions concerned with the discovery, evaluation, and exploitation of market opportunities, with the caveat being that these actions occur across national borders (Mainela et al., 2014). This conceptualisation aligns with the definition of IE for this study which is recounted here as the 'discovery, evaluation, enactment and exploitation of opportunities across national boundaries ... ' (Oviatt and McDougall, 2005a).

1.7.3 New Institutional Economics

There are various forms and approaches to institutionalism ranging from the sociological perspective (Powell Walter and DiMaggio, 1991, DiMaggio and Powell, 1983), political institutionalism (Whitley, 2005), old (Veblen, 1899) and New Institutional Economics (NIE) (North, 1990), however, this study adopts the latter. Based on North (1990), this study describes institutions as "**the humanly devised constraints that structure political, economic and social interactions** (p. 3).

A major tenet of NIE theory relates to the classification of institutions as formal or informal (North, 1990, Felzensztein et al., 2010). This research study focuses on formal institutions which are defined as **written down rules such as property rights, constitutions, bureaucracy, and contracts, that constitute the 'rules of the game**' (North, 1990, Williamson, 2000).

1.7.4 Emerging economies

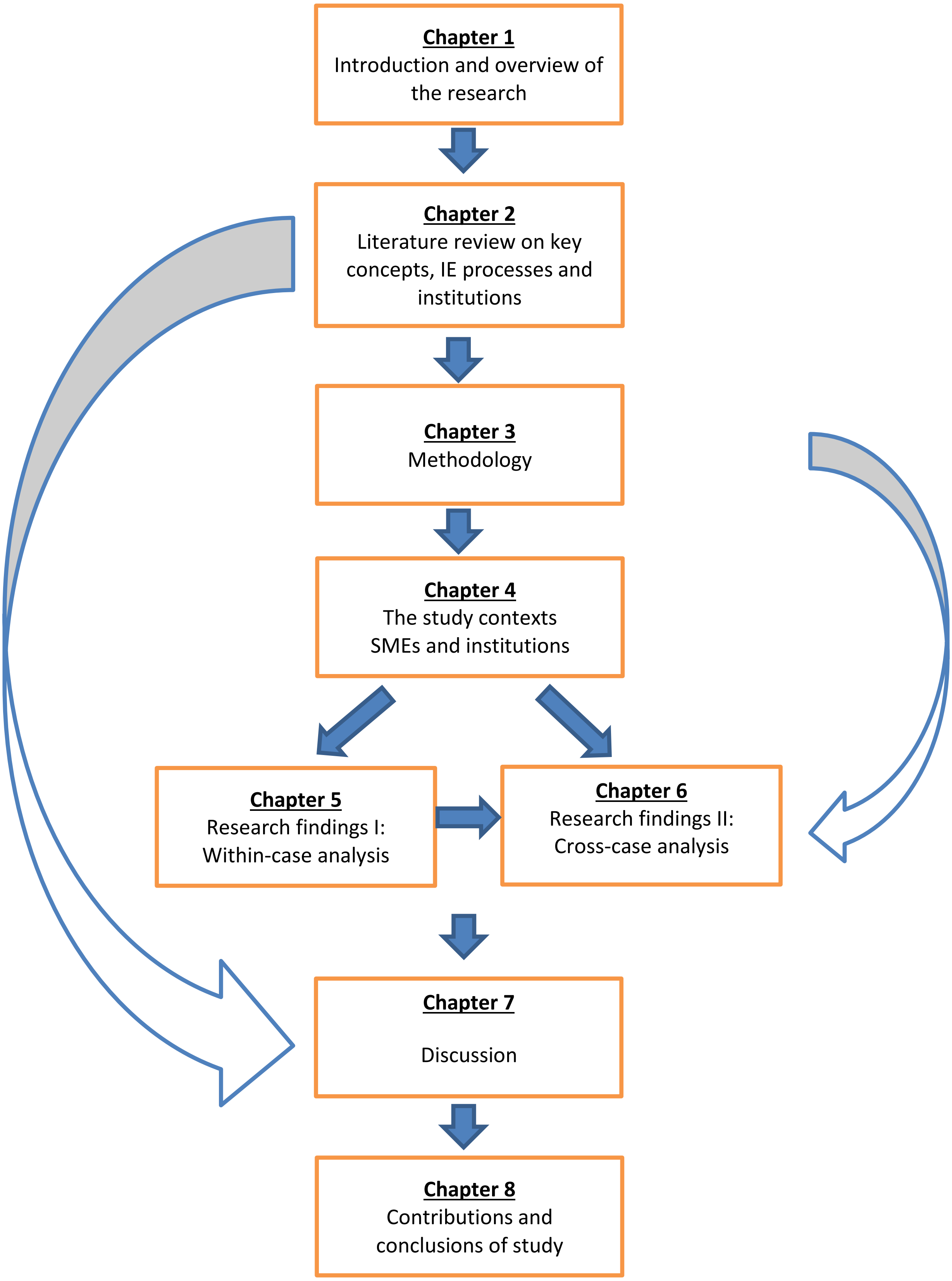
Emerging economies have several definitions depending on the lens used by the researcher. This study adopts that of Hoskisson et al. (2000), who defined emerging economies as "**low-income, rapid-growth countries**

using economic liberalization as their primary engine of growth" (p. 249). Based on this conceptualisation, not all developing countries may be described as emerging economies. The only countries that can be categorised as emerging economies are those developing countries which are implementing economic reforms designed to liberalise their markets and are recording sustained positive economic growth (Hoskisson et al., 2000).

1.8 Structure of the thesis

The present thesis comprises of eight chapters. An overview of the study is provided in this chapter highlighting the significance of the study, the research process, the findings as well as contributions to knowledge. Chapter two conducts a review of the literature about IE processes, emerging economies and institutional theory which led to the identification of critical knowledge gaps and, consequently, the formulation of the research aim and objectives. Chapter three discusses the methodology of the research illustrating the research paradigm and the multiple case study design. Chapter four explains the study contexts, particularly the home SME and institutional contexts. Chapter five then depicts the findings of the study at the level of individual cases, in other words, within-case analysis. This is followed by the cross-case analysis in chapter six where findings of individual cases are compared and contrasted to generate patterns of outcomes that lead to higher summative findings. Chapter seven contains the discussions where results of the cross-case analysis are further explained and linked to theories and constructs from the literature. In the final chapter, chapter eight, the study concludes and provides empirical, theoretical and methodological contributions. This last chapter also provides managerial and policy implications before closing with limitations and directions for future research. Figure 1-3 below presents an outline of the thesis chapters.

Figure 1-3: Thesis outline and structure.



1.9 Chapter conclusion

In conclusion, the present chapter has provided a synopsis of the entire thesis. The discussion of the research background highlighted the main research issues and stressed the significance of investigating the processes of IE from emerging economies to developed economies. Specific knowledge gaps in the literature were illustrated to justify the research focus, aims, and objectives. This chapter has also outlined the unit of analysis and provided a summary of the research process. Moreover, the main findings and contributions of the research were highlighted. Finally, key definitions that informed the understanding of the researched phenomena have been provided.

Chapter Two: Literature Review

Chapter one provided the research background and explained the significance of the study. This chapter reviews the literature related to main concepts and constructs that underpin the study. Thus, the chapter is organized into three main sections. In the first section, fundamental concepts and constructs that underpin the research study are examined. Hence, the section reviews emerging economies, entrepreneurship, internationalization and international entrepreneurship literature. The second section explores the process-based view of entrepreneurship and systematically reviews process models of entrepreneurship. The last and final section delves into institutional theory. This section conducts a systematic review of institutionalism and examines all its ramifications.

2.1 Key concepts and definitions

2.1.1 Emerging economies

According to Hoskisson et al. (2000), countries that were fast growing and becoming more liberal used to be described as 'newly industrializing countries' in the early 1980s. However, as the adoption of market-based policies in the developing world increasingly crept in, the term was substituted by 'emerging economies' (Hoskisson et al., 2000). Scholars of the contemporary era coined the term 'emerging economies' to capture developing countries that are characterized by low-income levels and rapid growth (Cavusgil, 1997, Peng et al., 2008).

Various definitions have been conceived by scholars to describe emerging economies. For example, Ramasamy and Yeung (2003) described an emerging economy as a third world country which exhibits economic potentials. In his book “Understanding emerging markets,” Enderwick referred to the World Bank’s definition which conceived of an emerging economy as “a country that has an average per capita income of less than 9000 dollars and is experiencing rapid growth and economic transformation” (Enderwick, 2007). Also, Luo (2002) described an emerging market as “a country whose national economy grows rapidly, its industry is structurally changing, its market is promising but volatile, its regulatory framework favours economic liberalization and the adoption of a free market system, and its government is reducing bureaucratic and administrative control over business activities” (p. 5). However, perhaps the most widely accepted definition of emerging economies within international business and international entrepreneurship disciplines is that of Hoskisson et al. (2000). They referred to emerging economies as “low-income rapid-growth countries using economic liberalization as their primary engine of growth” (p. 249). As a result, this study adopts Hoskisson et al. (2000) definition of emerging economies.

Emerging economies range from large to small countries. They do not share common territories, histories, income distribution or resources (Enderwick, 2007). What these countries have in common is that they all exhibit prospects of sustainable growth and are growing rapidly (Das, 2009). For example, China has become a manufacturing powerhouse and is playing a key role in today’s global economy (Das and Studies, 2008). Other emerging economies regarded as playing important roles on the world economic stage include Russia, Brazil, India, Mexico and Indonesia (Das and Studies, 2008). However, emerging economies are typically characterized by underdeveloped legal systems and weak enforcement of laws (Bruton et al., 2009). Implementation and enforcement of laws are hampered by cultural, historical and political factors (Enderwick, 2007). As such, corruption and bribery is more common in emerging economies than in developed countries (Luo, 2002). Similarly, the relative absence of well-defined property rights has exposed enterprising individuals and firms to risks in emerging economies (Kiss et al., 2012). All of these factors combined to make the services of government institutions, banks, customs and other administrative agencies to be rather inadequate (Bruton et al., 2009).

This study adopts Kiss et al.'s (2012) conceptualization of countries that constitute emerging economies. Their conceptualization of emerging economies accommodates a diverse range of countries based on geographic locations and level of development (p. 269). Kiss et al. (2012) used the World Bank data report (2011) to apply regional classifications. Then they employed the 2010-2011 World Economic Forum Global Competitiveness report to identify the development level of countries. They thus classified 51 countries as emerging economies (see a list of the countries in Appendix 4).

2.1.2 Entrepreneurship

The definition of Entrepreneurship remains a subject of continuous debate among scholars. According to Casson (2003), an entrepreneur may be defined from two different perspectives: the functional and indicative approaches. The functional approach is the perspective that places focus on 'what the entrepreneur does' to derive the meaning of the entrepreneurship phenomena. This approach reflects and underscores the verb element in the entrepreneurship term. As such it identifies certain functions and designates anyone who carries out such functions as qualified to be an entrepreneur. These functions of the entrepreneur could be summarily described to include risk taking, combining factors of production and innovation (Casson, 2003). The indicative approach, on the other hand, is description based. It proffers descriptions by which an entrepreneur may be identified. Such descriptions could involve an individual's legal status, relations with other parties, and position in society, among others. As such, the indicative approach tends to emphasize the noun element in the entrepreneur rather than the verb (Casson, 2003).

The following are some functional definitions of the entrepreneur as advanced by scholars. Peter Drucker, who is widely acknowledged for his work on entrepreneurship, used a functional approach to describe the entrepreneur as a person who searches for change, responds to it and exploits it as an opportunity (Drucker, 1985: p. 21). Also, Drucker quoted Jean-Baptiste Say, describing the entrepreneur as one who “shifts economic resources out of an area of lower and into an area of higher productivity and greater yield” (Drucker, 1985a). Also, Joseph Schumpeter’s (1934) functional definition described the entrepreneur as an innovator who uses a process of shattering the status quo of the existing services and products to bring about new services and new products. In the views of Kirzner, however, entrepreneurship is a process of discovery that involves the ability to detect previously unnoticed profit opportunities. This perspective led several scholars (Katz and Gartner, 1988, Bhidé, 2003) to suggest that entrepreneurship is concerned with the creation of new organizations. However, that understanding is seen as problematic. Drucker (1985a) has cautioned that “…not every new business is entrepreneurial or represents entrepreneurship” (p. 21).

On the other hand, several definitions have focused on the indicative rather than the functional perspective of entrepreneurship. Dollinger (2007), who reviewed eleven different definitions of entrepreneurship in his book, used an indicative approach. He described entrepreneurship as “the creation of an innovative economic organization (or network of organizations) for the purpose of gain or growth under conditions of risk and uncertainty” (pp. 9, 28). According to another indicative definition by Coulter (2001), entrepreneurship refers to the process by which groups or individuals organize their means and efforts to pursue opportunities through creating value and fulfilling wants and needs. Thus, entrepreneurship from this viewpoint is regarded as a dynamic process of creating value through vision, change, and creativity (Kuratko, 2008). Similarly, Sahlman (1999) defined entrepreneurship as “the pursuit of opportunity without regard to resources currently controlled” (p. 7). This perspective influenced the views of subsequent entrepreneurship scholars (Davidsson et al., 2006, Shane and Venkataraman, 2000a). For example, Shane and Venkataraman (2000a) addressed entrepreneurship as “the scholarly examination of how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated, and exploited" (p. 218). The current study embraces this definition of entrepreneurship since the definition emphasizes opportunity recognition and exploitation, which is a central element of the thesis.

2.1.3 Internationalization

Although international entrepreneurship stems from the classical entrepreneurship and international business research fields (Keupp and Gassmann, 2009c, Zahra and George, 2002c), its intellectual origin lies in the concept of internationalization (Ruzzier et al., 2006). The term internationalization is, however, a context-specific phenomenon (Kraus, 2010). Therefore, examining internationalization is crucial for achieving the relevant understanding of IE.

Before the advent of globalization, national markets were segmented (Etemad, 2004). Only large companies competed in international markets while smaller businesses remained local or regional. However, the competitive global environment has gradually changed. Globalization has removed the barriers that segmented the national and international markets and separated small and large firms' competitive space in the recent past (Ruzzier et al., 2006a). This dramatic transformation provided the impetus for small businesses to internationalize. Hence, internationalization may be regarded as the process of marshaling and developing resources for cross-border activities. It connotes "the geographical expansion of economic activities over national borders" (Ruzzier et al., 2006b).

Researchers have applied different definitions to the concept of internationalization. For example, Lehtinen and Penttinen (1999) described it as the "development of business relationships or networks across borders through integration, extension, and penetration." Also, Johanson et al. (1990) defined internationalization as involving the adaptation of firm's operations including strategies, resources, and structures, to international environments. This study embraces the definition of Johanson et al.'s (1990) definition because it emphasizes activities, strategies, structures, and resources as the drivers of internationalization. These elements conform to the ‘process’ approach of internationalization which is at the center of this study (as will be shown in later sections).

2.1.4 International Entrepreneurship

International entrepreneurship research sits at the nexus of entrepreneurship and international business fields (Autio, 2005, Coombs et al., 2009). Scholarly research into IE emerged over two decades ago. Morrow (1988) was the first to use the concept ‘international entrepreneurship’ in his article that discussed new ventures in foreign markets (Zahra and George, 2002c). However, McDougall (1989) was the first empirical research to be conducted in the field of IE (Oviatt and McDougall, 2005a).

In the years that followed, scholars of IE have debated several issues and themes. Several IE studies have since been conducted paving the way for research in IE to evolve beyond simply the concept of international new ventures (Coviello et al., 2011). Thus, in their review of the IE field, Coombs et al. (2009) highlighted some of the key themes that have dominated IE research. Examples include: internationalization (Giamartino et al., 1993, Jones and Coviello, 2005), SME internalization (Ruzzier et al., 2006b, Al-Hyari et al., 2012, Chetty and Campbell-hunt, 2003), international new ventures (Oviatt and McDougall, 1994a, McDougall et al., 1994, Oviatt and McDougall, 1997), networks (Luleå, 2008, Etemad and Lee, 2003, Gillian Sullivan and Weerawardena, 2006) and entry modes (Zacharakis, 1997, Erramilli and D Souza, 1993, Yiu et al., 2007). These studies helped to move the field of IE forward.

Despite its tremendous development, however, the field of IE has been criticized as being fragmented and lacking a unifying paradigm and theory (Keupp and Gassmann, 2009a, Coombs et al., 2009). Some scholars however disputed these claims. For example, Jones et al. (2011) cautioned that seeking a unifying paradigm or theory in this field which is a little over two decades old is premature. Indeed Coviello et al. (2011) argued that after only twenty-two years, the field of IE has gained legitimacy as a distinct field of study. Nevertheless, there is confusion over how IE is conceptualized. This confusion may not be unconnected to the definitions used by scholars in understanding IE (Keupp and Gassmann, 2009a). Hence, an analysis of the definitions of IE at this point is critical.

The earliest definition of IE seemed to be confined to the concept of international new ventures. Thus, the first definition of IE by McDougall (1989) described the concept as “the development of international new ventures or start-ups that, from their inception, engage in international business” (p. 387). Oviatt and McDougall (1994a) would maintain the focus of IE study on the concept of international new ventures in their definition: “the study of a business organization that from inception seeks to derive significant competitive advantage from the use of resources and the sale of outputs to multiple countries” (p. 49). That study opened a path for several studies that investigated how small newly found firms enter international markets.

As subsequent studies continued to emerge, new definitions of IE, which shied away from focusing on INV, started to emerge (Zahra and George, 2002c). Scholars began to look at IE more as a general phenomenon which is independent of firm age and size. Subsequently, Oviatt and McDougall (1997) reconceptualised IE phenomena as “new and innovative activities that have the goal of value creation and growth in business organizations across national borders.” Hence, it became acceptable that IE encompassed research on the international entrepreneurial behavior of actors as well as the comparison of entrepreneurial behaviors in multiple states. Zahra and George (2002a) would develop yet another definition of IE: “the process of creatively discovering and exploiting opportunities that lie outside a firm’s domestic markets in the pursuit of competitive advantage.” However, by the year 2005, another definition was to take center stage. This time, the focus was on opportunity recognition and exploitation thus positioning IE ever closer to mainstream entrepreneurship research. IE was now described as “the discovery, enactment, evaluation and exploitation of opportunities across national borders to create future goods and services” (Oviatt and McDougall, 2005: p. 540). This reconceptualization allowed new scope and dimensions in IE beyond just INV (Keupp and Gassmann (2009a). However, empirical IE research has disregarded this more robust theoretical foundation offered by the new redefinitions (Peiris et al., 2012, Oyson and Whittaker, 2010).

2.1.4.1 Dimensions of international entrepreneurship

IE research is approached from different dimensions. These dimensions can be classified into three, as categorized by Zahra and George, (2002): the speed of internationalization, the scope of internationalization and the extent or degree of internationalization. The speed of internationalization relates to the rate of market entry by a particular firm. The extent/degree of internationalization, on the other hand, concerns the dependency of a particular firm in a new market that it enters. Studies such as McDougall (1989), Brush (1995) and Zahra et al. (2000b) have all examined IE from the dimension of the degree of internationalization. Lastly, the scope of internationalization is concerned with the economic regions covered by internationalization activity (Zahra and George, 2002c). Research studies that examined the scope dimension include Zahra et al. (2000a), Burgel and Murray (2000) and Reuber and Fischer (1997a). However, Zahra and George (2002c) have acknowledged that these three dimensions of IE are not exhaustive. Rather, they provided an adequate launching ground for future research (see p. 23).

The dimensions of IE study are considered using either the environmental, strategic or company specific variables (Kraus, 2011). There have been studies that focused on the strategies used by firms going international (Fontes and Coombs, 1997). Towards understanding the influence of strategic factors, studies examined functional activities of firms such as marketing, production or distribution (Kraus, 2010). For example, a study conducted by Oviatt and McDougall (1999) found that born globals do not have to spend as much money as domestic firms when executing their marketing and distribution strategy. The study by Oviatt et al. (1995) found that differentiation of products is positively correlated with the speed of internationalization while Bloodgood et al. (1996) concluded that there is a positive relationship between differentiation strategies of firms and the degree of internationalization. Meanwhile, Holmlund and Kock (1998) found that having good product quality supports firm internationalization. This finding supported Roberts and Senturia (1996) who suggested that attributes of products positively affect the speed of internationalization.

Additionally, research studies that examined the impact of the environment using different variables have been conducted. For example, the role of competition in the market has been investigated (Kraus 2010). Karagozoglu and Lindell (1998) found in their study that only a few firms based their decision to internationalize on the impact of competitive forces in their domestic market. However, there is a consensus among researchers that intensity of international competition (not local) positively influences internationalization pace (Kraus, 2010, McDougall, 1989), particularly among hi-tech companies. Institutions have also been examined as environmental variables that influence internationalization behavior of firms (Mitchell et al., 2002, George and Prabhu, 2000, Bloodgood et al., 1996). Equally, some studies have argued for the significance and influence of the industry in firm internationalization. For example, Burgel and Murray (2000) concluded that manufacturing firms displayed higher tendency to internationalize than service companies.

Studies that examine the impact of company size on internationalization behavior are concerned with company specific factors. Bloodgood et al. (1996), as well as Zahra et al. (2000), showed that company size impacts positively on the degree of internationalization. In that vein, Burgel and Murray (2000) determined that firms which are active in international markets have more employees and higher turnover than firms which do not internationalize. However, Westhead et al. (2001) argued there is no difference in the number of employees or turnover between firms that internationalize and firms that do not. Studies were also carried out examining the relationship between firm age and internationalization behavior (Reuber and Fischer, 1997b, Zahra et al., 2000a, Westhead et al., 2001). Some studies have looked at the impact of management on internationalization behavior and suggested that the international experience of a management team can support or lead to rapid internationalization (Oviatt and McDougall, 1994a, McDougall and Oviatt, 1996). Other studies have argued for training and education obtained internationally as management-related factors that can induce rapid internationalization (Bloodgood et al., 1996, Burgel and Murray, 2000). Within the same prism, the role of company resources towards internationalization has also been researched (Oviatt et al., 1995). Rather surprisingly, however, most of the studies appear to emphasize the extent/degree dimension of internationalization. In summary, this research has established a solid understanding into the firm-level antecedents determining the motivation and speed of SME and new venture internationalization. However, academics have strongly argued that attention must now focus on what happens beyond entry-level issues (Morgan-Thomas and Jones, 2009, Prashantham and Young, 2011, Yip et al., 2000).

2.1.4.3 International Entrepreneurship in Emerging Economies

Due to the influence of globalization, most countries in the world have removed the crippling entry and exit barriers to movements of goods and services in their jurisdiction. This set the pace for businesses including emerging economy firms to internationalize (Ruzzier et al., 2006a). Emerging economies have increasingly become present on the international stage mainly due to their growing size and the substantive investment that they attract. Furthermore, the perceived opportunity to grow and attract further investments has encouraged emerging economies to accelerate efforts to integrate into the global economy (Hitt, 2002). Indeed internationalization has afforded emerging economy SMEs a means through which they can create value by pursuing and exploiting opportunities outside their domestic environments (Zahra and George, 2002c).

Research on emerging markets shows that businesses which are active in international markets tend to be more profitable than those who are local (Khanna and Palepu, 2000, Chang and Hong, 2000). Entrepreneurs in emerging economies recognize and exploit opportunities abroad through leveraging resources and by learning from connected institutions to develop their competitive capabilities (Peng, 2006). The unprecedented inflow of capital, technology and management know-how from the developed economies into emerging economies has intensified competition among local enterprises in emerging economies. Entrepreneurs in emerging economies today are facing competition not only from other entrepreneurs but also from larger and more established corporations. Thus, amidst intense competition in their home market, emerging economy entrepreneurs have to internationalize to survive, grow and generate more wealth (Ruzzier et al., 2006a). Notwithstanding, emerging economy entrepreneurs are often constrained by scarce resources including financial managerial and technological resources, established brands and innovative products (Wright and Ricks, 1994). They also have inherent disadvantages such as financial resources constraints and the difficulty in obtaining adequate capital. These inadequacies demonstrate the vulnerability of emerging economies firms to the so-called “liability of foreignness” (Zaheer, 1995).

Research has shown that emerging economy entrepreneurs can overcome their resources liability and reduce their investment uncertainty by building network relationships with business groups in different countries. They need reliable information about the inputs they purchase and the investments that they make in foreign countries (Zhou et al., 2007). As a result, emerging economies businesses tend to be embedded in networks (Granovetter, 1985). Despite this, current research into IE in emerging economies is far from adequate (Kiss et al., 2012, Bruton et al., 2008, Jones et al., 2011, Coviello and Jones, 2004). A review of IE research in emerging economies by Kiss et al. (2012) found that this research domain is highly fragmented and somewhat skewed in its geographic coverage (p. 284). Existing studies mostly focus on limited geographical regions. This includes countries in Asia, Eastern and Central Europe (Bruton et al., 2008, Bruton and Ahlstrom, 2003, Kiss et al., 2012). Despite the rising pedigree of sub-Saharan African emerging economies like South Africa, Ghana, Kenya, and Nigeria, surprisingly few empirical studies have been conducted. Recently, Nigeria was declared the biggest economy in Africa with a nominal GDP of $510 billion (AfDB, 2014). Entrepreneurship is said to account for 70 percent of employment in this country of 170 million people. Thus there is scope to enhance understanding of IE in emerging economies by exploring the sub-Saharan African dimension.

2.1.4.4 Theoretical models of IE

Theoretical models refer to paradigms and underlying assumptions researchers use in explaining why or how IE occur. Small and large firms the world over embrace internationalization as a means of achieving growth and competitiveness (Buckley and Ghauri, 1999). Hence, theories of IE tend to operationalise why and how internationalization takes place (Nilsson et al., 1996). The theories are beneficial in that they help to guide a particular study to be objective (Axinn and Matthyssens, 2002). However, in spite of the significance of theory, it was worrying to find that over 50% of articles reviewed by Keupp and Gassmann (2009a) offered no theoretical frameworks on which they based their studies.

Some of the theories used in IE research have existed before the evolution of IE theory itself but, nevertheless, have contributed significantly to the field. In their study, Kiss et al. (2012) identified several theoretical approaches that have underpinned IE research. These include institutional theory, internationalization theory (Uppsala, stage-based), resource-based view, international new venture framework, network theory, export literature (push and pull factors), motivation theory and Hofstede’s cultural dimensions among other theories (Kiss et al. 2012). Also, some IE researchers have developed integrated models seeking to explain IE. Some examples include the models advanced by Zahra and George (2002c) and (Jones and Coviello, 2005). Ruzzier et al. (2006b) identified the Uppsala model (Johanson and Vahlne, 1977), network theory (Gargiulo and Benassi, 2000, Johanson and Mattsson, 1988, Reagans and Zuckerman, 2001), international new venture framework (McDougall et al. 1994), Dunning's Eclectic Paradigm (Dunning, 1988, 1998) the resource-based approach (Delios and Beamish, 2001) and institutional theory (North 1990, Scott 2000) as the most commonly applied theoretical perspectives in internationalization studies. Notwithstanding, McDougall et al. (1994) have questioned the adequacy of these theories in explaining the IE phenomena and thus urged researchers to come up with fresh and richer theoretical perspectives. The following sections will examine a select number of relevant theoretical models in IE.

2.1.4.4.1 Uppsala model

The Uppsala model was introduced by Johanson and Vahlne (1977a). The model depicts internationalization as occurring in stages or incrementally. There is no export activity in the first stage, and therefore the firm is purely domestic at this point. An agent is then used to make sales in a foreign market that is in a near jurisdiction in the second stage. Following this, in the third stage, the firm establishes a subsidiary unit in the foreign country. The fourth stage is when the firm sets up a production plant in the foreign country (Johanson and Vahlne, 1977a). This stage model assumes that firms are interested in long-term profit, but they are risk averse. Hence the lack of knowledge of the international market causes firms to commit to internationalization incrementally as it takes time to gain knowledge of the foreign environment (Johanson and Vahlne, 1977a).

However, the Uppsala model faces considerable criticisms. In the views of Melin (1992a), the model is rather too sequential and deterministic. It does not consider that firms can strategize to acquire knowledge about the foreign market and this knowledge, once gained, allows them to side-step stages of the model (Oviatt and McDougall, 1994a). Also, as a result of globalization, the world is now more homogeneous. Consequently, psychic distance has much less impact. Building up knowledge for internationalization no longer requires a gradual approach (Peiris et al., 2012). Through the advent of information technology, several ways of obtaining cheap and quick information are available now. As a result, firms have been able to develop abilities that allow them to side-step stages of this model (Oviatt and McDougall, 1994a). Indeed, the emergence of the born global phenomena (Oviatt and McDougall, 1994a) in which firms internationalize at inception has shown that the Uppsala model is not universally applicable (Peiris et al., 2012, Kraus, 2010).

2.1.4.4.2 Network theory

Network theory emphasizes the role of the firm's network of contacts including customers, suppliers, and agents as well as social contacts like family and friends in firm internationalization (Mtigwe, 2006, Peiris et al., 2012). Research has identified networks as a very powerful tool for international entrepreneurship (McDougall et al., 2003). Some studies, in fact, suggest that foreign market entry is dependent on the ability of a firm to build networks (Carsrud and Brännback, 2011, Kontinen and Ojala, 2011b). Networks help entrepreneurs to recognize opportunities across national boundaries, acquire credibility and legitimacy, gain access to scarce resources and even facilitate alliances as well as guide firms in making strategies (McDougall et al., 2003, Bonnacors 1992, Hitt & Ireland 2000, Das & Feng 1998). In fact, Johanson and Vahlne (2009) suggest that opportunities could be identified within networks. For example, McDougall et al. (1994) found that networks aided international new venture owners in identifying opportunities across borders. They also concluded that those networks informed the strategic choice of foreign market by new ventures. Similarly, Sevias and Rasmussen (2000) discovered that networks supported the activities of the majority of the Danish companies that they studied. The network theory has also been employed by Coviello et al. (2011) where they found that the selection of foreign market emanated from networks.

However, the network theory of internationalization has some limitations. Firstly Ruzzier et al. (2006a) observed that most of the studies using network approach had neglected the strategic influence of individual entrepreneurs in internationalization. Another challenge facing the network theory is the fact that, for firms to create competitive advantage and survive, they have to establish themselves within the existing network in the international market. However, studies have found that identifying suitable partners abroad is a very challenging task for internationalizing firms (Karagozoglu and Lindell, 1998).

2.1.4.4.3 International new venture framework

The INV framework represents a departure from earlier conceptions that only large Multinational enterprises can establish operations in foreign countries. The INV framework argues that new businesses that have limited resources can also enter and successfully compete in foreign markets (Peiris et al., 2012). Thus INVs are viewed as “business organizations which from inception seek to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries” (Oviatt and McDougall, 1994a).

Nonetheless, the INV framework has faced some criticisms. First, there is the risk of dissipating competitive advantages and loss of opportunities since learning by doing is compromised under this model. This can have devastating consequences on the internationalizing firm (Teece, 1987). Secondly, there is some confusion in the conceptualization of the theory considering that Oviatt and McDougall (1994a) argue that INVs are not necessarily international at birth. However, this ‘birth moment’ is not easy to determine. Another criticism was labeled by Zahra (2005) who remarked that institutional barriers are ignored in the INV framework, pointing out that adapting to the culture, language and other barriers take time and effort and even hiring locals will take a reasonable amount of time.

2.1.4.4.4 Eclectic paradigm

The eclectic paradigm (EP) model predicts mode of entry into an international market with specific focus on foreign direct investment (FDI). EP is premised upon three factors which determine the FDI activity of firms: ownership, location and internationalization advantages (Dunning, 1988). Hence, EP is alternatively referred to as OLI. The model suggests that, first, firms develop ‘O’ competitive advantages at home and then transfer these abroad to specific countries (depending on ‘L’ advantages) using FDI, which then allows the firm to internalize the ‘O’ advantages.

But, scholars have criticized EP as being too extensive and unclear on what is and is not included in the model. They argue there are too many sub-categories and sub-paradigms (Buckley and Hashai, 2009). Also, Rugman (2010) contended that EP is in fact too eclectic, adding that the three motivating factors of FDI are overdetermined. For example, the O advantages that Dunning suggested included not only the firm’s intangible assets, such as knowledge, brands, organizational structure, and management skills but also natural factor endowments like manpower, capital and industry market structure. Therefore, while tangible assets are easier to analyze as O advantages, it is hard to make any measurement of the intangible ones (Rugman, 1996).

2.1.4.4.5 Resource-based Approach

The resource-based view (RBV) is regarded as one of the most dominant theoretical constructs used in examining IE. This perspective suggests that firm-specific differences, in terms of resources controlled, drive performance (Barney et al., 2011). RBV contends that the sustainable competitive advantage of firms is dependent on their ability to access and control unique resources (Conner, 1991). The model recognizes the importance of tangible and intangible resource stocks including knowledge, capabilities, and assets as well as network-based resources (Roth, 1995).

Adopting an RBV perspective, IE scholars have incorporated resources and entrepreneurial capabilities to explain firm internationalization (Ardichvili et al., 2003, Peng, 2001, Zhang et al., 2009). There have also been studies that examined industry or firm-level knowledge (Knight, 2000, Knight and Cavusgil, 2004, Knight and Kim, 2009), the entrepreneur’s human capital (Westhead et al., 2001), market knowledge (Lamb and Liesch, 2002) and network resources (Coviello and Cox, 2006, Styles et al., 2006a). However, Peiris et al. (2012) argued that the use of RBV to explain the internationalization process by scholars is rather static in approach. It seems that scholars have overlooked the question of how these resources come to existence in the first place (Wach and Wehrmann, 2014). Also, there are still debates regarding which resources are necessary for firm internationalization and why (Peiris et al., 2012). Some scholars also suggest that the model has failed to take cognizance of the demand side of the market. A firm may have the resources and capability to produce competitively, but what if there is no demand for such product or service in the market? Other critics contend the model is applied on an entity-specific basis and, therefore, it is not generalizable. However, in defense of the RBV, one can argue that Barney (1991) framework, which employed benchmarks such as valuable, rare, imperfectly imitable and not substitutable, can be a useful tool to use in gauging capabilities.

2.1.4.4.6 Zahra and George's integrated model of IE

This integrative framework was developed by Zahra and George (2002). The model merges concepts of strategy, firm-level and environmental factors influencing firm internationalization. According to the model, strategic factors explain how competitive strategy of the firm impacts on IE. The firm-related factors involve resources of the firm, its size or age, as well as the management team. On the other hand, the environmental factors relate to government policies, domestic market competition and the institutional environment (Zahra and George, 2002c).

The model suggested three dimensions that explain the internationalization process of firms: (a) the speed of internationalization (b) the scope of internationalization, and (c) the extent or degree of internationalization. The extent of internationalization denotes the reliance of the firm on foreign revenues. The scope connotes the length of internationalization, while the speed is concerned with the frequency of internationalization (Zahra and George, 2002c).

2.1.5 Critical discussion (knowledge gap)

In sum, section 2.1 has examined the key concepts and constructs that inform this research study. The role of firm internationalization for the economic growth and development of emerging economies is well established in the literature (Kiss et al., 2012, Hitt, 2002, Bruton et al., 2008). No doubt, internationalization has provided a means for emerging economy small firms to integrate into the global economy. Through IE, emerging economy firms, which are typically resource constrained, compete with large companies, act to mitigate the risks and turbulence of their home markets, increase production, generate employment and improve their financial revenues (Etemad, 2013). In spite of this, however, current IE research that investigates how emerging economy firms overcome resource constraints to enter international markets is not adequate (Kiss et al., 2012, Bruton et al., 2008, Jones et al., 2011, Coviello and Jones, 2004). It seems that current studies lay much emphasis on Asia, Eastern and Central Europe (Bruton et al., 2008, Bruton and Ahlstrom, 2003, Kiss et al., 2012). As a result, sub-Saharan African emerging economies like South Africa, Ghana, Kenya, and Nigeria are relatively under-researched. This is surprising considering the growing economic momentum of these countries. For example, Nigeria is the biggest economy in Africa with a nominal GDP of $510 billion (AfDB, 2014). Nevertheless, except Ibeh and Young (2001), there is virtually no empirical evidence explaining small firm internationalization processes in Nigeria. As such, the study of IE processes contextualized in the Nigerian emerging economy settings, can potentially deepen understanding of IE process and possibly lead to fresh insights and perspectives.

2.2 Entrepreneurship as a process

Overview

A process perspective is conceived upon the notion that, rather than objects, processes form the basis of how we comprehend the world around us. Moroz and Hindle (2012) traced the origin of the process theory to the work of philosophers Henri Bergson, Martin Heidegger and Alfred North Whitehead. Aldrich and Martinez (2001) highlighted two broad views that inform the use of process theory in entrepreneurship study: the outcome-based and event-based perspectives of processes (Van de Ven and Engleman, 2004). However, the event-based approach has received significantly more attention by scholars (Davidsson and Wiklund, 2001, Shane and Venkataraman, 2000b, Van de Ven, 1992). This is because of the common conception that entrepreneurship is about actions such as creation, formation, and innovation (Aldrich and Martinez, 2001, Steyaert, 2007, Van de Ven and Poole, 1990). Since entrepreneurship is an action-based phenomenon that involves a series of interrelated, strategic, and creative organizing processes, the process view can offer deep insights into the phenomena (Moroz and Hindle, 2012). Consequently, this study adopts William Bygrave's definition which describes entrepreneurial process as:

"all the functions, activities, and actions associated with perceiving opportunities and creating organizations to pursue them" (Bygrave, 2004: p. 7).

The use of the process view to frame the scholarly examination of entrepreneurial behavior has yielded several research themes leading to many insights in entrepreneurship research (Bygrave, 2007, Low and MacMillan, 1988, Ucbasaran et al., 2001, Zahra, 2007). Some of these themes include the concepts of opportunity discovery (Kirzner, 1997a), entrepreneurial intentions (Krueger et al., 2000), bricolage (Baker and Nelson, 2005), effectuation (Sarasvathy, 2001a), innovation (Drucker, 1985b) and counterfactual thinking (Gaglio, 2004). These 'process' research streams have significantly enhanced our understanding of 'what entrepreneurs do and how they do it' as well as the context in which they do it (Busenitz and Barney, 1997, Leibenstein, 1968). However, there are several problems with the current conceptualisations of the entrepreneurial process (Ucbasaran et al., 2001). First, despite the suggestion by Bygrave (1989) that "entrepreneurship begins with a disjointed, discontinuous, nonlinear (and usually unique) event that cannot be studied with the methods developed for studying smooth, continuous, and linear (often repeatable) processes" (p. 7), many scholars continue to perceive the entrepreneurial process as the inevitable outcome of careful planning, accurate predictions and an unwavering focus on set objectives (Dew et al., 2009). Secondly, although authors implicitly or explicitly agree that a whole (complete) entrepreneurial process exists, mostly they deal with it in parts, rather than the whole (Moroz and Hindle, 2012). Examples of this partial approach to the study of entrepreneurial process include the concept of opportunity (Alvarez and Barney, 2007, Davidsson et al., 2001, Eckhardt and Shane, 2003, Shane and Venkataraman, 2000b, Van de Ven and Engleman, 2004), the role of social networks (Birley, 2000, Anderson and Jack, 2002, Johannisson et al., 1994, Slotte-Kock and Coviello, 2010) and the study of contextual or environmental factors (Gartner, 1985, Gnyawali and Fogel, 1994) that support or constrain the actions of entrepreneurs (Leibenstein, 1968). However, it is reasonably agreed that a rigorous study of processes in the field of entrepreneurship is lacking (Moroz and Hindle, 2012). It seems in fact that only the work of Cunneen et al. (2007) systematically identified and linked key activities and sub-activities that entrepreneurs employ in creating new firms and targeting market outcomes. However, that study is conceptual. Empirical studies that approach the entrepreneurial process in its totality remain scant (Peiris et al., 2012). Therefore, in recognition of the need to fill these critical knowledge gaps, the current study will seek to adopt a holistic approach to the processes of entrepreneurship. However, understanding the processes of entrepreneurship will necessarily entail an examination of the central element that underpins the entrepreneurship phenomena. This central element is the concept of opportunities which will be discussed in the following section.

2.2.1 The concept of opportunities in the entrepreneurial process

The field of entrepreneurship inquiry is strongly underpinned by the concept of opportunities (Eckhardt and Shane, 2003, Ardichvili et al., 2003, Shane and Venkataraman, 2000b, Short et al., 2009, Murphy, 2011). There is a robust body of literature which dwells on the concept of opportunities and behaviors related to opportunities. Examples include ‘entrepreneurial opportunities’ (Venkataraman and Sarasvathy, 2000, Shane and

Venkataraman, 2000, Sarasvathy, et al., 2003), business ‘opportunities’ (Longnecker, et al., 2010) and ‘economic opportunities’ (Kor, et al., 2007). However, there is a perception that researchers tend to use the term ‘opportunity’ rather loosely or abstractly without offering an appropriate definition (Oyson and Whittaker, 2010). This has bred confusion regarding how scholars exactly conceptualize the concept of opportunities (Mainela et al., 2014).

Scholars who view opportunities as the outcome of competitive imperfections (Alvarez and Barney, 2007, Venkataraman et al., 2012, Ardichvili et al., 2003) describe an opportunity as ‘the chance to meet a particular need of the market, or the act of creatively combining resources to deliver value’ (Schumpeter, 1934, Kirzner, 1999, Casson, 1982). Oyson and Whittaker (2010) however, referred to entrepreneurial opportunity as “the creative combination of firm capabilities and market opportunity for the formation of economic value‟ (p. 123). Similarly, Eckhardt and Shane (2003) defined the concept as “situations in which new goods, services, raw materials, markets and organizing methods can be introduced through the formation of new means, ends, or means-ends relationships” (p. 336). Also, Sarasvathy et al. (2010) described an opportunity as “a set of ideas, beliefs, and actions that enable the creation of future goods and services in the absence of current markets for them” (p. 79). This study embraces the concept of entrepreneurial opportunities (Venkataraman and Sarasvathy, 2001, Sarasvathy, 2003, Shane and Venkataraman, 2000a).

The ‘entrepreneurial opportunities’ view conceives an entrepreneurial opportunity as “the combination of circumstances that are favorable for bringing new goods or services into existence” (Shane, 2000: p. 451) or for creating future goods and services (Sarasvathy et al., 2010). This conceptualization accommodates the view that what is ‘favorable’ for one individual/firm may not be favorable for another because of the idiosyncratic nature of firm capabilities and market opportunities. Therefore, not all entrepreneurs will perceive opportunities the same way (Oyson and Whittaker, 2010). In line with this view, Baker et al. (2005) argued in favor of the subjective notion of opportunities. They emphasized that every opportunity is context-dependent and so, therefore, subjective, especially since it is individuals that enact opportunities. They pointed to factors such as opportunity cost, availability of resources, and division of labor as subjectively interpreted elements that determine how opportunities are perceived and pursued.

In recent years, there have been debates by researchers over the nature of opportunity itself. For example, some argue that opportunities are enacted (Gartner and Carter, 2003, Weick, 1996, Gartner, 1985, Gartner et al., 1992), created (Alvarez, 2005) or developed (Ghauri et al., 2006, Johanson and Vahlne, 2006), while others argue that opportunities are discovered. But by and large, these perspectives may be categorized according to two perspectives. The first perspective favors the notion of discovery. This school of thought exhibits the positivist position, and they argue that an objective reality exists out there waiting to be found. The second perspective, on the other hand, favors enactment, development, and creation perspectives. The proponents of this thought portray the interpretivist or social constructionist view of reality (Dutta and Crossan, 2005, Gartner and Carter, 2003). Due to this divergence in the views or perspectives of opportunities, each of the schools of thought may operationalise or explain the entrepreneurial process in a different way. For example, while discovery has been linked to the information-processing aspect of the process, the enactment, development, or creation perspective is more related to the ‘entrepreneurial action’ aspect of the process (Shane and Venkataraman, 2000b). By acknowledging this debate, this study takes the opportunity to focus its lens on the interpretivist view of opportunities which is the ‘creation’ view. The following section discusses the nature of the entrepreneurial process through examining process models.

2.2.2 Process models of entrepreneurship

Researchers have conceived of models to depict and operationalise the process of entrepreneurship. According to Cunneen et al. (2007), the process model is rooted in the behavioral approach to entrepreneurship. This view emphasizes what entrepreneurs do to create new businesses and tap into opportunities, rather than who they are (Gartner, 1985, Low and McMillan, 1988, Cope, 2005, Harrison and Leitch, 2005). Process models of entrepreneurship, therefore, focus the actions of entrepreneurs at given steps of the entrepreneurial process as they aim to create value (Cunneen et al., 2007).

There is an understanding that the entrepreneurial process is characterized by chaotic, complex, and a diverse range of activities (Bygrave, 1989). However, underneath the chaos and complexity, the entrepreneurial process is said to be driven by some form of planned behavior (Krueger et al., 2000, Ajzen, 1991, Zimmer, 1986, Weick, 1996). This planned behavior involves deliberate actions targeted at creating new firms and achieving market outcomes. Accordingly, process models of entrepreneurship have assumed different dimensions depending on scholars. For example, Ardichvili et al. (2003) presented a static framework conceptualizing opportunity discovery, creation, and venture formation. Also, Sarasvathy (2001a) depicted the process through the concepts of effectual strategy. Additionally, there have been studies that depicted the process as stage-based. For example, Cunneen et al. (2007) presented a four-stage model of entrepreneurship process comprising of opportunity recognition, opportunity evaluation, opportunity development and opportunity commercialization. Also, Bygrave (2006) presented a four-stage model, Corbett (2005) two stages, Baker & Nelson (2005) six stages, Baron (2007) three stages and Bhave (1994) three stages.

Despite the advances in the entrepreneurial processes literature, it has been argued that building general, simple and accurate process models of entrepreneurship is not practical (Thorngate, 1976, Van Maanen, 1995). Due to the complex nature of humans, it is difficult for any single process model to be sufficiently encompassing. However, Moroz and Hindle (2012) countered this view, arguing that it is possible to build optimal process models as long as important variables are taken into account. Therefore, they urged scholars to direct efforts towards building process models that will transcend interrelated and variable-laden domains. The following sub-sections will now explore a select number of entrepreneurship process models.

2.2.2.1 Model 1: Gartner (1985)

This model by Gartner was a framework that emphasized the variances associated with the processes of new venture creation of different firms highlighting that each process is unique. The model provided a basis for comparing and contrasting new venture creation processes thus magnifying the differences between entrepreneurs and the firms they create.

Gartner's model accounted for six process components regarded as generic to the process of entrepreneurship: (i) locating business opportunities, (ii) accumulating resources, (iii) producing products, (iv) marketing products and services, (v) building organizations, and (vi) responding to government and society. It can be argued that this set of activities on their own cannot be construed as behavior that is distinct to the entrepreneurial process (Moroz and Hindle, 2012). They can just as well be performed as a management function by actors. However, Gartner implicitly draws attention to aspects of his framework which make it fundamentally distinct to entrepreneurs. First, the entrepreneur is involved in multidimensional activities aimed at creating a new venture and achieving market outcomes. This process is driven by individual expertise, and it is profit oriented. Secondly, there is the element of newness that is attached to the framework in terms of either product, markets, specific processes (activities) or even technologies in markets where the firm is seen as a new player. Thirdly, the framework does not limit where a new firm may be created from. This allows for accommodating independently structured companies or corporation spinning, for example. What matters is the profit motive, independence, and individual expertise. With this argument, Gartner maintained the entrepreneurship focus since if new ventures are not created, there is no entrepreneurship, and it is only entrepreneurs that create new ventures (Moroz and Hindle, 2012).

In spite of the above, there is another issue that appears problematic when looking at this model especially in relation to what is viewed as generic or specific to the entrepreneurial process. The issue of profit-oriented goals is the fundamental fabric upon which Gartner's conceptualization is built. However, whether the notion of 'profit-oriented goals' can be universally ascribed to entrepreneurship has remained a subject of debate in the literature (Moroz and Hindle, 2012).

2.2.2.2 Model 2: Sarasvathy (2001, 2006)

This model can potentially offer insights into what can be viewed as generic on the one hand, and what is distinct to processes of entrepreneurship on the other. Sarasvathy's model emphasizes the behavior of entrepreneurs that makes them 'experts' at what they do. Indeed, how do they do it? The model is premised on three pillars: 'what I know,' 'who I am' and 'whom I know' (Sarasvathy, 2001a). Through this prism, the model dwells on the learnable aspects of entrepreneurial expertise. Thus, one may argue that Sarasvathy adopted a pragmatic theoretical approach compared to Gartner's interpretive approach to understanding the process of entrepreneurship (Steyaert, 2007). The model attends to the dynamic nature of entrepreneurship through considering the differences between aspects of the process. This includes the differences between entrepreneurs, much like Gartner. But then unlike Gartner, the model emphasizes new venture and market creation through wielding the power of imagination – rather than in reaction to environmental information.

Perhaps the greatest challenge to effectuation logic is its lack of clarity. The suggestion of the effectuation concept is that causal and effectual logics constitute cognitive tools co-existing within the entrepreneur and which he uses in different situations and different proportions. But this contradicts the principles of causality since aspects of cause such as final, efficient or formal have not been taken into consideration (McKelvey, 2004). In spite of these concerns, it has been noted that very few studies such as Chandra et al. (2009) have attempted to use Sarasvathy's concept of effectuation to examine decision-making process of entrepreneurs. As a result, there is still a lack of research that discusses the logic employed by decision-makers.

2.2.2.3 Model 3: Shane (2003)

The model by Shane attempts to construct a unifying paradigm for entrepreneurship through the nexus of individuals and opportunities. Shane conceived entrepreneurship from two viewpoints: the environment-centric and the individual-centric. He then attempted to reconcile these viewpoints by setting a set of necessary conditions that can allow for a unifying framework in the field. These conditions are: (1) the presence of lucrative opportunities which can be exploited (2) differences in the ability and willingness of people to react to opportunities (3) a propensity by individuals to bear risks (4) a level of some purposive organizing and (5) a form of innovative behavior. Thus, Shane considers as generic to the process of entrepreneurship a chain of recursive and overlapping steps which lead to the discovery of opportunities, acquisition of resources, strategies and eventually performance.

According to Shane, entrepreneurship "involves the nexus of entrepreneurial opportunities and enterprising individuals – a situation in which a person can create a new means-end framework for recombining resources that he believes can lead to profit (Shane, 2003: p. 18). However, Shane clarifies that entrepreneurial opportunities do not have to be profitable since the conjuncture by the entrepreneur that an opportunity is potentially profitable may not manifest correctly. Thus, Shane's model faces challenges because of the difficulty in interpreting what constitutes entrepreneurial action and what does not. Shane, however, addresses this issue by insisting that debate over the subjective/objective nature of opportunities is uncalled for (Moroz and Hindle, 2012).

2.2.2.4 Model 4: Cunneen et al. (2007)

The last model examined under this review is a stage model presented by Cunneen et al. Their paper attempted to operationalise the entrepreneurial process through a four-stage model: (1) opportunity recognition (2) opportunity evaluation (3) opportunity development and (4) opportunity commercialisation. Under each major stage, the authors identified particular steps that are enacted towards new firm creation and the pursuit of market outcomes. For the benefit of this study, it is useful to briefly examine the stages of this process model starting with opportunity recognition.

<u>Opportunity recognition stage</u>

This first stage of the process model was compartmentalized into three steps. Step one is a creative behavior which aims to identify a potentially profitable idea. This can be a new service, improved service, product or a business model. Idea generation may occur through brainstorming (Kuratko and Hodgetts, 2004), by observation or through exchanging information with social contacts (Vesper, 1990). The model, however, stresses that the entrepreneur’s ability to ‘see things in ways others do not,’ substantially supports the recognition process (Lumpkin et al., 2004, Ardichvili et al., 2003). The second step involves testing the idea to determine its marketability. Cunneen et al. gave examples of test marketing and building prototypes with the aim to ascertain the feasibility and profitability of the idea (Tidd et al., 2005). After determining the feasibility of the idea, the third step of this stage includes taking added measures to consolidate the idea. Efforts in this step may include for example obtaining copyright, patent, trademarks, or some contract arrangements that will guarantee future market participation (Kuratko and Hodgetts, 2004, Allen, 2015).

<u>Opportunity evaluation stage</u>

In this second stage, the authors described a process by which firms undertake an evaluation of the opportunity. Based on Vesper (1996), they identified two types of preliminary evaluation measures. These are preliminary personal evaluation and commercial evaluation. Under preliminary personal evaluation, the focus is applied on the entrepreneur who must ask himself if indeed he does want to pursue the opportunity. Therefore consideration is given to whether the entrepreneur can capture the opportunity given his ability, resources, and financial status. On the other hand, preliminary commercial evaluation involves efforts aimed at determining if the opportunity is not only viable but sustainable as a product or service over the long run (Kuratko and Hodgetts, 2004, Timmons and Spinelli, 2004). Part of this step also involves financial projections to assess potential sales, profit, and cash flows. To sum up, this step of the process should help the entrepreneur to figure out whether the money and time commitment needed to pursue the opportunity has a viable potential.

Opportunity development stage

The third stage of the model appears to have some similarities as well as overlaps with the previous opportunity evaluation stage. Thus the authors themselves admitted that it could be hard to determine when the last stage of evaluation is completed and the opportunity development stage has started. They highlighted that some actions like market research which started during preliminary commercial evaluation might continue through the stage of opportunity development. This stage involves series of steps that the entrepreneur takes to position the opportunity for eventual commercialization: (1) conducting SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis to fully take advantage of the opportunity (Timmons and Spinelli, 2004) (2) design objectives and mission statement (3) designing a strategy for launching the product or service (Timmons and Spinelli, 2004, Kuratko and Hodgetts, 2004) (4) carry out a feasibility analysis, before (5) the entrepreneur finally commences the search for funds (Timmons et al., 2004).

Opportunity commercialisation stage

This final stage of the model assumes that initial funding has been secured and that a detailed operational plan is in place. It involves actual implementation of activities such as marketing, production, and distribution. According to the authors, this is the stage when ‘the rubber hits the road.' But the model incorporates several other steps into this stage, such as engaging key staff, leasing or buying premises or sourcing of supplies. These are the steps that come together to make the new firm a reality (Katz and Gartner, 1988). These vital, yet specific process activities have been well acknowledged in the new firm literature (Reynolds et al., 2000, Harvard Schaper and Volery, 2004). The model does acknowledge, however, that implementation of businesses activities in this stage is largely dependent on the availability of funds meaning that the search for funds at the previous stage of development is crucial. If the search for funds is successful, the commercialisation stage will make instant headway. If, however, the search for funds encounters problems, opportunity commercialization may face restrictions or it may not happen at all (Cunneen et al., 2007).

The authors emphasized the iterative nature of this stage-based process model. They drew attention to the fact that although the stages and steps of the process model appear to occur in sequence, this is not necessarily always the case. Using insights from Low and McMillan (1988), they stressed that steps and stages do necessarily occur in sequence. As such, there is no hard and fast rule that one stage or step must be completed entirely before other steps are started (Cunneen et al., 2007). In respect to this, McMullan and Long (1990) have also emphasized the iterative nature of the steps involved in the process of launching businesses. They described how entrepreneurs repeatedly returned to previous steps as unanticipated problems, roadblocks, or failures force them to adapt through trial and error. Challenges during one step may entail having to go back to an earlier step in the process (Van de Ven et al., 1989, Gibb and Ritchie, 1981). **However, the Cunneen et al's model falls short in that it does not explicitly account for environmental factors such as institutions which can constitute a force that pushes entrepreneurs to repeat or skip certain steps of the process.**

Finally, given the urgent need for research in this important area, it is disheartening to find that this model is the only study that attempts to conceptualize the stage process in its entirety, taking into account the smaller steps that constitute, the broader stages of the process. However, this study is a conceptual paper and therefore lacks empirical rigor. Consequently, there is an urgent need for empirical studies which will account for the entire process of entrepreneurship. The following section examines IE as a process.

2.2.3 International Entrepreneurship as a process

To fully comprehend the process perspective, it is necessary to clarify and harmonize the concepts of 'entrepreneurial processes' and 'international opportunities' through the IE framework. Firstly, the 'entrepreneurial process' in the IE study has been described as 'approaches and or strategies adopted by firms including all actions or functions, the creation of organizations, resource acquisition, developing relationships and opportunity recognition in foreign markets (Berry and Brock, 2004). Secondly, on the other hand, Ellis (2011) defined an international opportunity as the chance to carry out exchange with new partners in international markets. Also, Mainela et al. (2014) explained an international opportunity as "a situation that both spans and integrates elements from multiple national contexts in which entrepreneurial action and interaction transform the manifestations of economic activity" (p. 16).

The above definitions underline the fact that much like domestic entrepreneurship, IE also pertains to the discovery, evaluation, and exploitation of market opportunities (Mainela et al., 2014). The definitions also align with Oviatt and McDougall (2005a) definition of IE recounted here as the "discovery, evaluation, enactment and exploitation of opportunities across national boundaries to create future goods and services". By this conceptualization, therefore, the process of IE can be described as involving the identification and assessment of international opportunities and then marshaling resources to execute them (Zacharakis, 1997, Oviatt and McDougall, 1994a).

There is no doubt the IE process encompasses a series of actions, a set of strategic, creative and interrelated organizing processes (Moroz and Hindle,

2012) that occur across national borders. Research scholars have made strides in this area. They have churned out insightful studies and engaged research themes such as international opportunity recognition, creation, identification, discovery, development, and exploitation (Zahra et al., 2005, Mainela et al., 2014, Chandra et al., 2009, Corbett, 2005). These opportunity-based studies built on Shane and Venkataraman's (2000) discovery, evaluation, and exploitation framework that was discussed in section 2.2.1 above.

The study by Melin (1992b) is one of the early studies that investigated and tracked internationalization decision streams over time. His analysis exposed the decisions that inform international strategies, the motivations behind the strategies as well as the context of those strategies. Also, Baker et al. (2005) studied how and why entrepreneurial processes of opportunity discovery, evaluation, and exploitation varied across nations and examined the implications of those cross-national variations. In their study, Zucchella and Scabini (2007a) conceived a typical IE process sequence that began with recognition of the opportunity and led to firm performances in which resource mobilization and capabilities played a central role.

2.2.3.1 Process models of international entrepreneurship

There have also been studies which conceived models to depict IE as a process. Such studies attempt to present a set of strategically interlinked actions that lead to recognition and or exploitation of opportunities in the international market. For example, the stage process model advanced by Johanson and Vahlne (1977c) provided a blueprint by which the IE process can be operationalized. Popularly known as the Uppsala model, the framework shows that internationalizing firms are first local, then they start with exporting through an agent, and they later establish a sales subsidiary before finally commencing production in the host country (p. 24). Also, studies such as Bilkey and Tesar (1977), Cavusgil (1980) and Czinkota (1982) all presented different internationalization models describing the internationalization process as evolving through stages. Daft and Weick

(1984) tripartite model showed that the recognition of IE opportunities and their successful pursuit arises from the interplay of multiple forces. Their model suggests that entrepreneurs who recognize international opportunities first focus their attention on particular parts of the environment and they gather information. However, evidence from the literature shows that the notion of an incremental process of internationalization no longer holds water (Peiris et al., 2012, McDougall and Oviatt, 2003). This has become ever more evident with the rise of the so-called born-global (Oviatt and McDougall, 1994b). In the view of Reid (1984), existing stage models are rather too deterministic, and therefore he advocated for a contingent view of internationalization.

Although a few theories of IE processes exist, there is no clear-cut consensus regarding the process by which firms should enter the international market (Moroz and Hindle, 2012). Similarly, there is no consensus regarding what the stages of the process should entail (Zahra et al., 2005). Thus, one may argue that the IE process is not a question of a rational and planned behavior, but a pragmatic approach to the pursuit and exploitation of business opportunities across borders (Wach and Wehrmann, 2014, Sarasvathy, 2001a, Oyson and Whittaker, 2010). This understanding is consistent with Zahra and George (2002) who argued that internationalization behavior (process) is dictated by the emergent needs and opportunities that present themselves at a particular point in time.

There exist biases and gaps in the IE process literature, however. For example, while strategies of internationalization have been discussed considerably, the ways by which firms develop and implement these internationalization strategies have not been adequately researched (Wach and Wehrmann, 2014, Zahra and George, 2002b). Also, most studies seem to overlook the context in which strategies are conceived and implemented (Oyson and Whittaker, 2010). Indeed, the industry sector, as well as the institutional environment, both of which can influence the IE process, have not been examined adequately (Peiris et al., 2012) and this seems to be overlooked somehow. There also appears to be a dearth of empirical knowledge of this phenomenon. In a recent study, Mainela et al. (2014) identified only three empirical studies (Fletcher, 2004, Kauppinen and Juho, 2012, Schweizer et al., 2010) that depict internationalization as an entrepreneurial process. Also, although there is no general agreement regarding the sequence of activities or indeed the stages involved in IE process, there is, at least, a consensus that the IE process starts with recognition or identification of an international opportunity which is then pursued and exploited (Shane, 2000, Katz and Shepherd, 2003). Yet, somehow the majority of studies seem to be preoccupied with the opportunity recognition aspect, thus neglecting other aspects of the IE process. Hence, IE process theory can benefit from a focus on the entire IE process rather than a portion of it. The next section will examine some of the important factors that influence the IE process.

2.2.4 Factors influencing the International Entrepreneurial process

The entrepreneur's decisions and actions are influenced by their personality, experiences and environmental conditions (Ibeh, 2003, Zahra et al., 2005, Weick, 1995, Wood and Bandura, 1989). Based on this understanding, this literature review has identified a number of factors that influence international opportunity recognition and exploitation. However, given that factors which affect internationalization processes are potentially extensive (Oyson and Whittaker, 2010), this section does not attempt to exhaust all of them. Instead, with the guidance of the literature, specific factors relevant for this research have been given prominence.

Indeed, McDougall et al. (1994) argued that resources such as networks, knowledge as well as background impact and determine how entrepreneurs react to opportunities. Similarly, the entrepreneur's international experience, attitude, and perceptions of the international market have all been described as determinants of internationalization (Suárez-Ortega and Álamo-Vera, 2005, Leonidou and Katsikeas, 1996). Ibeh (2003) advanced a contingency framework that explained the moderating impact of the external environment on export entrepreneurship. However, Etemad (2004) and Jones and

Coviello (2005) theorized that the process of identifying and pursuing opportunities in the international market is fundamentally determined by the entrepreneur, the firm, and the environment. Hence, many IE studies have examined influential factors along these streams, i.e. the entrepreneur, the firm and the environment (Gartner, 1985, Jones and Coviello, 2005). Regarding the entrepreneur as an individual, scholars have been concerned about his personality traits, such as motivation, creativity, alertness, propensity to risks and entrepreneurial orientation (Peiris et al., 2012). On the part of the firm, scholars have discussed firm-level conditions such as prior knowledge, network ties and financial resources (Zahra and George, 2002b). Lastly, the environment has been viewed mostly from the viewpoint of institutional, market competition and industry conditions (Peiris et al., 2012, Szyliowicz and Galvin, 2010). Overall, the confluence of these factors has been found to constitute a robust measure for explaining entrepreneurial actions (Ardichvili et al., 2003, Zahra et al., 2005, Baum and Locke, 2004, Baum et al., 2001, Shepherd and DeTienne, 2005, McGee et al., 2009).

2.2.4.1 Personality traits

The existing entrepreneurship literature supports the notion that alertness, creativity, motivation and optimistic behavior are all correlated with opportunity recognition and exploitation (Ardichvili et al., 2003, Shane and Venkataraman, 2000b, Zahra, 2005, Gaglio and Katz, 2001, Butler et al., 2010). Research scholars have debated about the role that peculiarities and individual characteristics of entrepreneurs play towards international entrepreneurial behavior (Ardichvili et al., 2003, Zahra, 2005, Oyson and Whittaker, 2010). Several studies emphasize the importance of individual factors in the decision to go international (e.g., Daszkiewicz, 2014, Duliniec, 2013, Kraśnicka et al., 2008, Philippe, 1995, Hutchinson et al., 2006, Leonidou and Katsikeas, 1996, Chetty and Campbell-Hunt, 2003, Pla-Barber and Escriba-Esteve, 2006, Etrillard, 2004, Pantin, 2005). For example, using the cognition perspective, Wood and Bandura (1989) showed that actions of entrepreneurs are dictated by their mental models, self-efficacy, motivations, and perceptions. Hence, it is largely acknowledged that internationalization is influenced by entrepreneurial thinking (Aharoni 1966, Bilkey & Tesar 1977, Cavusgil 1980, Reid 1981, Dichtl et al. 1990, Roux 1987, McAuley 1999, McDougall et al. 1994, McDougall & Oviatt 1997, 2000, McGaughey et al. 1996, Madsen & Servais 1997).

IE research has shown that attributes such as risk propensity, creativity, and motivation are linked to the ability to identify and exploit opportunities (Oviatt and McDougall, 2005a, Mainela et al., 2014) in international markets. Hence Oviatt and McDougall (2005a) described entrepreneurs as “agents of change with a willingness to take risks, an ability to innovate and enact opportunities.” Also, Ardichvili et al. (2003) and McDougall et al. (1994) argued for the role of alertness in the process of opportunity recognition and exploitation. Preceding studies have since adopted similar arguments (Kuemmerle, 2002, Evangelista, 2005, Isenberg, 2008, Karra et al., 2008). There have also been studies that suggested creativity is fundamental to the entrepreneurial process (Brazeal and Herbert, 1999, Kirzner, 1999, Ward, 2004, Baron and Tang, 2011). These studies suggest that creativity can explain how entrepreneurs combine resources in innovative ways to achieve favorable market outcomes. However, the role of creativity in the IE process remains largely understudied (Styles and Seymour, 2006).

2.2.4.2 Prior knowledge

Prior knowledge impacts on ways that entrepreneurs view, interpret and use the information they receive such that others who lack similar information cannot duplicate (Roberts, 1991). Naturally, people will notice and react to information which relates to information they already have (Von Hippel, 1994). As a result, entrepreneurs can make new connections using pre-existing ideas or new ideas which enable them to recognize opportunities and make certain decisions. This has been well documented in the generic entrepreneurship literature (Shane, 2000b, Ardichvili et al., 2003). IE scholars have since linked the entrepreneurial process to prior knowledge, pointing out that due to uneven distribution of knowledge among actors, international opportunities will be acted on differently by different entrepreneurs (Oyson and Whittaker, 2010). Hence, knowledge of the international market has been described as an important determinant of internationalization (McDougall et al., 1994).

2.2.4.3 Network ties

The important role of network ties is well established within the generic entrepreneurship literature (Elfring and Hulsink, 2003, Christensen et al., 1990, Aldrich and Zimmer, Aldrich, Birley and Norburn, 1985). Studies have proven that network ties perform the following functions: (1) serve as a gateway to valuable resources (2) reduce a firm's exposure to perceived risks of entering a new market and (3) serve as a source of ideas and information which can lead to entrepreneurial opportunity recognition. Hence it is unsurprising that network ties are regarded as the most influential resource of the firm (Johanson et al., 1988).

In the field of IE, Mainela et al. (2014) suggested that network ties are key determinants of international-opportunity-based behavior. Similarly, Styles et al. (2006b) explained that networks enable firms to overcome resource constraints and that this leads to fresh opportunities. Sasi and Arenius (2008) showed that international opportunity identification is influenced by networks of the firm founders. Lorentz and Ghauri (2010) showed that embeddedness within local networks facilitates recognition of opportunities. Therefore, the link between international entrepreneurial behavior and network ties has been well articulated in IE research (Styles and Genua, 2008, Vasilchenko and Morrish, 2011, Kontinen and Ojala, 2011b). However, consistent with Kontinen and Ojala (2011b), this review of the literature found little evidence of empirical studies that factored the role of network ties into the IE process.

2.2.4.4 The institutional environment

The inescapability of the IE process from institutions is well established in the literature (Szyliowicz and Galvin, 2010). Thus Scott (2001) argued that "just as institutions constitute organizations, they also define and set limits on their appropriate ways of acting, including actions taken in response to institutional pressures" (p. 171). This highlights the fact that the IE process, conceived in this research as "the approaches and or strategies adopted by firms including all actions or functions, the creation of organizations, resource acquisition, developing relationships and recognizing opportunities in foreign markets," is fundamentally shaped and influenced by the institutional environment. This dimension will be extensively examined in the section ahead.

2.2.5 Critical discussion (knowledge gap)

In sum, section 2.2.5 reviewed important issues related to processes of IE. There has certainly been a volume of published research in this area, and researchers have indeed framed international opportunity recognition and exploitation as an action-based entrepreneurial process (Jones and Coviello, 2005, Mainela et al., 2014). However, critical gaps were observed. First, in spite of the ample studies carried out on the opportunity-based behavior of entrepreneurs, IE research has traditionally paid limited attention to the opportunity nexus in the context of firm internationalization (Jones et al., 2011, Oyson and Whittaker, 2010). This is rather surprising given repeated calls for studies to integrate opportunity linkage into internationalization studies (Jones and Coviello, 2005, Coviello and Jones, 2004, Madsen and Servais, 1997). This neglected dimension can potentially lead to new insights and a better understanding of the IE process (Oyson and Whittaker, 2010).

Second, this review of the literature found that the process-based perspective can facilitate understanding of IE processes mainly due to its simplicity and understandable nature (Peiris et al., 2012). This view can explain explicitly what international entrepreneurs do, how they do it and the context in which they do it (Moroz and Hindle, 2012). Surprisingly, however, extant IE literature to date has paid little attention to the 'process' perspective (Mainela et al., 2014, Oyson III and Whittaker, 2015).

Third, a complete and holistic understanding of the IE process is lacking. For example, we should see that the IE process constitutes actions or strategies of entrepreneurs which at least start with the identification of an international opportunity. Following the identification process, entrepreneurs then enact strategies to convert the opportunity into tangible market outcomes (Oviatt and McDougall, 1994a, Zacharakis, 1997). However, IE studies have investigated specific stages or phases of the IE process without due attention to the entire process itself (Moroz and Hindle, 2012). As a result, a holistic understanding of how international opportunities are spotted, pursued and executed remains elusive (Zahra et al., 2005). Fourth, it remains clear from this review that current understanding of the IE process has been mostly conceptual or theoretical. As a result, empirical studies of the IE process are in fact very scarce (Mainela et al., 2014). In light of the complex and highly contextual nature of the IE process as identified by the aforementioned literature, a qualitative case study is considered more suitable than a quantitative and statistical approach. This case study approach can better manage the complex, holistic and contextual IE process. This answers the calls by Ponelis (2015) and (Perren and Ram, 2004) for more case research in IE research.

2.3 Institutional theory

The origin of institutionalism can be traced to the work of Veblen (1919). Some of the early studies that helped to develop institutional theory involved Selznick (1949) and Merton (1957) as well as Parsons (1953, 1960) whose studies examined the influence of institutions on value systems of organizations. Over several decades, institutional theory has certainly gained acceptance as a powerful perspective that can explain individual and organizational actions (Dacin et al., 2002). Today, it is a recognized theoretical approach in many academic fields including economics, political science, philosophy and sociology (DiMaggio and Powell, 1991). In the field of entrepreneurship, institutional theory has certainly gained cognizance as a valuable tool for research inquiry (Bruton et al., 2010).

Institutions provide 'rules of the game.' These rules structure interactions between individuals and groups in societies (North, 1990b). Therefore, since rules structure interactions in society, scholars argue, they must at least in part, account for the strategies and tactics used by economic actors (DiMaggio and Powell, 1991, Baker et al., 2005, Lee et al., 2007, Baumol et al., 2009, Meyer and Peng, 2005, Peng et al., 2008, Wan and Hoskisson, 2003). Institutionalist scholars seek to understand how organizations secure positions and legitimacy through conformity to norms and rules in their environments (Meyer et al., 1991, Scott, 2007, Weerakkody et al., 2009, Bruton et al., 2010). Thus, the social, cultural and regulatory factors which promote legitimacy and survival of organizations take the central focus of institutionalism (Roy, 1997).

The definition of institutions, however, continues to defy unanimity even today (Hodgson, 2007) and conflicting assumptions over what ideally constitutes the term 'institutions' have limited scholarly discourse (Scott, 2001). Peters, (2000) wrote that the term 'institutions' means different things to different scholars. These varying conceptions have led to contradictions in how institutions are understood (Hall and Taylor, 1996). For example, even as there exists a consensus among scholars that institutions are about common rules and norms that regulate human behavior (Kalantaridis and Fletcher, 2012), clarifications as to what constitutes these rules and norms are often ambiguous (Hodgson, 2007). For example, Foster (1981) defined institutions as "prescribed patterns of correlated behavior." However, this perspective has attracted criticism for regarding institutions as mere behavior (Hodgson, 2007). Hence, Aoki (2001) rightly pointed out: "which definition of an institution to adopt is not an issue of right or wrong, it depends on the purpose of the analysis." (p. 10)

Further adding to the confusion is the associated difficulty of recognizing and measuring institutions (Ostrom, 2007) given that rules/conventions are not physical entities, and they occupy no physical location. Thus, the greatest challenge to using institutional theory may be in how institutions are measured and how to systematically account for variations in their characteristics (Ostrom, 2011). Consequently, understanding institutional theory may come down to which scholarly approach underpins the use of the phenomena. Hotho and Pedersen (2012) described three approaches to institutions: economic institutionalism, sociological institutionalism, and political institutionalism. These approaches will now be examined briefly.

2.3.1 Sociological institutionalism

The sociological perspective is championed by sociology scholars who have interests in organizational studies (Kalantaridis and Fletcher, 2012). Prominent among them are Granovetter, Scott, Powell, and DiMaggio. Their studies focus on understanding organizational forms and organizational practices. However, sociology institutionalist scholars differ depending on their views of organizational institutionalism.

The old organizational institutionalists view institutionalization as an adaptive mechanism used by organizations (Selznick, 1996). This adaptation mechanism breeds stability by creating “orderly, stable, socially integrating patterns out of unstable, loosely organized, or narrowly technical activities” (Broom and Selznick, 1955). The new organizational institutionalists, on the other hand, draw on institutional theory to emphasize the influence of ‘systems’ which shape organizational and social behavior (Scott, 1995). Also, Portes (2006) described institutions “as the set of rules, written or informal, governing relationships among role occupants in social organizations like the family, schools and other major institutionally structured areas of organizational life” (p. 241). However, the most dominant conception of new organizational institutionalism is derived from the work of Scott who identified institutions as “cultural-cognitive, normative and regulative elements that, together with associated activities and resources, provide stability and meaning to social life” (Scott, 2008, p. 48).

Scott argues that institutions operate at various intensities and jurisdictions and therefore classified and labeled them as “cognitive,” “normative” and “regulative” structures respectively. Each pillar is said to exert pressure on organizations to conform in certain ways. The cognitive component refers to the social knowledge common to those individuals living in a particular society. These cognitive components involve the rules that determine reality as well as how meanings are made. The pillar draws on the notion that individuals act in certain ways due to the meanings they attach to their actions.

The normative components, on the other hand, refer to social norms, beliefs, and assumptions as well as values as they are carried and shared by people. This can essentially be referred to as "culture, " and they shape what becomes an objective on the one hand, and on the other, the appropriate ways to pursue the objective (Scott, 2008). As such, the normative pillar entails beliefs, social norms, values and assumptions about human behavior which are socially shared. As such, the normative pillar is hinged on "normative rules that introduce a prescriptive, evaluative, and obligatory dimension into social life" (Scott, 2008: p. 54).

The regulatory components of institutions involve regulations, laws, rules and government policies all of which are aimed at promoting some types of behavior and restricting others. The regulative aspect includes setting rules, monitoring and asserting authority over the conduct of activities to influence the behavior of people. Under this dimension, therefore, the behavior of organizations is regulated or constrained through processes of "rule-setting, monitoring, and sanctioning activities" (Scott, 2008: p. 52). As such, the regulatory pillar of institutions is usually implemented using coercion or through inducements and rewarding compliance. Scott described the regulative pillar as a "stable system of rules, either formal or informal, backed by surveillance and sanctioning power" (p. 54). Organizations conform, because, in effect, it serves their interests. Table 2.3.1 below depicts the three pillars of institutions under this approach.

Table 2-1: Scott's three pillars of institutions.

	Regulative	*Normative*	*Cognitive*
Basis of compliance	Expedience	Social obligation	Taken for granted
Mechanisms	Coercive	Normative	Mimetic
Logic	Instrumentality	Appropriateness	Orthodoxy
Indicators	Rules, laws, sanctions	Certification, accreditation	Prevalence, isomorphism
Basis of legitimacy	Legally sanctioned	Morally governed	Culturally supported, conceptually correct

Source: Scott (1995)

2.3.2 Political institutionalism

Political institutionalism is championed by political science scholars and has its origins in comparative political economy and the sociology of work (Whitley, 2005, Morgan and Kristensen, 2006). March and Olsen (1984) introduced this approach which challenges historical institutionalism and the 'rational choice approach.' Historical institutionalism represents a 'cultural perspective.' It argues that how individual actors behave is not simply the result of institutions. Rather, their actions are bounded by their worldviews which "provide moral or cognitive templates for interpretation and action" (Hall and Taylor, 1996). Hence historical institutionalism emphasizes explanations of outcomes through tracing sequences, transformations and processes (Pierson and Skocpol, 2002). In contrast, rational choice institutionalism places emphasis on explaining inputs that go into decision-making processes (Keohane, 1998). As Hall and Taylor (1996) explained, rational choice institutionalism assumes that actors "have a fixed set of preferences or tastes [and] behave entirely instrumentally" (p. 945). It is also a given under the rational choice approach that actors engage in calculated and strategic interactions.

There is, however, an apprehension that modern political institutionalism overlooks the fact that policy making and indeed politics occurs in an institutional context (Parsons, 1995). At least until the 1970s, studies mostly focused on legislatures, constitutions, executives and political thoughts. March and Olsen (1983) indicated that political science in the 1970s neglected the study of institutions. This tendency to overlook the institutional dimension to policy and politics may not be unconnected to the difficulty of examining institutions (Ostrom et al., 1994). From a theoretical perspective, institutions are invisible and highly abstract elements of the policy process (Scharpf, 2000). Nevertheless, the role of institutions cannot be overlooked if we are to gain an enhanced understanding of policy related matters (Schlager and Heikkila, 2009).

2.3.3 Economic Institutionalism

Any examination of economic institutionalism should account for its two variations: the Old and the New institutional economics.

2.3.3.1 Old Institutional Economics

The origin of Old institutional economics can be traced back to the late nineteenth and early twentieth century when apparently there was widespread dissatisfaction with the fundamental assumptions of mainstream economics (Reinert, 2006). Thus, old institutional economics is based on the assumption that existing institutions by themselves do not proffer efficient solutions but instead can become a hindrance to economic and social advancement (Veblen, 1899). Based on this conception, Veblen defined institutions as “settled habits of thoughts common to the generality of men” (Veblen, 1919). Similarly, Commons (1931) referred to institutions as a “collective action in control, liberation, and expansion of individual action” (p. 648).

The above definitions show that old institutional economics placed a central focus on ‘habits’ as the basis of human action and beliefs. Old institutional economists, therefore, consider habits as crucial to the formation and sustenance of institutions. In his study, Hodgson described habit as a non-deliberative and self-actuating propensity to engage in a previously adopted pattern of behavior (Hodgson, 1998). Thus, Hodgson argues that information cannot be perceived and interpreted correctly without prior habits of thought. In the absence of habits that are acquired through involvement with institutions, agents simply cannot make sense of data they receive (Hodgson, 1998). However, one should be cautious when conceptualizing institutions as mere ‘settled habits of thought.' As, Hodgson came to admit in his later work, even though repeated behavior is essential to establish a habit, this habit once acquired may not necessarily be used all the time (Hodgson, 2004).

2.3.3.2 New Institutional Economics

The New Institutional Economics tradition emerged from the famed article of Coase (1937) “The nature of the firm”. Over the last three decades, however, NIE has received considerable impetus from the works of Douglas North and Oliver Williamson, who have contributed immeasurably to the advancement of the theory. This perspective assumes that economic activity is embedded in the institutional settings of society (Fukuyama, 1995, North, 1990b). The New Institutional Economists were spurred by the failure of mainstream neoclassical economic assumptions which is that individuals have unbounded rationality, perfect information and that transactions are costless (Coase, 1992). Thus, NIE sees institutions as mechanisms for efficiently solving economic problems. It studies how economic performance is influenced by institutions through the use of transaction and transformation production costs (North, 1990). As such, NIE depends on the assumption that individuals have limited mental capacity and incomplete information as a result of which there is always uncertainty since outcomes of events are not predetermined. Hence transaction costs are always incurred (Ménard and Shirley, 2011).

Institutions under NIE are commonly understood to be the conventions that shape the behavior of individuals in the society, in other words, the ‘rules of the game.' They determine what behavior is encouraged or prohibited as well as the sanctions and rewards for such behavior (North, 1990). North (1991) indicated that institutions create order in the society and reduce risks associated with uncertainties adding that this shapes the direction of economic growth. He, therefore, defined institutions as “humanly devised constraints that structure political, economic and social interactions (North, 1990: p. 3). These constraints function in the society by reducing uncertainty and providing a stable structure for humans to interact (North, 1994).

A major tenet of NIE is the classification of institutions into formal and informal (Felzensztein et al., 2010). Formal institutions comprise of written rules such as property rights and constitutions. They also include conventions such as bureaucracy or the judiciary as well as norms or customs which form the ‘rules of the game’ (Williamson, 2000). On the other hand, informal constraints encompass conventions that are unwritten like traditions, sanctions, customs, taboos and codes of conduct (North 1990). Therefore, both informal and formal rules impact on how transaction costs are optimized (North, 1990). However, this thesis set out to examine formal institutions (rather than both formal and informal), hence its emphasis. However, a brief examination of informal institutions is provided below.

2.3.3.2.1 Formal institutions

North (1990) argued that the difference between formal and informal institutions is one of degree. Therefore, formal institutions are extensions of informal constraints that have been developed over the years and written down. They encourage precision and standardization of measures which in turn permit division of labor and increased specialization. Formal institutions entail written rules devised by human beings which guide behavior and facilitate exchange. They include financial rules, political and judicial rules and contracts. Formal institutions also constitute laws, governmental agencies, regulatory structures and scripts that exert conformance pressure (Gaur et al., 2014). Thus, through exerting pressure to conform, formal institutions define what actions are appropriate or acceptable while invariably rendering some actions unacceptable (DiMaggio and Powell, 1991). Given that formal institutions are enforced by authorities, they form the context in which individuals and organization operate and interact (Karlsson and Acs, 2002). Contract enforcement and property rights are examples of formal institutions that guide the way business is transacted. Without them, exchange cannot occur (Rodrik, 2003).

The basic role of formal institutions is to facilitate exchange (North 1990). Coase (1960) suggested that formal institutions will always matter as long as there are transaction costs. Therefore, since transaction costs are unavoidable in economic activities, institutions will continue to matter. Similarly, North (1994) wrote that institutions matter provided it is costly to transact. Frances (2004) explained that the inherent uncertainty associated with receiving expected returns from an exchange gives rise to transaction costs. One cannot simply anticipate all the possible circumstances that may impact an exchange. Indeed, whether all parties are acting honestly or opportunistically is difficult to determine objectively.

Other factors, such as government, can also impact business agreements and in the process deplete some anticipated revenues (North, 1991). Hence, as research studies have shown, it is the presence of formal institutions that breeds order and structure in market operations leading to improved functions (North, 1994). Businesses deal with transaction costs as they attempt to reduce uncertainties associated with business exchange. This uncertainty is reduced by rules applied in the areas of contract enforcement, property rights and procedural guidelines that then increase the likelihood of expected outcomes (Furubotn and Richter, 2005). According to North (1991), the effectiveness of formal institutional arrangements allows firms to be fairly certain that they will make gains in their trade. If formal institutions bring about the greater common understanding of a level playing field in the business environment, then firms would not need to bear the burden of high risk and will, therefore, focus on their trade (Djankov et al., 2003, North, 1994).

Scholars also note that formal institutions enhance the efficiency of the public sector, protect rights of private property owners, prevent corruption and contribute to political stability (North, 1990). It has been suggested that societies, where formal institutions are not strong, tend to experience slow growth and instability (Acemoglu et al., 2003). On the other hand, strong formal institutions are said to be positively correlated with rising levels of per capita income since they facilitate growth and investment (IMF 2003). Formal institutions also determine the outcome of productive activities in society (Hall and Jones, 1999). A country whose formal institutions support productive activities like skill acquisition, capital accumulation, invention, and technology transfer is said to yield higher levels of worker output (Lanzi, 2007).

2.3.3.2.2 Informal institutions

Estrin and Prevezer (2011) described informal institutions as private constraints which emanate from norms, culture, and customs and evolve naturally. Therefore, unlike formal institutions, informal institutions are not created or enforced by the government. The NIE views informal institutions as the conventions, norms, culture or codes of conduct which evolve in societies over time. These conventions are socially transmitted and enforced outside of officially sanctioned channels (Williamson, 2009, Brinks, 2003, Lauth, 2000).

According to NIE scholars, informal institutions arise to coordinate repeated human interactions by serving as “extensions, elaborations, and modifications of formal rules, socially sanctioned norms of behavior or internally enforced standards of conduct” (North, 1990: p. 40). Informal institutions guide and shape human behavior (including economic activities) by setting constraints and incentivising certain actions (North, 1990a, Estrin and Prevezer, 2011, Peng and Heath, 1996). Building on the ideas of North (1991), Helmke and Levitsky (2003) referred to informal institutions as the unwritten rules that shape incentives in systematic ways. Therefore, informal institutions both enable and constrain human behavior (Stokes, 2003). Informal institutions are said to fill in the gaps that formal institutions leave unfilled and may, therefore, be seen as complementary to them (Estrin and Prevezer, 2011). This means that informal institutions can improve the efficiency or performance of formal institutions (Helmke and Levitsky, 2003).

Informal institutions have been viewed through an array of phenomena, such as personal networks (Wang, 2000), tradition or culture (Dia, 1996), corruption (Böröcz, 2000, Darden, 2002) clans and mafias (Lauth, 2000, Collins, 2002) and indeed a variety of factors that scholars regard as norms. There are two perspectives in the literature. One perspective views informal institutions as playing a problem-solving role. They support and enhance the performance of complex formal institutions. In the second perspective, informal institutions play a problem-creating role. For example, they elicit corruption or favoritism which can short-change business exchange (Estrin and Prevezer, 2011). The next section now examines institutions in entrepreneurship.

2.3.4 Institutions in entrepreneurship

The interface between institutions and entrepreneurship has been researched considerably (Szyliowicz and Galvin, 2010, Veciana and Urbano, 2008b). Bruton et al. (2010) suggested that "the application of institutional theory has proven to be especially useful for entrepreneurship research" (p. 421). The roots of the institution-entrepreneurial linkage stem from Max Weber, the German sociologist. Veciana and Urbano (2008a) quoted Weber in his book "The Protestant Ethic and the Spirit of Capitalism" as saying "the behavior of the capitalist entrepreneur is strongly conditioned by religious beliefs" (p. 373). Following Weber's work, studies such as Carroll (1965) and Singh (1985) conducted empirical studies and suggested that institutions impact on the behavior, actions, and decision-making of entrepreneurs. This argument was advanced by North, who proclaimed that "the agent of change is the individual entrepreneur responding to the incentives embodied in the institutional framework" (North, 1990: p. 83).

Contemporary studies show entrepreneurship scholars are in consensus that institutions matter (Bruton et al., 2010, Peng et al., 2008, Kalantaridis and Fletcher, 2012, Acs et al., 2008, Bengoa and Sanchez-Robles, 2003, Luo et al., 2010, Trevino et al., 2008). Indeed, if the institutional environment influences and shapes human behavior (North 1990, 2005), then the decision to start a firm is also likely to be determined by the institutional context in which it occurred (Urbano and Alvarez, 2014). Thus, NIE tends to stress that institutions have the greatest effect on the strategy and performance of firms (Peng et al., 2008). It argues that well-developed institutions enable firms to conduct businesses more efficiently using the market. Underdeveloped institutions, on the other hand, create higher transaction costs and make market-based exchanges less efficient.

Shane and Foo (1999) study of franchises showed that institutional theory could help to explain the factors that shape entrepreneurial success (Ahlstrom and Bruton, 2002, Peng, 2006). Similarly, Veciana and Urbano (2008a) showed that the processes of entrepreneurship could be explained through the institutional lens. Entrepreneurial actions, they argued, are conditioned by formal and informal institutions in the environment. There have also been studies that focused on how the institutional environment affects, promotes or inhibits entrepreneurship, the rate of new firm creation, or new firm growth (Peng, 1996). Kalantaridis and Fletcher (2012) similarly examined the interplay between entrepreneurial actors and prevailing institutions. Indeed several more studies (Aldrich and Fiol, 1994, Estrin et al., 2011, Bruton et al., 2010, Carney and Gedajlovic, 2002, Jesselyn, 2004, Sobel, 2008) examined the influence of institutions on entrepreneurship. Scholars, therefore, agree that, by creating, defining and limiting entrepreneurial opportunities, the institutional environment does affect entrepreneurial activity (Dana, 1987, Manolova et al., 2008, Aldrich and Fiol, 1994, Shapero and Sokol, 1982, Hwang and Powell, 2005, Gnyawali and Fogel, 1994). Surprisingly, however, much of this body of research has focused on culture as the predominant factor influencing entrepreneurship. As a result, the important role of formal institutions has not been adequately researched (Hayton et al., 2002, Thurik and Dejardin, 2011, Lee and Peterson, 2001).

In entrepreneurship research, institutions have been studied along three broad streams (Bruton et al., 2010). The first stream focuses on the enabling and constraining impacts of institutions on entrepreneurial behavior (Stenholm et al., 2013, Gohmann, 2012, Valdez and Richardson, 2013, Gómez-Haro et al., 2011, Bruton and Ahlstrom, 2003, Scott, 2001). This context deals with environmental frameworks that governments put in place to boost entrepreneurship and facilitate access to resources. That the institutional environment both constrains and enables entrepreneurs has been acknowledged in the literature (Bruton and Ahlstrom, 2003, Scott, 2007, Veciana and Urbano, 2008a). Studies have shown that formal institutions including laws, regulations, and government policies affect new venture creation through fostering enabling market incentives and facilitating access to capital (North, 1994, Peiris et al., 2012, Puffer et al., 2010, Busenitz et al., 2000). Thus, Veciana and Urbano (2008a) referred to company registrations, property rights, social security systems and contract regulations as capable of making the creation of new firms either attractive or riskier.

Similarly, it has been suggested that inadequate (formal) institutional frameworks can complicate the development of new ventures (Baumol et al., 2009) while a more developed institutional environment can hamper the emergence of new businesses (Busenitz et al., 2000). Researchers argue that a business-friendly institutional environment is one that eases difficult barriers and encourages entrepreneurship (Baumol et al., 2009). For example, in the US, registering a business takes approximately five days and even less in Hong Kong (1.5 days). However, the statistics are sharply contrasting in countries where formal institutions are not deemed to be particularly business-favourable. For example, in a developing economy like Nigeria, it will take approximately thirty days to register a business (World Bank report, 2016: pp. 207, 224, 243).

Scholars have also argued about how entrepreneurs are discouraged from launching businesses where there is the absence of effective formal institutional structures (Bruton et al., 2010). Entrepreneurs tend to be dissuaded when they are forced to comply with several rules and procedures. For example, Bruton and Ahlstrom (2003) found that entrepreneurs are discouraged when they are made to report to several monitoring institutions, or to spend considerable time and money in processing and completing required documentation. This is consistent with the findings of Urbano and Alvarez (2014).

The second stream under which institutional influence on entrepreneurship is studied relates to the concept of legitimacy. Legitimacy denotes the right to exist and perform activities in a certain way (Suchman, 1995, Ivy, 2013). Institutional theory has provided a lens with which researchers can study how entrepreneurs pursue legitimacy for their enterprises (Ahlstrom and Bruton, 2001). It serves the best interest of entrepreneurs, after all, to show and prove that they are engaged in legitimate activities (Bruton et al., 2010). Research studies have identified that entrepreneurs pursue legitimacy in order to overcome their liability of newness (Stinchcombe and March, 1965) as well as to boost their chances of survival (Ahlstrom and Bruton, 2001, Freeman et al., 1983). Other studies emphasize that entrepreneurial firms strive to demonstrate appropriate or desirable behavior to avoid sanctions which avoiding accepted norms may attract (Schein, 2009, Suchman, 1995). The strategic actions of the entrepreneurial firm are therefore constrained due to the pursuit of legitimacy (Ahlstrom and Bruton, 2002, Roy, 1997).

Finally, the third stream of studies concerned with institutional influence on entrepreneurship is concerned with institutional entrepreneurship. This perspective focuses on how entrepreneurs develop institutional frameworks in order to support their business collaborations or particular interests which they value (Kalantaridis and Fletcher, 2012, Wiklund et al., 2011, Welter and Smallbone, 2011, Dorado, 2005, Rao, 1998, Beckert, 1999, Demil and Bensédrine, 2005). Institutional theorists pursue this line of inquiry because they seek to understand how institutional mechanisms and structures evolve, endure, become transformed and affect behavior (Kalantaridis and Fletcher, 2012). Indeed, this perspective acknowledges the powerful and strategic role played by entrepreneurs in the designing and creation of new institutional fields (Scott, 1995, Hoffman, 1999, Thelen, 2004). According to Lounsbury and Crumley (2007), institutional entrepreneurship discourse has drawn the attention of institutionalist scholars in the direction of studying entrepreneurs and how they catalyze institutional change. For example, Perkmann and Spicer (2007) looked at the propagation of a new organizational form through examining institution-building projects. Also, Welter and Smallbone (2011) discussed how actors interpret novel institutions and address institutional inefficiencies while Mutch (2007) carried out an analysis of the nineteenth-century institutional entrepreneur. In summary, institutions exert enabling or constraining effects on entrepreneurship. This raises the notion that institutions also matter for entrepreneurship across national borders.

This thesis aligns with the first stream of institutional research mentioned above, thus applying the institutional theoretical lens to examine the enabling and constraining influence of institutions on entrepreneurship. While there is no doubt that institutions matter in entrepreneurship (Busenitz et al 2000, Busentz and Lau 1996, Dana 1987, Mueller and Thomas 2000, Reynolds et al 1999, 2000, 2001), there is still very little understanding as to how the institutional context influences entrepreneurial processes (Urbano and Alvarez 2013). Indeed, the very few studies identified in this important area are mostly conceptual papers. There is, therefore, an urgent need for empirical studies that will add fresh insights into how institutions influence entrepreneurial activity. In the words of Williamson (2009):

> *"The literature tells us that particular institutions, such as well-defined and secure property rights, rule of law, and political constraints matter for economic development. It does not, however, tell us exactly how institutions matter" (p. 371).*

2.3.4.1 Institutions in the study of International Entrepreneurship

The role played by the external environment is critical to understanding International Entrepreneurial behavior (Szyliowicz and Galvin, 2010). The study carried out by Wright and Ricks (1994) is among the first that emphasized the significance of the environmental context in which international entrepreneurial activity occurs. Since then, subsequent studies (Peng, 2000, Zahra and George, 2002c, Hoskisson et al., 2000) have strongly linked IE with institutional factors. Cox (1997) categorized IE studies into four areas: (1) individual entrepreneurs (2) the entrepreneurial process (3) environmental factors and (4) smaller entrepreneurial ventures. The largest number of international entrepreneurship articles that Cox (1997) identified fell under the environmental factor category. Therefore, when examining the ways by which IE scholars have investigated variations, one can comfortably suggest that the environmental prism is critical. IE scholars seek to understand the role that rules, norms, and conventions play in entrepreneurship (Szyliowicz and Galvin, 2010, Nasra and Dacin, 2010). Thus, a study by Drori et al. (2006) employed institutional theory to construct an analytical framework for assessing transnational entrepreneurship.

A small number of research studies have highlighted the interlinkage between institutions and formative stages of international entrepreneurship. For example, Ibeh (2003) conducted a study of Nigerian SME's that discussed the moderating impacts of the external environment on export entrepreneurship. Autio et al's (2013) study used data from 42 countries and linked societal, institutional practices to entrepreneurial growth aspirations. Also, Kiss and Danis (2008) found that the effect of strong and weak ties over the speed of new venture internationalization is dependent on a country's level of institutional development. Coeurderoy and Murray (2008) explored the impact of the institutional environment on location choices and speed of internationalization in British and German firms. Their study found that young entrepreneurial firms prefer to enter country markets that offer better regulatory protections for their intellectual property. Batjargal et al. (2013) examined the interrelationship between formal institutions, social networks, and new venture growth. Similarly, Li (2013) discussed a three-stage model of institutional transition in emerging economies and their impacts on the internationalization strategies of new venture firms. Also, Dickson et al. (2013) used a sample of SMEs from nine countries to empirically test for the influence of institutional factors on existing internationalization models of small to medium-sized firms (SMEs).

In summary, the extent of work on institutions in IE has been primarily concerned with the initial stages of IE. This shortcoming prompted Dickson et al. (2013) to write “while firm-based antecedents of internationalization have a long history of exploration, far less explored are the institutional factors that motivate or constrain internationalization post entry” (p. 45).

2.3.4.2 Institutions and the International Entrepreneurial process

Evidence from the literature shows that the IE process (conceived in this research as strategies and actions that firms employ towards recognizing and exploiting international opportunities) is fundamentally shaped and influenced by the institutional environment. Institutions being the products of social needs and pressures (Selznick, 1957) set the rules of the game that constrain human interaction and actions (North 1990). Thus, institutions can have a crucial effect on how, by whom, and with what effects those “strategies and actions” are enacted in the international market.

Research studies (Kostova et al., 2008, Mathews and Zander, 2007, Mudambi and Zahra, 2007) have also examined how firms internationalize through taking advantage of opportunities provided by institutional frameworks. Indeed there have also been studies (Spencer and Gómez, 2004, Eid, 2006, Ahlstrom et al., 2007, Bruton et al., 2002, Bruton et al., 2005, Mueller and Thomas, 2001, Thomas and Mueller, 2000, Zacharakis et al., 2007, Manolova et al., 2008, Welter and Smallbone, 2011, Scheela and Van Hoa, 2004) which investigated how regulatory and or cultural systems impact on cross-border activities of entrepreneurs. However, these IE studies that used the institutional perspective have been primarily interested in singular or specific dimensions of IE and/or specific institutional issues (Mair and Marti, 2009, Bruton and Ahlstrom, 2003). But the IE process has a number of major stages and sub-dimensions. Thus, not much attention has been paid to the enabling and constraining impacts of institutions throughout the entire IE process (i.e., those "strategies and actions that firms employ towards recognizing and exploiting international opportunities"). This constitutes an important research gap in the literature.

2.3.4.2 Institutions in the Study of International Entrepreneurship in Emerging Economies

Institutional theory has given fresh impetus to the study of emerging economies, demonstrating for example how in the face of fast-changing, unstable, weakly enforced 'rules of the game' firms can internationalize (Volchek et al., 2014). This perspective has also led to fresh insights into how some emerging economies use economic liberalization as a tool for promoting growth (Hoskisson et al., 2000, Nasra and Dacin, 2010). Thus institutional theory is a valuable instrument for analyzing the cross-border performance of firms in emerging economies where formal institutions are conspicuously absent (McMillan, 2007, Meyer, et al., 2009).

However, despite that, it is arguably the most appropriate paradigm to examine emerging economy entrepreneurship (Hoskinson et, al. 2000), the application of institutional theory in this research domain is rather scant (Bruton et al., 2009, Kiss et al., 2012). Nevertheless, some studies have examined how institutions impact international entrepreneurs from emerging economies. For example, Palmer et al. (1993) examined institutional constraints affecting the strategies of companies in emerging economies. Peng and Heath (1996) observed that institutional constraints contribute to limiting firm internal growth in emerging economies. Peng (1997), in his analysis of Chinese enterprises, concluded that institutional constraints inhibit firm growth. Child and Lu (1996) examined the material, relational and cultural constraints affecting economic reform in state-owned enterprises in China. Similarly, Suhomlinova (1999) identified that influence of government and its institutions had adversely affected Russian enterprise reform. At the level of the individual, Lau (1998) found that the chief executives of Chinese firms were affected by institutional constraints. In summary, the institutional environment has been shown to have decisive impacts on IE in emerging economies as it both facilitates and impedes activities (North, 1990b, Bruton et al., 2010, Kalantaridis et al., 2007, Veciana and Urbano, 2008a).

Motivations leading emerging economy firms to internationalize to developed economies have received scant attention in the literature (Yamakawa et al., 2008). While some firms may consider internationalizing simply to take advantage of a particular experience or knowledge which they view as a competitive advantage abroad (Niosi and Tschang, 2009), many emerging economy firms choose to go abroad because of the hostility of their home institutions which denies them access to resources (Bruton et al., 2010). For example, state banks in China would not lend to private new firms and, at the same time, these firms cannot be listed on the country's stock exchange (Yamakawa et al., 2008). These institutional barriers put the Chinese firms in difficulty since they were unable to access finance domestically.

Nevertheless, the above institutional conditions are not reflective of China alone but the majority of emerging economies. For example, Le et al. (2006) showed that a discriminatory lending policy in Vietnam denied bank financing to business ventures. Also, Witt and Lewin (2007) showed how misalignment between requirements of the firm and home country institutional conditions could push firms to escape their home market. Yet this research stream falls short in investigating how institutions shape the entire process of IE, and mostly focuses on domestic institutions. But emerging economy entrepreneurs also operate within dual national institutional environments, to include home and host market institutions. This raises the question of how both home and host market institutions impact emerging market entrepreneurs.

In their important, albeit conceptual study, Yamakaw et al. (2008) have argued that emerging economy firms can be 'pushed' outwards due to steep regulations, so also can they be 'pulled' inwards by the relatively better-functioning institutional framework in developed host economies (Yamakawa et al., 2008). This suggests that more entrepreneur-friendly regulations of developed economies including better IP rights, transparency, less corruption and efficient capital markets tend to provide incentives for emerging economy firms to move abroad (Lee et al., 2007, Puffer & McCarthy, 2001, Peng, 2003). By being able to operate in developed markets, emerging economy firms can gain legitimacy in the eyes of their home consumers. Yamakawa et al. (2008) showed how Chinese firms operating in a small segment of the US market attracted legitimacy in the eyes of their home market consumers through advertising that their products were being sold to 'eager customers' in the US. However, Yamakawa et al (2008) and related works overlook the barriers and challenges emerging economy entrepreneurs can face in host market institutional environments. Post-entry barriers may reduce the potential benefits of entrepreneurial activity into developed economies or promote the need for legitimacy building efforts post-entry (Zimmerman et al, 2002).

Following Kostova (1999) and Webb et al (2002), the institutional divergence or distance between emerging and developed economies can often be considerably high. Thus, cultural or regulatory distance, for example, may impact the development and exploitation of the international opportunity. Thus, the process approach to IE allows a research study to identify the barriers and constraints post-entry. However, the lack of focused attention on the IE process by emerging economy researchers has precluded insights into this important issue.

2.3.5 Summary and critical discussion (knowledge gap)

Overall the analysis of section 2.3 has clarified the notion of institutional theory and its relevance to the study and understanding of the IE process. Both the general entrepreneurial and international entrepreneurship literature clearly suggests that the IE process is embedded in national institutional context. Thus, how entrepreneurs act to identify and exploit opportunities across borders can be adequately explained through an institutionalist lens.

However, this review clearly shows research to date exploring the nexus between institutions and IE processes is limited. The small volume of research studies on the intersection between institutions and the IE process have focused on singular aspects. **As such, this study is not aware of one empirical study which has examined the intersection between the entire IE process and the national institutional context.** This argument remains consistent with Szyliowicz and Galvin (2010) who stated, “much of the knowledge that current institutionalists have explored, has not been broadly utilized by international entrepreneurship scholars” (p. 328).

This review showed that well-developed institutions enable firms to operate businesses more efficiently by creating enabling market incentives and facilitating access to capital while underdeveloped institutions create higher transaction costs and make market-based exchanges less efficient (North, 1990b, North, 1994, Peiris et al., 2012, Puffer et al., 2010, Busenitz et al., 2000). However, knowledge related to the simultaneous influence of institutions across home and host markets of emerging economy firms is scarce. An investigation into the influence of home and host market institutions on IE processes in the emerging to developed economy context promises fresh insights. Thus researchers are missing an opportunity to gain insights into how differences between home and host institutions (institutional distance) correlate with the IE process. In other words, there is no adequate attention to the dual institutional framework as it affects IE processes. Such a research approach is almost non-existent (Yamakawa et al., 2008, Ramamurti, 2004, Wright et al., 2005b). In sum, there is much scope to develop our understanding of IE processes using the potent lens of institutional theory. This perspective can allow deep insights into what international entrepreneurs do, how they do it and the context in which they do it.

2.4 Chapter conclusion

In conclusion, this chapter has critically reviewed the literature on important concepts and constructs related to international entrepreneurship in emerging economies research. The review captured research streams related to international entrepreneurship, the process-based view of entrepreneurship and institutional theory. This allowed the clarification of important research issues and the identification of critical knowledge gaps.

It was important for clarification purpose to adopt definitions of critical concepts and constructs in this study. Consequently, section 2.1 critically examined the definitions of emerging economies, entrepreneurship, internationalization and international entrepreneurship. The review of mainstream theoretical models of IE revealed inconsistencies and shortcomings. Notwithstanding their contribution to our understanding of IE, extant theoretical models of IE fall short of comprehensively explaining IE. Also, the examination of the process-based view of entrepreneurship literature allowed clarification of what indeed constitutes ‘processes’ in this research eventually to situate the concept of ‘processes’ in IE study. Through this review, it became evident that the IE process perspective has not received much attention in the literature. This is despite the potential for this perspective to provide insights into what international entrepreneurs do, how they do it and the contexts in which they do it. Finally, institutional theory has been extensively analyzed. This led to the identification of New Institutional Economics as a suitable theoretical framework for this study. NIE is especially potent for explaining strategic decisions and the rationale behind decisions of entrepreneurs. It can provide insights into ‘how’ institutional mechanisms work to shape international entrepreneurial behavior.

In light of the literature review outcomes, this research conceived and formulated ‘aims and objectives,’ that can potentially lead to filling the critical knowledge gaps. The research aim is:

“To investigate how the processes of international entrepreneurship from emerging economies to developed economies are influenced by divergent institutional conditions.”

Two research objectives were formulated, which were further broken down into sub-questions to facilitate analysis:

RO1: To explore the processes of international entrepreneurship in the context of emerging economies to developed economies.

- *RO1 (a): What are the key activities and sub-activities that lead to international opportunity recognition, development and opportunity exploitation?*

- *RO1 (b): What are the firm-level resources facilitating international opportunity recognition, development, and exploitation?*

RO2: To examine the formal institutional conditions influencing the processes of international entrepreneurship from emerging economies to developed economies.

- *RO2 (a): How do home and host market institutional conditions facilitate or impair the processes of international entrepreneurship from emerging economies to developed economies?*

- *RO2 (b): How do emerging economy firms that are active in developed economies respond to the influence of institutions?*

Chapter Three: Methodology

This chapter aims to explain the researcher's philosophical stance and assumptions as well as the overall research design. More specifically, the chapter provides details of the ways by which the case strategy was undertaken and the approach through which the data was subsequently analyzed. The chapter also provides an appraisal of the reliability and validity of the research process, making reference to ethical procedures that were followed as well as the limitations of the case study method.

3.1 Research paradigm

A research paradigm refers to the combined philosophy and logic that a researcher adopts while obtaining knowledge of a given phenomenon (Hallebone and Priest, 2008, Ticehurst and Veal, 2000). The research paradigm explains what constitutes reality from the viewpoint of the researcher, how this reality is understood, and what methods are required in order to obtain knowledge about that reality (Thomas, 2004, Kuhn, 1962, Jonker and Pennink, 2010). Hence, the conceptual framework of this study is strongly underpinned by the research paradigm. The research paradigm of this study illustrates how ideas are systematically linked to one another thus allowing the research to be conducted (Denzin and Lincoln, 2011). It provides the focus of the entire research process including the appropriate research design, approach and methods to gathering data and analyzing it (Gummesson, 2006).

Easterby-Smith et al. (2002) argued that the quality of a research is contingent upon three interlinked pillars: **Epistemology**, **Ontology,** and **Methodology**. The epistemology relates to the worldview and perceptions of the researcher which influence what can be known about a particular reality. The ontology, on the other hand, refers to the nature of social reality that is being investigated. Finally, methodology constitutes the technique which the researcher uses in investigating the reality (Easterby-Smith et al., 2002, Hesse-Biber and Leavy, 2006). Collectively, these three pillars served as a framework that guided this research inquiry (Guba and Lincoln, 1994).

There exist four paradigms that guide scientific inquiry. They range from positivism, on the purely objectivist side, to interpretivism which is a mainly subjective stance (Creswell, 2003, Guba, 1990, Sobh and Perry, 2006). However, the choice of any particular paradigm is informed by the particular research objectives and the researcher's view of the world (De Vaus, 2001b). It is, therefore, critical to clarify the researcher's philosophical assumptions at this point (Morgan and Smirich, 1980).

Table 3-1: Four categories of scientific paradigms and their elements.

Paradigm				
Element	**Positivism**	**Critical theory**	**Interpretivism**	**Realism**
Ontology	Reality is real and apprehensible	Virtual reality shaped by social, economic, political, cultural and gender values crystallized over time	Multiple, local and specific constructed realities	Reality is real but only imperfectly and probabilistically apprehensible
Epistemology	Objectivist findings true	Subjectivist value mediated findings	Subjectivist created findings	Modified objectivist: findings probably true

Common methodologies	Experiments/survey verification of hypothesis, chiefly quantitative methods	Dialogical/dialectical: researcher is a transformative intellectual who changes the social world within which participants live	Dialectical: researcher is a passionate participant within the world being investigated	Case studies/convergent interviewing: triangulation, interpretation of research issues by qualitative and by some quantitative methods

Source: Healy and Perry (2000)

3.1.1 Interpretivism

Interpretivism denotes that knowledge obtained is subject to the interpretation of the researcher (Hair, 2003) and that objective observation of reality is simply not feasible (Guba and Lincoln, 1994). Interpretivism argues that knowledge and reality are subjective. Hence in order to acquire real knowledge of social phenomena, the researcher has to interact with the research subjects (Ticehurst and Veal, 2000). Therefore, reality is a construction "held in a particular belief system and in a particular context" (Perry et al., 2000: p. 188).

Contrary to the views of realism, interpretivist researchers argue that reality is a mental construct of individuals. They point out that these constructs "do not exist outside of the persons who create and hold them" (Guba and Lincoln, 1994). As such, 'knowledge of a given phenomenon is dependent on the perspectives of respondents (Cavana et al., 2001, Easterby-Smith et al., 2002). Thus, two individuals may observe the same thing and come up with different versions of reality. This research aims to investigate the processes of IE through the views and perspectives of the research participants. Hence, the interpretivist paradigm is most suitable for carrying out this study. The next section provides specific justifications which allow for selection of the interpretivist paradigm.

3.1.1.1 Justifications for selecting interpretivism

The choice of this ontological paradigm to guide the study is based on the following points of justification. First, the interpretivist approach can potentially yield profound insights into key issues concerning small enterprises (Ponelis, 2015). The interpretivist paradigm has a strong tradition in SME and entrepreneurial related research (Levy and Powell, 2004, Merriam, 2009). The interpretivist approach allows the researcher to diminish the distance between the SME and the researcher. This ‘closeness’ facilitates practical and theoretical understanding of the researched phenomena (Bygrave, 1989). Second, this research is interested in understanding the actions of entrepreneurs which lead to identification and exploitation of international opportunities. These actions involve subjective decisions of entrepreneurs which are also informed by the social environment in which they are embedded. As such, the positivistic paradigm which relies on objective data is unlikely to generate the required knowledge of the IE process as it cannot reveal the whole story (Smith et al., 1989, Crotty, 1998). However, an interpretivist paradigm allows the researcher to explore the complexity of human sense-making, and uncover the subjective meanings and actions which motivate the identification and exploitation of international opportunities. Consequently, the internationalization process of Nigerian SMEs can best be understood through the interpretivist paradigm.

3.1.2 Research Approach

Approaches to research can be quantitative, qualitative or a combination of both, otherwise known as a mixed method approach (Cavana et al., 2001, Hesse-Biber and Leavy, 2006). The following sections will briefly examine these research approaches.

3.1.2.1 Quantitative approach

The quantitative approach is based on the notion that an objective reality exists which is independent of the researcher. The approach entails systematic collection of numeric data involving numbers, percentages, charts, graphs or tables to investigate a given phenomenon (Bryman, 2004). Strategies used in quantitative research include surveys and experiments while the methods of gathering data typically involve questionnaires, structured interviews and structured observation (Cavana et al., 2001).

Quantitative researchers are preoccupied with the idea of measurement since they believe from their positivistic and objectivist stance that reality can be accurately measured. They are also concerned about causality. Such researchers believe that, as in the natural sciences, causality can allow them to describe why things are the way they are. The quantitative researchers are also interested in achieving generalization in research findings. The validity of their research is drawn from being able to show that outcomes can be generalized beyond the particular context in which the research was carried out (Bryman, 2004). However, it has been argued that the measurement process of quantitative research can be rather spurious or inaccurate. The questionnaire instrument, which is a powerful tool for collecting quantitative data, is itself subject to the interpretations of respondents, and this can affect the measure of validity. Most importantly perhaps, quantitative methods cannot account for the feelings and perceptions behind the decisions of participants. However, this study is interested in understanding the IE process through the feelings and perceptions of respondents. Therefore, the quantitative approach is not suitable for this study.

3.1.1.2 Mixed methods approach

Many terms such as multi-methods, integrated, convergence and combined have been used in the literature to describe mixed methods (Tashakkori and Teddlie, 2002). Simply put, however, mixed methods entail a combination of qualitative and quantitative methods in a single study. Mixed method researchers reason that all methods have limitations. Hence, they believe that when the quantitative and qualitative approaches are combined, the inherent biases of one method will neutralize or cancel out biases of the other method (Creswell, 2008). Therefore, a mixed method approach is useful when a single approach (quantitative or qualitative) is deemed inadequate for investigating a research problem or indeed if it is understood that a combination of the two approaches would elicit the best understanding of the researched phenomena (Creswell, 2008). However, as indicated earlier, this research does not require using quantitative means in order to understand how the processes of International Entrepreneurship are influenced by divergent institutional conditions. Therefore, the mixed method approach is not required for this particular research.

3.1.1.3 Qualitative approach

On the other hand, there is the qualitative approach to research which emphasizes the opinions and perceptions of the researched subject. The qualitative approach relies on techniques that require no use of numbers and statistical data. Instead, it employs the use of audiovisual material, written texts and image data (Creswell, 2003). A major strength of the qualitative approach is the ability to generate rich and complex textual accounts about the experiences of people. It concerns itself with the human aspect of research thus exploring emotions, opinions, beliefs and relationships among individuals. Some of the main strategies used in carrying out qualitative studies include grounded theory, ethnography and case studies. The methods or techniques of inquiry include semi-structured interview, unstructured interviews, participant observations as well as documents like field notes, journals and diaries (Hesse-Biber and Leavy, 2006).

Qualitative studies are effective in explaining factors that are intangible such as socio-economic behaviors, ethnicity or gender roles which cannot be analyzed using quantitative measures. Thus, in qualitative studies, obtaining a rich, complex knowledge of a particular phenomenon is more important than obtaining generalizable data. Furthermore, the qualitative approach is very flexible. It permits greater spontaneity and cooperation between the researcher and the researched subject. Typically, qualitative studies tend to allow the responses of participants to extend beyond simply ‘no’ or ‘yes.' Instead, respondents can answer questions by providing elaborations and further explanations. In turn, the researcher has the chance to probe answers and can, therefore, reach deeper into the substance of the issue at hand. This is not possible in quantitative studies. Therefore a qualitative approach can be most appropriate for investigating the IE process through the perceptions and beliefs of respondents.

3.1.3 Justification for selecting the qualitative approach

This thesis aims to investigate how divergent institutional conditions influence the processes of IE from emerging to developed economies. The understanding of this complex phenomenon of IE processes required an exploratory research based on a qualitative design (Sekaran, 2005). This research is contextualized in the Nigerian emerging economy settings. Nigeria is highly diversified with varying customs, values, beliefs, and behaviors characterizing the six geo-political zones of the country. Consequently, relationships are influenced by the beliefs, perceptions, and cultures of individuals and groups as they carry out businesses. Hence, the qualitative approach aided in obtaining a rich and diverse account of internationalization events in Nigeria which otherwise would have remained elusive (Bryman and Bell, 2007).

Also, as much as the quantitative approach can deliver statistical evidence and incorporate large samples, it does not explain complex phenomena like internationalization processes (Coviello and Jones, 2004). The qualitative methodology allowed the researcher the flexibility to ask open-ended questions and probe the response of participants. This yielded unanticipated data for the researcher and exposed the matters and issues that the participants regarded as important.

As highlighted in chapter two, research into IE has been dominated by quantitative approaches (Jones et al., 2011, Kiss et al., 2012) which essentially favour the positivist paradigm. Internationalization researchers tend to rely on quantitative methods to test hypotheses and investigate large samples (Autio et al., 2000, Bell, 1995). However, qualitative methods, especially case studies, can improve our understanding internationalization processes (Peterson, 2004). Furthermore, the qualitative approach has been described as effective for examining institutions (Kiss et al., 2012) as well as internationalization processes in emerging economies (Park and Zong-Tae, 2004). Lastly, the selection of the qualitative methodology is justified since it has been applied in the pilot study and it worked effectively.

3.1.4 Summary

Section 3.1 discussed the philosophical assumptions of this study. Section 3.1.5 presented the research approach. The next section will discuss the research design.

3.2 Research design

The design of this research represents the overall framework that guides the process of inquiry and data collection through to analysis (Bryman and Bell, 2007). It is the roadmap and framework that details how the project was conducted and the means by which it was conducted (de Vaus, 2001a, Cooper and Schindler, 1998). Accordingly, this research design mirrors the type of investigation that was carried out, the research setting as well as the research logic. Creswell (2006) described five approaches to inquiry in qualitative research: phenomenology, grounded theory, ethnography, narrative research, and case study (see Table 3.3 below). For this thesis, the case study strategy was used. This section will, therefore, begin with justifying the selection of case study strategy to address the aim and objectives of the research.

Table 3-2: Relevant situations for research strategies.

Strategy	Form of research question	Requires control over behavioural events	Focuses on contemporary events
Experiment	How, Why	Yes	Yes
Survey	Who, What, Where, How many, How much	No	Yes
Archival Analysis	Who, What, Where, How many, How much	No	Yes/No
History	How, Why	No	No
Case Study	How, Why	No	Yes

Source: Yin (1994)

3.2.1 Justifications for using the case study strategy

Some critics suggest that case study strategy falls short in that it does not generate generalizable outcomes or measurable end products (Denscombe, 2007). However, this researcher determined that the case study strategy is most suited for the present study. Firstly, experimental methods do not fit with the aim and objectives of the research. The IE process occurs in a natural setting and therefore cannot be controlled using an experimental situation. Indeed, experimental methods cannot capture or unearth the complexities of International Entrepreneurial behaviour (Denscombe, 2007). However, the case study strategy which is appropriate for investigating phenomena as it occurs naturally can effectively explore complex internationalization behaviour (Yin, 2008). This researcher will not be under pressure to change circumstances of the cases or impose controls. Similarly, the use of archival or historical analysis is inappropriate for this study. The IE process which is under study is a contemporary issue – occurring here and now – which requires direct observation and the use of systematic interview techniques which can capture underlying internationalization behaviours. Additionally, even though the researcher can use historical records to facilitate further understanding of complex entrepreneurial processes, findings of archival analysis are subject to distortions due to the reluctance of firms to reveal certain internal records.

Second, rather than focus on specific details, surveys and other statistical techniques attempt to draw generalizations and test abstract hypotheses deduced from general theories concerning variables of a social unit or relationships between phenomena. This process necessarily requires developing assumptions as they relate how contextual variables operate. However, by rejecting complexity and embracing generality, survey strategies render themselves inappropriate for investigating complex entrepreneurial processes (Ellis, 1995). For example, the review of the literature showed that IE process is not always linear and that it is iterative (see chapter two). Hence, surveys or statistical methods are unlikely to capture the decision-making processes that lead to bi-directional activities in internationalization. Surveys cannot explain contextual issues of the IE process with depth and sensitivity. Therefore, the use of a survey approach in this study can potentially limit understanding of the dynamics of the IE process.

Third, while survey methods require sufficiently large samples to establish a constant correlation of events, rich explanations of theory can be drawn from a pool of 'information rich' case studies using a multiple case design (Yin, 2003a). Hence, based on its ability to account for complex behavioral process – the research questions of 'how and why' – the case study strategy is favoured as the most appropriate research strategy to investigate the process of IE. Additionally, further rationales justifying the use of case study method can be cited:

- As explained in earlier sections, this study does not aim to test models or established theories of internationalization processes. As such, the objective is not to test or confirm theories. Rather, this research aims to explore and explain the IE process. To that extent, a case study design is said to be suitable for explaining theory (Yin, 2003a).

- The case study design permits the researcher to use multiple data collection techniques hence achieving a more rounded and comprehensive understanding of IE processes than is possible to get with other designs (Hakim, 1987).

- Another thing that a case study research can achieve is studying a particular phenomenon under a limited time constraint (Denscombe, 2007). The case study strategy allows this researcher to conduct an in-depth investigation of the IE process of firms within a designated timeframe.

3.2.2 Role of the case method in this study

According to Voss et al. (2002), the role of a case study research study can be categorized into four parts: it can be explorative, theory testing, theory building, or theory extending (pp. 197-199). Similarly, Yin (1994) indicated that a case study design could be used for investigating confirmatory, explanatory or exploratory research questions. However, the main purposes associated with case study research are theory building and exploration (Eisenhardt, 1989). Nevertheless, the purpose of the case study in this research extends beyond any single grouping enumerated above. This case study research is applied to meet multiple purposes including exploratory, informing and explanation. The key role of the research, however, pertains to exploration. The study sets out to explore 'how' divergent institutional conditions influence the processes of IE. Such exploratory types of case studies tend to be conducted in settings where knowledge of the studied phenomena is insufficient to establish a robust theoretical framework that can guide inquiry into the research problem (Gill and Johnson, 1991). As explained within the introductory chapter, contemporary knowledge of the International Entrepreneurial process and the influence of institutions upon that process is not adequate to establish a sound theoretical framework which can be used to structure the inquiry. Currently, very little knowledge about how the entrepreneurial process plays out across international borders exists (Mainela et al., 2014). Indeed knowledge of the IE process is even scarcer in the context of emerging economies, especially Nigeria. The existing literature in this domain is not adequate to establish a robust framework that can guide understanding into how divergent institutional conditions influence the process of IE from emerging economies to developed economies. As a result, exploration through case study research was required and justified to sufficiently explore the study's aforementioned research objectives.

3.2.3 Case study strategy

Yin (2009) described four types of case study designs, and they include single case embedded, single case holistic, multiple cases embedded and multiple cases holistic. These are illustrated in Figure 3.2.3 below.

Figure 3-1: Basic types of design for case studies.

	Single-Case Designs	Multiple-Case Designs
Holistic (single unit of analysis)		
Embedded (Multiple units of analysis)		N=4

Source: Yin (1989)

As indicated above, the aim of this research is not to test theory or a particular hypothesis. Moreover, it is widely accepted that multiple case studies yield richer and more insightful findings than single case research (Yin, 2003a, Eisenhardt, 1989). According to Parkhe (1993), “the evidence from multiple case designs is often considered more compelling than other singular designs and is, therefore, more likely to be regarded as being valid and acceptable” (p. 362). Indeed, multiple case designs facilitate case comparisons which make them preferable in exploratory case research (Miles and Huberman, 1994). As such, investigating a number of comparative cases can allow patterns in the IE processes of firms to emerge and to isolate important features of the process and hence their underlying characteristics. For example, this may include the identification across the cases of common home and host market formal institutional issues affecting the process. Therefore, since this case study research investigates processes of IE, multiple accounts of entrepreneurs who had experienced the process will potentially yield a more accurate result. Consequently, the multiple cases (embedded) design was selected as being the most appropriate design to carry out this study. Additionally, since multiple cases are extremely time-consuming and expensive to conduct (Baxter and Jack, 2008, Yin, 2003, Creswell, 2006) and the objective is to achieve an understanding of the researched phenomena rather than achieve replication, **4 cases** were selected for investigation in this study. Two cases operate in the Nigerian Film Industry while the other two operate in the Nigerian Food Export Industry.

3.2.3.1 Case selection

Unlike in quantitative studies, random selection of cases in qualitative case-based research is neither necessary nor desirable (Miles and Huberman, 1994). Due to the research being exploratory in nature, a combination of purposive and convenience sampling was applied (Patton, 1990, Yin, 2003). First, the application of convenience sampling allowed selection of cases that were accessible, convenient and within proximity to the researcher. Due to resource constraints of finance and potential language barriers, it was easier for the researcher to recruit Nigerian firms. Also, the researcher grew up in Nigeria and therefore has networks in the environment. These networks were useful in facilitating access and securing the cooperation of potential cases. Nevertheless, accessing firms to participate in this study was not without difficulties (as discussed in the access section of this chapter).

Secondly, case selection usually follows replication logic rather than sampling logic and representativeness (Stake, 1995, Yin, 1994). This means a case is chosen so that it either: predicts results that are similar due to reasons that are predictable (literal replication) or produce results that are conflicting due to reasons that are predictable (theoretical replication) (Yin, 1989). However, the limited sampling frame of this study and challenges of access caused adherence to these analytical criteria to be rather difficult. As a result, purposive sampling (Patton, 1990) was employed. To apply purposive sampling, the researcher used the following proxy criteria to select cases:

- The firm must satisfy the definition of a Nigerian SME. Thus, a selected firm will have a workforce that is no more than 300 employees and an asset base (excluding land) that does not exceed 500 million Naira (Central Bank of Nigeria).[1]

- The firm would have been involved in internationalization activities in the US for at least two years. This allowed the researcher to include firms which had pursued entrepreneurship across borders from opportunity recognition to opportunity exploitation. Also, by this criteria, one was confident that selected firms would have adequate engagement with the home and host market institutional environments.

- Each case was required to have internationalized into the US. This allowed the researcher to minimize the extent of extraneous variation

[1]https://www.cbn.gov.ng/Out/2010/publications/guidelines/dfd/GUIDELINES%20ON%20N200%20BILLION%20SME%20CREDIT%20GUARANTEE.pdf

in the sample. In particular, this would allow a common host and home market institutional environment for the sample.

To ensure that the population of interest is covered, the researcher developed the study frame from the directories of (1) Nigerian Export Promotion Council – NEPC and (2) Motion Picture Association of Nigeria. These two institutions have hundreds of firms internationalizing to the US in their directories. However, upon applying the selection criteria, the researcher arrived at a sample of twenty-four exporters and sixteen film producers. An introduction letter requesting access was sent to all the firms through email. Eighteen exporters and eleven film producers returned positive feedbacks and gave their consent while the rest did not. However, to the surprise of the researcher, many of the targeted interviewees declined to participate after having initially given their consent.

Eventually, **four** firms comprising of two exporters and two film producers were selected for the following reasons. First, each of the four firms met the aforementioned criteria. Secondly each of the firms has some organizational characteristics that interested the researcher; such as international experience, managerial competence, size, ownership structure and history of success in the US (see Table 5-1 summary of case profiles in chapter five). As such, due to their richness and diversity, the four firms constitute 'information rich cases' that can be studied in-depth (Patton, 1990, Perry, 1998). Nevertheless, the four cases also satisfy literal replication which is they predict similar results for predictable reasons.

Indeed qualitative researchers have debated about the ideal sample size for a case study research (Patton, 1990, Eisenhardt, 1989, Perry, 1998). Alhough Eisenhardt (1989) argued that between "four and nine cases often work well" (p. 545), it is believed that when a study has too many cases, it risks losing the focus as well as the 'in-depth view' of cases. Therefore, apart from the problem of access and resource constraints which the researcher faced in the field, the need to gain an 'in-depth view' of cases justifies limiting the number of cases to four. The important thing is the quality of cases rather than their number (Matthyssens and Pauwels, 2000, Yin, 1994). Four in-depth interviews were conducted in each case which included the entrepreneur and three key personnel as Table 3-3 illustrates below.

Table 3-3: Construction of the four cases

Cases	Interviewee 1	Interviewee 2	Interviewee 3	Interviewee 4	Total
A	CEO/ entrepreneur	Operations Director	Publicity Director	Production Manager	4
B	CEO/ entrepreneur	Executive Director	Company Editor	Operations Manager	4
C	CEO/ entrepreneur	Managing Director	Exports Manager	Sales Manager	4
D	CEO/ entrepreneur	Managing Director	Sales Manager	Production Manager	4

Source: Author's research

Furthermore, the researcher conducted supplementary interviews with external informants so as to provide for the outsider perspective (Santos and Eisenhardt, 2009), secondary replication and triangulation of findings (Van De Ven, 2007). The external informants were categorized into two. The first category comprised of employees from institutions both in the US and in Nigeria. These range from employees of commercial banks, government development banks, customs, regulatory agencies, and embassies. On the other hand, the second category of external informants comprised of consultants and academicians. Overall twenty-six institutional actors and four consultants were interviewed. See Appendix 3 in appendix section for full details of the people interviewed.

3.2.3.2 The unit of analysis

In case study research, the unit of analysis constitutes a key decision as it imposes discipline in the analysis of data and the eventual conclusions of the study (Yin, 1989). It is typically "what the researcher wants to say something about." Thus Yin (1993) argued that the research aim has to coincide with the unit of analysis if researchers are to guard against the pitfall of collecting data that does not eventually address the research problem. Consequently, the unit of analysis in this study is the **"the Entrepreneur."**

Through his actions and strategies, the entrepreneur drives the process of IE. It is his actions and decisions that result in the recognition, development, and exploitation of international opportunities. Until date, entrepreneurship research that adopts the entrepreneur as a unit of analysis is not very common. More recently, however, scholars have begun to appreciate the potency of adopting the entrepreneur as a unit of analysis in entrepreneurship research (see, Oyson and Whittaker 2010).

3.2.3.3 Inductive and deductive logic

As the purpose of this study is both to explain and explore how the processes of IE from emerging economies to developed economies are influenced by divergent institutional conditions, **the research process entailed a blending of induction and deduction** (Perry and Jensen, 2001). This researcher believes that the two logics of induction and deduction cannot be separated as they are often involved simultaneously (Perry and Jensen, 2001). Although the approach of the researcher at the beginning of the study was to use pure induction, it became apparent that relying on this logic alone would deprive the researcher of the benefits of useful theoretical concepts and constructs in the IE process literature. Hence extant literature was instrumental in guiding the initial exploration of the research study (Yeung, 1997). More precisely, the combination of established frameworks from the literature and the preliminary inductive phase of inquiry (which involved four interviews) formed the basis on which the initial protocol was constructed.

While the process of generating data from one set of interviews to another proceeded, there was regular interaction between theory and data. The researcher did not anticipate that insight into the IE process would emerge solely from the data. As a result, the researcher relied on two major prior conceptual assumptions. First, the conceptual assumption that international entrepreneurship involves the broad phases of opportunity recognition, evaluation and exploitation (Oviatt and McDougall, 2005a) influenced the research design, data collection, and analysis. Second, the initial research design including data collection and analysis was guided by the conceptualization of formal institutions based on the new institutional economics framework. However, informal institutional themes were to emerge inductively through the process of analysis. In addition, other new themes emerged from the interviews with international entrepreneurs and key informants as well as from documents. Thus in this study, the inductive and deductive logics were applied simultaneously (Eisenhardt and Graebner, 2007).

3.2.4 Summary of research design

Section 3.2 explained the research design of this study. The section provided justifications for employing the case study design, the unit of analysis, the sampling strategy as well as the position of the researcher regarding deduction and induction. The study adopted an exploratory approach in order to investigate the research objectives with the use of a multiple embedded case study design which consists of four cases.

3.3 Data generation

This section presents the data generation phase of this study. Since data is generated rather than collected like objects (Gummesson, 2006), the term data generation is more suitable. Data generation can involve the use of multiple data sources (Pettigrew, 1985). Yin (1989) argued that application of multiple data sources is indeed a requirement in case study research. The rationale for using multiple data sources is that where one data source does not capture enough detail, another source may be used to bridge the gaps. Multiple lines of evidence can also help address inconsistencies that may arise between multiple sources and various layers of meaning (Pettigrew, 1990). Moreover, the use of multiple sources of data rather than just one is said to enhance validity in case study research (Creswell, 2006). Merriam (2002) explained that the techniques used for data collection in a qualitative study include interviews, documents, and observations. Yin (2003) recommends up to six types of information that may be collected under qualitative case study. These include documents, interviews, participant observations, direct observations, archival records, and physical artifacts. **Thus, to achieve an in-depth understanding of the International Entrepreneurial processes, two sources of data were used: in-depth interviews and documentation**. These data sources are detailed below.

3.3.1 In-depth interviews

The principal method of data generation in this study is in-depth interviews. The study implemented 46 interviews in total. Before detailing the interview process in section 3.3.5, this section explains the rationale for using in-depth interviews in this study. As stated previously, this researcher ontologically assumes that knowledge of the real world is subjective. Thus in order to acquire real knowledge of the IE process, the researcher must interact with the research subjects (Ticehurst and Veal, 2000). The researcher cannot remain an external observer but must move to investigate the IE process through the views and perceptions of the research subjects. Secondly, in-depth interviews have been used in both multiple and single case studies to examine the internationalization process in emerging economies and to differentiate such processes from those in developed markets (Park and Zong-Tae, 2004). Hence this researcher believes that through in-depth interviewing with International Entrepreneurial actors and key informants the research can generate significant explanation into the nature of the IE process, including how institutions influence it.

Another significance of in-depth interviews for the study is that the researcher can talk to the right individuals who possess the requisite understanding of IE process. Thus Yeung (1997) argued that this is the most crucial aspect of qualitative business research. Only those who are involved in the IE process understand how the processes and mechanisms work. All interviews conducted were semi-structured which involved international entrepreneurial actors, institutional actors, and experts.

3.3.2 Documentation

The second data source used in this study is documentation. Documents used in carrying out qualitative research may be published or unpublished printed materials. They can include company reports, government reports, newspaper articles, memos and letters (Silverman, 2001). The advantage of using documents is that they are readily available and can be a source of massive data providing significant insight into the subject of study. In the context of this research, the activities involved in the IE process tend to occur concurrently and at different levels and contexts (Pettigrew, 1990). Part of the ways this research accessed those different levels and contexts was through documentation and archival materials. Indeed the documents and materials aided in providing the research with actual facts (Pettigrew, 1990).

Documents including newspapers, statistical reports, and brochures from government agencies and the department of trade of the United States were obtained and used in this research. More information was also retrieved from documents provided by the cases including memos, reports, and sales records. Further documents in the form of published and unpublished articles were also obtained from the internet. This added to the triangulation of data and added empirical depth into findings that explain how divergent institutional conditions impact the processes of International Entrepreneurship.

3.3.3 Pilot study

In order to test the research design before commencing the actual empirical phase of the study and to generate a preliminary understanding of the processes of International Entrepreneurship particularly in the Nigerian settings, four exploratory, open-ended interviews were carried out in the period of August-September 2012. Three international entrepreneurs and one consultant were interviewed. The interviews were recorded and subsequently transcribed. See details below in Table 3-4

Table 3-4: Exploratory interviews.

Interviewee	Date	Duration
CEO – leather exporting firm	Aug 2012	1 hr 15 min
CEO – plastic exporter	Aug 2012	1 hr 10 mins
CEO – film producing firm	Sept 2012	1 hr
Consultant on int. entrepreneurship	Sept 2012	1 hr

Source: Author's research

Methodologically, the pilot study was helpful in the development and refinement of the interview protocol that was used for the eventual case study work. Also, the pilot study provided awareness and understanding of how respondents may perceive the research. This brought to light potential barriers that may be encountered in the process of gathering data and how the barriers might be resolved. Also, considerable insight was gained into a number of internationalization issues which previously had only been understood in theory by the researcher. Thus, the pilot study yielded the first empirical observations that complimented the researcher's understanding of the internationalization literature. Moreover, the pilot study provided several valuable lessons for the researcher. First, there was the realization that environmental conditions and equipment failure can potentially jeopardize the research. Thus it was ensured that in addition to keeping the interview environment free from background noise and interruptions, the recording equipment functioned well and that extra tapes and spare batteries were available. Collectively, all the measures applied helped to ensure the reliability of this study.

Furthermore, the pilot study was instrumental in the identification of suitable empirical contexts that can fit the study of how divergent institutional conditions influence the processes of IE. These include (a) The leather industry (b) The Nigerian film industry (c) The food exports industry, and (d) Africa Growth and Opportunity Act (AGOA). An analysis of the merits and demerits of each context led to the selection of two industry sectors as being the most suitable for addressing the research aim. These are:

- Nigerian Film Industry
- Food Exports Industry

Selecting the two empirical contexts added further justification for using case study method in this research since the two industries exist under a natural setting which the researcher has no control over (Denscombe, 2007). Also, the fact that the researcher has been in the field and carried out the pilot interviews successfully provided additional proof that the qualitative methodology was appropriate and that it would work.

3.3.4 Protocol development

In order to ensure the data generation process was structurally sound, the researcher developed an interview protocol that was used for the four case studies (see a copy of the protocol in Appendix section). Indeed the protocol serves as the analytical spine in comparative case studies, serving as a major reference point throughout the study (Pettigrew, 1997). Moreover, the protocol provided a means to probe deeply into activities and sub-activities of the IE process. The protocol also helped to ensure the replication of the methodology which further enhanced reliability (Yin, 1994). This researcher developed a standard case protocol that comprised of three major parts. The first part was concerned with the study overview including study rationale and objectives. The second part detailed field procedures and ethical issues, covering aspects such as confidentiality and tape recording. The third and last part of the protocol outlined thematic areas for discussion. Even though discussion areas progressed differently in the course of interviews, throughout the course of the study, the research aim remained consistent, focusing on the IE process and how institutions influence it. Interview protocols are usually refined and tested through the early set of interviews conducted (Pettigrew, 1997). Hence, the initial protocol used in this study was tested in the pilot study (see section 3.3.4). This allowed for refinements and modifications to be made on the final protocol that was used in the main study.

First, the study followed McCracken (1988) using extant IE and the broader internationalization literature to develop the structure of themes that were used in the protocol. As a result, the structure of themes in the protocol corresponded with the opportunity recognition, evaluation and exploitation stages of the entrepreneurial process (identified in the extant literature) and the research objectives. This thematic structure enabled positive interaction with participants and encouraged them to talk more openly about their experiences and perceptions (Kvale, 1996).

3.3.5 Interview process

This section presents details of the in-depth interview process that was conducted with the 46 informants in this study. This covers planning of the interview, the actual delivery of the interviews as well as management of the interview process. Before embarking on interviews, the researcher relayed a number of documents to interview participants at least five days ahead of the scheduled interviews. One of the documents presented the study agenda including the objectives and methodology used in the study. Another document consisted of the interview protocol, and it reinforced the study objectives and outlined the issues that will be discussed. The final document was a letter of intent which emphasized the agreement of confidentiality and anonymity of participants signed by the researcher and his supervisors (see appendix for a copy of the document).

The interviews were conducted in the period of July 2013 to January 2014 (see Table 3.3.6). Based on the research aim and objectives, the informants were chosen using one of the following three categories. 1) **The case** comprised of the CEO/owner and key personnel of the SME. 2) **institution-based informants** comprised of institutional actors from both the Nigerian and US institutional environments. 3) **Experts** comprised of Consultants who are knowledgeable in the research subject. **In total, forty-six participants were interviewed.** Table 3-5 below depicts these categories of respondents.

Table 3-5: An overview of the interviewees.

Time	Category	Interviewees	Number	Cases
Aug. 2013 – Oct 2013	Case informants	CEO/owner & key personnel	16	A, B, C & D
Oct. 2013 – Jan 2014	Institution based informants	Institutional actors, e.g., government agents, bankers & association members	26	A, B, C & D
Oct. 2013 – Dec 2013	Experts	Consultants & academicians	4	A, B, C & D

Source: Author’s research

Each of the interviews began with an introduction to and the background of the researcher. This was then followed by an outline of the research purpose, aim, and objectives as well as a reiteration of confidentiality. Although the issue of confidentiality had been discussed beforehand and the researcher had signed a written undertaking to reassure participants, the researcher felt it was necessary to reiterate the issue at the beginning of each interview verbally. All interviews were audio recorded with the permission of informants. Each interview recording was saved in a separate audio file, and the file was labeled with the name of the participant, their firm and their position. Interviews averaged 1 hr and 15 minutes in duration.

The 46 in-depth interviews were conducted using the semi-structured format. A structured interview approach is rather problematic in that it confines the inquiry to a specific dimension and thereby constructs certain meanings into the interview (Pawson and Tilley, 1997). **The International Entrepreneurial process is messy and complex. Thus understanding this process requires that the responses of informants are not subjected to interviewer biases through structured interview questions**. **Thus, a semi-structured interview guide comprised of a set of broad themes and suggestive questions was adopted**.

The semi-structured interview format allowed flexibility to make changes in the sequence of themes that were covered and to probe the response of participants (Bryman, 2004). The researcher kept a list of the questions that he wanted to ask on a range of topics, but he gave interviewees the freedom to answer how they wished. This enabled the interviewees to talk in-depth and explain their experiences and perceptions. Following each response, more probing questions were asked which added clarity and richness to the data (Zikmund, 2000). The exact flow and scope of the interview discussion, as well as the overall interview dynamics, emerged differently in each of the interviews. Therefore based on Carson et al. (2001) the questions asked did not necessarily follow the sequence provided in the interview protocol. Rather the researcher applied the interview questions based on the responses of the informants.

3.3.6 Summary of data generation

Section 3.3 presented details of the preparations for gathering the data, the data generation process, and techniques that were used. The data generation process of the study involved in-depth interviews with

International Entrepreneurial actors and key informants across the four cases. This is supplemented with documentation materials. Section 3.4 presents the analytical phase of the study.

3.4 Data analysis

This section is concerned with the analysis phase of the research study. The analysis of data followed four main steps: (1) transcribing (2) data condensing (3) within-case analysis and (4) cross-case analysis.

3.4.1 Step 1: Transcribing

Following the suggestions of (Bryman and Bell, 2007), the interviews conducted in this study were recorded using a digital MP3 player. Hence, there was a need to convert the audio into written text to facilitate easier analysis. All 46 oral interviews conducted in this study were converted into written texts and saved in separate Word document files. Reading the transcripts over and over allowed the researcher to gain a solid foundation on which to build the analysis and interpret the data. Based on Kvale (1996), four reading styles were adopted by the researcher. These include (1) Experimental reading: adopting the view that the researcher is reading the experience of the informant who has actually experienced the phenomenon (2) Vertical reading: adopting the view that the interview respondent is a neutral informant (3) Symptomatic reading: adopting the view that the respondent is a subjective individual who makes sense of his experience, therefore, taking into account his reasoning (4) Consequential reading: adopting the view that the respondent is a pro-active agent in the phenomenon, therefore, taking into account the consequences of what he believes. After the intense reading of transcripts had been concluded, the researcher moved to the next stage of the analysis process.

3.4.2 Step 2: Data condensing

Qualitative data can be bulky and can often contain irrelevant material. Thus, to facilitate easy analysis, the researcher proceeded to organize and categorize the data (Robson, 2002). Data condensing involves the process of organizing and condensing the data as the researcher prepares to make interpretations and draw conclusions (Miles and Huberman, 1994). In the words of Gummesson (2006), "we need to condense data, to make the same information more compact and manageable, but not lose weight" (p. 312). The researcher was aware that there are computer software packages such as NVivo which are used to carry out qualitative analysis. **However, such software tools are not necessarily essential for interpretivist research which is interested in the meanings that lie underneath the interviewee's subjective reality. Thus, manual coding of the interview data was deemed adequate for this analysis process and was therefore adopted.**

First, the researcher developed pre-categories mainly from the IE and internationalization literature before starting the coding process (Jensen, 1998). The pre-categories were formed around processes and stages of internationalization as well as institutional barriers to internationalization. This provided the researcher with a 'flying start' to the analysis. However, the intention was not for these themes or categories to serve the function of verifying or testing theory; rather they were applied to aid the contextual re-specification and refinement of the themes that will emerge from the data. As such, through the course of the research process, pre-categories may not manifest into substantive themes. In essence, this stage adopted the principles of coding (Miles and Huberman, 1994). Coding involves breaking down data into separate units of meaning. The process began with reading a complete text of an interview transcription which was then examined line by line seeking to identify phrases or words that connote particular meanings. The process entailed reading the transcript several times over (Marshall and Rossman, 1999). **This is the first step of coding, and it was done through line by line analysis and identifying phrases, sentences or even sections and then pasting them under particular categories.**

Indeed Carson and Coviello (1996) raised concerns that the coding system is somewhat rigid. They argued that this can inhibit instead of facilitating analysis (p. 54). Thus the researcher proceeded with coding while being open to the emergence of new categories or themes outside the pre-categories that were predetermined initially. From the identified categories, other analytic variables began to surface. Data which did not appear to have any conceptual logic or failed to fit into existing categories were placed into a separate analytic category. The process also involved writing memos as the researcher proceeded with the coding. These notes helped in documenting the initial impressions of the researcher when he encountered a particular passage of text. As Miles and Huberman (1994) pointed out, "memos are essential techniques for qualitative analysis, a sense-making tool in the hands of the researcher (p. 72).

Overall, the coding process yielded categories and sub-categories. The coding process was stopped after the researcher felt satisfied that the code list had converged to depict the processes of IE as well as the interface between those processes and institutions. As an example of the coding process, Table 3-6 below illustrates how codes converged to depict the IE process based on opportunity recognition, development, and exploitation. The complete coding tables can be found in Appendix 2.

Table 3-6: Coding section for process of IE

THEMES	Opportunity Recognition	Opportunity Development	Opportunity Exploitation
CODES	Searching ideas from friends and contacts	Creatively applying resources	Leveraging the resources of networks
CODES	Searching places and attending trade fairs	Starting international branch	Implementing strategies and plans
CODES	Searching ideas from internet sources and magazines	Creating and establishing relationships	Committing resources
CODES	Experimenting with ideas	Searching for finance	Marketing and distribution strategies
CODES	Facing uncertainties		

Source: Author's research

3.4.3 Step 3: Within-case analysis

At this stage of the analysis, the researcher had already constructed detailed descriptions of the cases in the study and completed the coding of all transcripts within each case. The next step entailed analysis of the patterns that emerged from the data within the individual cases. The focus at this point of the analysis was to familiarize oneself with the individual cases and to allow patterns at the case level to emerge before attempts to examine the data across all four cases (Eisenhardt, 1989). The categories from the coding stage served as working blocks supplemented with notes and comments within each case file. This helped in detecting connections and relationships. Following Miles and Huberman (1994) in the process of this within the analysis, numerous tactics for interpreting data such as clustering, noting relationships between variables and noting patterns were used.

There were instances during the within analysis process when the researcher found that the data was insufficient to explain a particular connection or relationship. Hence, alternative data sources in the case files (i.e., documents) and the literature were revisited to gain a better understanding of the connection or relationship. Since this study adopted the iterative research approach (Orton, 1997), this provided a chance for the researcher to turn to deductive thinking and then go back to the data to search for evidence. The process is akin to the process of pattern matching (Yin, 1994). Thus the within-case analysis incorporated a dialectical relationship between theory and data which epitomizes the inductive-deductive approach adopted in this study.

3.4.4 Step 4: Cross-case analysis

A comparative study essentially aims to interpret and explain a researched phenomenon through identifying differences and similarities across cases. Thus Ragin (1987) stated, “it is not difficult to make sense of an individual case … the challenge comes in trying to make sense of the diversity across cases in a way that unites similarities and differences in a single, coherent framework” (p. 19).

The cross-case analysis aimed to make sense of the diverse findings from the individual cases through pattern matching logic and explanation building (Yin, 2003). This procedure entailed rigorously comparing and contrasting the themes from the individual cases. In this process, there were some patterns that were identified across some but not all cases. Such findings prompted revisiting the general pattern and trying to disentangle the complexities of the IE process. Pettigrew (1997) argued that the analysis of particular process issues occurs both in a nested context and alongside other processes. Thus, the cross-case analysis had to take into account not just the strategies and actions (inner) of international entrepreneurs but the institutional context (outer) in which the strategies occur.

The cross-case analysis also helped to enhance the validity of the research findings. The use of multiple data sources through the cross-case analysis served to support the validity check. As Eisenhardt (1989) explained, the comparison of emerging concepts within the literature is an essential feature of case study research. Thus in the course of conducting this cross-case, the researcher pondered on the questions: what is similar, what is contradictory and why, within the IE and internationalization literature?

3.4.5 Summary of data analysis

Section 3.4 provided detailed and step-by-step explanations of analysis of the data. The next section will now present the triangulation method that was used in the study.

3.5 Triangulation

The idea behind triangulation is to compensate for any weakness of a data source by counterbalancing with the strength of another source of data (Jick, 1979). The weakness of interviewing only the entrepreneur and participants from his firm is the potential that their perceptions may likely be an emic representation of reality (Woodrow and Wilson, 2003). There is also the potential that their accounts may be affected by bias, inaccurate understanding or poor recall (Yin, 1989). In addition, the interpretation of the accounts of participants by this researcher amounts to an etic version of reality. **As such, it is possible that the perceptions of case informants and the opinions of this researcher alone can miss important details and which in turn affects depth of understanding.** Therefore, the case study research emphasizes building accounts of the studied phenomena by using multiple lines of evidence using triangulation (Woodrow and Wilson, 2003).

To test for convergence, this research draws on triangulation by data source as well as by method which means supplementing data with documents. Triangulation by data source involved using multiple informants to draw diverse perspectives on the same phenomena (Miles and Huberman, 1994). **Thus, interviews were held with various institutional actors as well as consultants in order to counterbalance any weaknesses that may be present in the case interviews**. The institutional actors' and consultants' interviews allowed gaining multiple perspectives on the interface between International Entrepreneurial behavior and the institutional environment (Miles and Huberman, 1994).

On the other hand, triangulation by method permitted the use of documents such as published and unpublished articles and memos to counterbalance any weaknesses of the interview data, which itself was triangulated. As Hammersley and Atkinson (1995) suggested, "triangulation should be a matter not of checking whether data is valid, but of discovering which inferences from those data are valid" (p. 232). Triangulation should result in either non-convergence or convergence. Whereas convergence tends to be seen as enhancing reliability, on the other hand, non-convergence may suggest a need for the researcher to probe deeper or change their line of thinking (Miles and Huberman, 1994).

3.6 Integrity of the case study strategy

This section discusses the integrity of the case study. The quality constructs of reliability and validity are critical tools used in assessing the integrity of case research (Yin, 1994, Eisenhardt, 1989). Because qualitative research is subject to individual perceptions, it is often difficult to establish its reliability and validity (Patton, 1990). However, this research adopted procedural and structural safeguards which helped to ensure that findings were valid and reliable (Patton, 1990).

3.6.1. Validity and reliability

To enhance the validity of this study, a number of measures were adopted. First, in case study research, reliability is often satisfied by explicitly defining the procedures that were used to study the case. This allows another study to be conducted using the same procedures and similar case settings to obtain the same results (Ellis, 1995). As such, all the mechanisms and procedures pertaining to data collection and analysis were clearly detailed in this methodology chapter.

Secondly, the researcher had established a carefully constructed interview protocol which aimed to ensure a high degree of consistency in interview procedure, question focus, and content as well as ethics. As mentioned before, this protocol was tested during the pilot phase of the research to rectify potential issues. Although the order of the questions changed for some interviews, the content of the questions remained the same. This consistency allowed a pattern of responses to develop relatively quickly.

Third, the study used credible conceptual constructs and theoretical assumptions within the fields of entrepreneurship, international business, and International Entrepreneurship to inform the research design and guide the data collection. This includes the highly credible theory of new institutional economics (North 1990) as the major theoretical lens through which to examine the process of International Entrepreneurship. Additionally, this includes the established processes of International Entrepreneurship, notably recognition, development, and exploitation.

Fourth, following Seale and Silverman (1997), the researcher aimed to gather an authentic understanding of the International Entrepreneur's experiences. As such, the protocol included several open questions which are believed to be the most efficient route towards authentic responses.

Fifth, the study developed a triangulation system to increase the quality and credibility of the interview data. This involved conducting three sets of interviews: case firm interviews, institutional actor interviews, and consultant interviews. This system increased data reliability when achieving convergence of meaning across the interview set.

Sixth, all the interviews were digitally transcribed to ensure an intensive verbatim record of all interviews. Seale and Silverman (1997) contend that transcripts of such recordings, based on standardized conventions, provide an excellent record of naturally occurring interactions (p. 380). Indeed, transcribing offered a highly reliable record of the interviews in this study. Although additional independent transcriptions are often recommended, the limited resources of the researcher prevented this option. Seventh, Wolcott (1990) cited in Cho and Trent (2006) urged qualitative researchers to record, write accurately, seek feedback and report fully. Accordingly, the researcher shared his findings and reports with his supervision team as part of the process of analyzing and writing. Finally, the research developed a coding system for the 46 semi-structured interviews. This primarily allowed for a systematic analysis of representative instances of data. The coding system and corresponding coding tables (see Appendix) are evident of transparency in the collection, sorting and organizing of the data.

3.6.2 External validity

External validity is concerned with the extent to which findings of the research can be generalized (Yin, 1994). In the context of this research, the question is not whether the samples of process activities examined are representative of the overall IE process. This research is interested in analytic rather than statistical generalization. In analytic generalization, the aim of the researcher is to generalize a set of results to a particular theory (Yin, 1994) as opposed to generalizing a set of results to a population. Hence, in order to achieve external validity, replication logic was used to guide sample selection and to corroborate findings (Yin, 1994).

3.6.3 Summary of quality criteria

Section 3.6 discussed how the study met the quality criteria of validity and reliability through the operational procedures and research design. The next section will now highlight the potential limitations of the case study methodology.

3.7 Limitations of the case study research

Although case study is the most suitable method for this research, a number of limitations can be highlighted. Other limitations which relate to the findings and conclusions of the research are highlighted in chapter eight.

First, a common criticism of case study research is that it is hard to generalize findings or transpose one case setting into another. By its nature, a case study cannot be representative of the general population from which it was extracted. However, this researcher is aware of the weaknesses and strengths of what was carried out in this case study research (Gummesson, 2006). The second weakness of the case study method is derived from its strength. The large volume of data collected by this researcher may result in over complex theories which can compromise precision (Parkhe, 1993). Thirdly, in a case study method, it is quite challenging to the boundaries of ‘processes,' ‘time’ and ‘events.' This research, however, attempted to overcome these challenges by setting boundaries and territories for each case study right at the start of the study (Creswell, 2006).

Also, the semi-structured interview technique used to gather data in this case research has some shortcomings. By their nature, interviews rely on verbal behaviour. This means that crucial data can be missed as long as the participant chooses not to say it (Bryman, 2004). Therefore interviewee bias can lead to missing crucial pieces of information. On the other hand, interviewer bias may also pose additional limitations. The process of administering interview questions, interpretations, and presentation of data may not be entirely detached from the researcher’s bias concerning institutional influence on the processes of IE. However, effort was made to mitigate this by enhancing validity and reliability whilst being thorough and systematic in the data collection process.

3.8 Ethical considerations

Research ethics provides a safety net for the participants, organizations, the society and even the researcher against any harm that may be triggered by the research (Israel & Hay, 2006). Ethical issues cannot be ignored, particularly in case study research where the researcher and the organizations being studied share close proximity (Pettigrew, 1997).

The following steps were taken to safeguard the rights and interests of the participants in this study. Firstly, ethical approval was obtained from the University of Bradford Research Ethics Committee before embarking on the field work. This required providing the University with necessary details and documents to prove that all measures had been put in place to safeguard participants, the University, society as a whole and even the researcher. Secondly, respondents were recruited through written letters inviting them to participate (see a copy of introduction in the appendix). The research objectives were clearly communicated including a description of how data was going to be used. Thirdly, potential respondents were then asked to sign a consent letter indicating their willingness to participate in the study. Fourthly, the participants were also explicitly told, both in writing and verbally, about their right to anonymity and confidentiality and that they were free to withdraw at any time they wished. To ensure anonymity, the names and company names of all interview participants were anonymised. Fifth, participants were also informed clearly that the data was going to be used for research purposes only and that no person would be given access to the data unless the participant requested it in writing. Sixth, as interviews needed to be recorded using a digital voice recorder, the consent of all participants was sought before interviews were recorded. Seventh, the transcripts, as well as the written interpretations and reports of interviews, were made available to participants and they were given the freedom to object to any detail they disagreed with.

3.9 Chapter conclusion

In conclusion, this chapter has explained the philosophical foundation and research design adopted to address the research aim, which is to investigate how divergent institutional conditions influence the processes of IE from emerging to developed economies. The interpretivist approach was selected and justified as being the most appropriate paradigm to address this research aim. Hence, it was determined that a qualitative approach was most suitable for this paradigm. Furthermore, due to its potency for explaining complex inter-relationships, a multiple-case design involving four Nigerian firms that internationalize to the US was adopted. The research data was generated through in-depth interviews with participants and a variety of published and unpublished documents. This is followed by analysis through rigorous processing and examination of interview transcripts and the themes that emerged thereafter. Lastly, this chapter has enumerated the steps taken by the researcher to ensure integrity of the case study and the ethical considerations that were observed.

The next chapter will now present the Nigerian institutional and industry contexts of the study.

Chapter Four: Nigeria in context

This chapter provides contextual and background information about Nigeria from an historical and institutional perspective. First, the chapter discusses the profile of the Nigerian state through providing a brief political and economic outlook from an historical perspective. This is preceded by an overview of the Nigerian SME sector. The section incorporates prospects and challenges of the SMEs from an historical perspective. The next sections then examine Nigerian formal and informal institutions associated with SMEs. These sections allowed for an appraisal into how the institutional environment shapes the behaviour of SMEs in Nigeria.

4.1 Country profile

The Federal Republic of Nigeria is located on the west coast of Africa. It is situated on latitude 4° north of the Equator and 14° from the east of the Greenwich Meridian. The country shares borders with the Gulf of Guinea from the south, the Republics of Niger and Benin from the west, Chad from the north and Cameroon in the east. Covering an area of 923,768.64 square kilometres, Nigeria accounts for about 47% of West Africa's population, and it is the largest country in Africa. Indeed according to World Bank, the population of the country is currently estimated at 170 million people with over 250 ethnic groups. However, the Hausa and Fulani from the north, Igbo from the southeast and the Yoruba in the Southwest are considered as the dominant ethnic groups in the country.[2]

[2] http://www.worldbank.org/en/country/nigeria/overview

Figure 4-1: Location of Nigeria in West Africa.

Source: http://www.nationsonline.org/oneworld/map/west-africa-map.htm

4.1.1 Political antecedents

Nigeria gained its independence from Britain on 1st October 1960, and Nnamdi Azikiwe became the first president of the Republic. Six years later, a military coup disrupted this civilian rule and ushered in what was the first of many military regimes. The military era in Nigeria’s political landscape began with the regime of Major General Johnson Aguiyi-Ironsi. However, that government lasted only a few months before General Yakubu Gowon overthrew it in July 1966. Shortly afterwards, Nigeria became engulfed in a civil war that lasted until 1970 and cost the country over one million lives. General Murtala Muhammed eventually succeeded Gowon's government but soon after was assassinated in a failed coup attempt in 1976. The assassination led to the emergence of General Olusegun Obasanjo who would lead the country to its second democratic dispensation after 13 years.

With the beginning of the second republic came President Shehu Shagari, elected in 1979. However, the military soon accused the administration of massive corruption and eventually, General Muhammadu Buhari toppled the government. The Buhari regime itself was short-lived, and a coup led by General Ibrahim Babangida brought it to an end in 1984. The Babangida regime lasted until 1992 and, until today, it is largely remembered for the unpopular market reforms it introduced (known as the Structural Adjustment Programme – SAP) which resulted in the sharp decline of the naira currency value and the hiking of bank interest rates. Eventually, Babangida handed over power to an interim government presided over by Ernest Shonekan. Mr. Shonekan was an industrialist who was relatively unknown in Nigeria's political landscape. Within less than a year, the military staged yet another comeback, and this time General Sani Abacha took over the mantle of leadership. His government promised to return the country to democratic rule and to set up a constitutional conference that will draw up a new system of government.

In 1998, however, Abacha died suddenly, and General Abdulsalam Abubakar took over as the new head of state. Abdulsalam came in with new plans. He scrapped existing political parties and registered new ones, promising to hand over to a democratically elected government by May 1999. He kept true to his word. The election conducted in 1999 was won by the People's Democratic Party (PDP) candidate, General Olusegun Obasanjo who himself was a former military ruler. Between 1999 and 2007, Obasanjo's government introduced several critical reforms, notably in the areas of finance and banks, communication, agriculture and the power sector. However, the country continued to struggle with issues of corruption/mismanagement, electoral violence, and poverty, to mention but a few. In 2007, Obasanjo handed over to a newly elected government under the leadership of Umar Musa Yar Adua. This regime, however, lasted just three years: Yar'adua died from an illness in 2010 and the then vice-president, Goodluck Jonathan was sworn in as President. Jonathan served as president until 2015 when he lost the presidential election to Muhammadu

Buhari from the opposition party. The new government now focuses its attention on anti-corruption, job creation, the economy, and security.[3]

4.1.2 Economic outlook

On the economic front, Nigeria has the largest natural gas reserves in Africa and is the biggest exporter of oil on the continent. Proceeds from oil account for almost 90 percent of exports and amount to about 75 percent of the country's budgetary revenues. Furthermore, with an estimated nominal GDP of $510 billion, Nigeria is the largest economy in Africa (AfDB, 2014). Despite this robust growth, however, the country continues to face challenges in implementing reforms which could revitalise critical sectors of the economy like power, information technology, and agriculture. Moreover, the country is significantly challenged by poverty, precipitated by increasing regional disparities and inequality.

In the recent past, declining global oil prices, which began in 2014, have limited Nigeria's external revenues and slowed down the economy. As the economy is largely dependent on oil revenues, this situation has raised inflation and substantially diminished the value of the naira. As such the ability of the new government to implement some of its ambitious programmes in infrastructure development, job creation, electricity, and agriculture was seriously undermined. However, the government is attempting to resolve these challenges through diversifying from oil. Currently, Nigeria is investing heavily in agriculture, mining, and manufacturing. It has been suggested that, for the foreseeable future, the country's economic growth will be dependent on not only the recovery of the global economy and solutions to the struggle for resource control in the Niger Delta, but also the revival of the non-oil sector.[4]

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[3] http://www.onlinenigeria.com/historic_overview.asp

[4] http://www.worldbank.org/en/country/nigeria/overview

4.2 Overview of Nigerian SME sector

It is accepted the world over that small and medium enterprises (SMEs) significantly contribute to the economic development of nations. SMEs directly drive and promote indigenous entrepreneurship leading to employment generation, wealth generation, income redistribution and increased production of primary goods and services. In Nigeria, the SME sector is said to account for 70 percent of employment, and it is responsible for about 10–15 percent of manufactured products consumed in the country. The agricultural sector, which is largely dominated by SMEs, holds great promise for industrial growth as it continues to stimulate increased utilisation of local raw materials and indigenous technology.

From an historical perspective, the Nigerian SME sector is now a shadow of what was once a thriving and vibrant sector of the economy. In the 1980s, Government Development Banks such as the Nigerian Bank for Commerce and Industry (NBCI) and the Nigerian Industrial Development Bank Ltd (NIDB) greatly supported SMEs in the country. They provided soft loans which enabled SMEs to procure raw materials and equipment from foreign sources. In those years, the interest rate was very low, and borrowers were given around 5–7 years amortisation plus the first two years as a moratorium. During the moratorium period, only interest was paid. Due to these cheap and accessible funds, SMEs were able to finance the purchase of land and construct their buildings while they secured working capital from commercial banks. Within that period, capacity utilisation rose and reached 73.3 percent, and the contribution of SMEs to the country's GDP increased commensurate with that. There was an abundance of foreign exchange as the naira was exchanging at 0.65 to a dollar. There was hardly any discrimination by banks regarding which type of project was financed. This situation created an economic boom and facilitated the creation and sustenance of a buoyant SME sector.

Several observers opine that the introduction of the Structural Adjustment Program (SAP) in the late 1980s by the then military administration marked the beginning of the downfall of Nigerian SMEs. The cardinal point of SAP was the devaluation of the naira. With the coming of this reality, several SMEs began to collapse as they suddenly needed a large volume of naira to purchase the required amount of foreign exchange that would be used to buy raw materials or equipment from abroad. Over the course of time, many more SMEs continued to close down due to the drastic reduction of working capital that the currency devaluation imposed. Due to the devaluation, money available to the SMEs was no longer sufficient to finance the regular importation of raw materials. Furthermore, the banks were unable to help the SMEs as they were also adversely affected by SAP. Thus the situation continued to worsen until the Nigerian currency became utterly devalued and interest rates along with associated inflation got out of hand. As the SME sector became weaker and weaker, the Nigerian economy suffered accordingly. Capacity utilisation plummeted, unemployment increased, the real sector became dilapidated, buying and selling took over as the mainstay of the economy and Nigeria became heavily dependent on importation.

Nevertheless, the Nigerian government recognized that reviving the SME sector is crucial to the development of the economy. A healthier SME sector will contribute to the GDP and improve the real sector. It will lead to mass employment generation as well as better products and services for the country. Thus to revitalise and rebuild the SME sector, the Nigerian government has established several agencies mandated to provide financial and technical assistance to SMEs. One such agency is the Bank of Industry (BOI) which took over the functions of the defunct NIDB and NBCI. The bank is mandated to provide long-term financing to SMEs at low interest rates with amortisation rates that are friendlier than commercial banks. There is also the Small and Medium Scale Industry Development Agency (SMEDAN) which the government established to provide technical assistance to SMEs. Other agencies tasked with similar functions include the Nigerian Export Promotion Council (NEPC), the Nigeria Export-Import Bank (NEXIM), the Industrial Development Centres (IDC), the Nigeria Agricultural Cooperative and Rural Development Bank (NACRDB) and the Nigeria Agricultural Cooperative Bank (NACB) among others.

4.3 Formal institutional framework for small and medium enterprises in Nigeria

The present section will provide an overview of the laws and regulations associated with SME activities in the context of Nigeria's formal institutions. The section will also illustrate how these formal institutions influence the activities of SMEs in the country. Several rules and regulations are guiding commercial activities of SMEs in Nigeria such that it is impossible to exhaust all of them in this section. Hence, this section examines a select few that are deemed essential to the Nigerian SME sector beginning with registration law.

4.3.1 The incorporation of companies and incidental matters Law No 19

In Nigeria, this law makes it mandatory that any company seeking to transact business must register with the Nigerian Corporate Affairs Commission. Formal registration establishes the company as an entity which is independent and can outlive its founders. Enterprises that are formally registered can access the services of institutions such as banks, courts, and new markets whereas unregistered companies cannot have access to this privilege.

The incorporation of companies and incidental matters Law No 19 states that, "*no company, association, or partnership shall be formed for the purpose of carrying on any business for profit or gain by the company, association, or partnership, or by the individual members thereof, unless it is registered as a company under this Act* ..".[5]

In spite of this law, however, underlying realities of the Nigerian economy have hindered maximum participation by SMEs. For example, due to stifling bureaucracies and inefficiencies, it takes approximately thirty days to register a business in Nigeria as against a country like the US where it takes no more than five days (World Bank report, 2016). The procedure to register is stressful, and it consumes much time. Also, it is costly and opens up the

[5] http://www.nigeria-law.org/CompaniesAndAlliedMattersActPartI-V.htm#Incorporation of companies and incidental matters

registered firm to the payment of taxes which because of their smallness, the firms are eager to avoid. Hence, the World Bank 2016 national ranking for ease of starting a new business ranked Nigeria 139th out of 189 countries. The indices show that Nigerian SMEs lack incentives to register their companies as corporate bodies because of complicated procedures and cost implications. The following quote from a consultant also corroborates this:

> *"Many Nigerian entrepreneurs are discouraged from registering companies because they have to follow many rules and requirements. They have to report to many institutions, and in the process, they spend much time and money." [CNS-01]*

Nevertheless, the major implication of non-registration relates to barriers to resource mobilisation, especially finance. It is the case that banks do not lend money to non-corporate entities. Therefore while SMEs try to cut corners by avoiding company registration, as a direct consequence, they cannot seek and obtain bank loans. The following quote from informants in the banking sector provides supporting evidence:

> *"You must be registered in order to transact with the bank, but many of these SMEs have not. They have not incorporated their businesses, and because of that, you see they do not possess some financial documents such as audited accounts or a statement of affairs which the bank can use to assess their eligibility for a loan." [IA-6]*

> *"They don't even register their companies, and they don't keep records. So if you don't have this, how can I evaluate to know you are good for 1 naira loan or a 1 billion naira loan?" [AI-24]*

4.3.2 Company Income Tax Act 1990

All registered businesses operating in Nigeria, including SMEs, are expected to remit company income tax to the government. According to the Company Income Tax Act of 1990 as amended: … " *the tax shall, for each year of assessment, be payable at the rate specified in sub-section (1) of section 40* *of this Act (i.e., 30%) upon the profits of any company accruing in, derived from, brought into or received in Nigeria*".[6] The Federal Inland Revenue Service (FIRS) is the government agency responsible for enforcing compliance with this tax law.

Nonetheless, poor administration of tax policies has created disincentives that push Nigerian SMEs to avoid compliance. Alongside an uncoordinated, unconsolidated and costly process of paying the tax, company income tax in Nigeria is shrouded by the issue of multiple taxations. As Nigeria operates within a three-tiered structure comprising of local, states and federal governments, each entity is autonomous and can, therefore, administer its tax schemes. In other words, the local, states and federal governments each have a constitutional right to impose a tax on individuals and companies that operate in their jurisdiction. However, in their eagerness to capture tax and increase revenue, the three tiers of government have been accused of overburdening the taxpayer with multiple taxes. Hence, reflecting this reality, the 2016 World Bank measurement on ease of paying taxes ranked Nigeria as 181st out of 189 countries. This report indicated that Nigerian firms make 59 tax payments a year, and they spend about 908 hours annually to prepare, file and pay their taxes. Also, Nigerian firms pay a total annual tax that is equivalent to 33.3% of their profit, says this report.[7]

Based on the above indices, Nigerian SMEs are burdened with different taxes, sometimes of the same nature, but charged by various government authorities. Consequently, the problem of multiple taxations in Nigeria is twofold. First, it causes the SME to lose much income as they are forced to pay more than a fair share of taxes which impairs their profitability and prospects of growth. Secondly, the entrepreneurs tend to get discouraged when faced with multiple tax demands which often leads them to react by avoiding payment of legitimate tax. According to an expert informant:

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[6] http://lawpadi.com/wp-content/uploads/2015/08/Companies-Income-Tax-Act-Cap.C21-LFN-2004.pdf

[7] http://www.nigeriabuildexpo.net/document/doing_business_in_nigeria_2016.pdf

"As you know, multiple taxation is a big problem. The Nigerian tax system is not streamlined and many at times companies are forced to pay tax for the same thing through different government agencies. This is discouraging the entrepreneurs, and even the ones that are managing to pay may not be able to grow because they are losing so much money." [CNS-04]

4.3.3 Collateral Law (Banks and other financial institutions Act of 1991)

There is certainly no denying the significance of credit to SME growth and development. Thus, a crucial aspect of running SMEs in Nigeria is related to the ability of entrepreneurs to secure credit. Historically, Nigeria has struggled to sustain a stable and reliable financial sector. This has been due to a number of factors ranging from unclear rules, violation of the rules, and unwillingness to use formal banks.

Records indicate that as far back as 1993 Nigerian financial institutions were recording repayment failures of up to over 50 percent. This forced the central bank of Nigeria, which is the apex bank, to respond with tight regulations. In 1995, about 57 banks were classified as distressed, and again in 1998, about 26 banks were dissolved (Aderibigbe, 2001). Other noticeable actions in this regard involved the consolidation exercise of 2004 which imposed minimum capital base of about $190M for all banks in the country and the 2012 clampdown on non-performing banks by the then CBN governor. However, the central regulation by the CBN that targeted the problem of non-performing loans is contained in the 'banks and other financial institutions Act' (BOFI) of 1991 as amended. The Act states that "*no bank shall permit loans or credit facilities up to 50,000 naira (300 dollars) without security (collateral)*". Section 20 (6) of the same act added that … "*the directors of a bank shall be held liable jointly and severally to indemnify the bank against any loss arising from any unsecured loans or credit facilities.*"[8]

[8] http://www.cenbank.org/OUT/PUBLICATIONS/BSD/1991/BOFIA.PDF

Consequently, in their bid to comply strictly with the BOFI regulation, Nigerian banks came up with internal rules and guidelines to govern the issuance of credit. According to Olajide et al. (2011), Nigerian banks base their internal credit appraisal rules on five factors which any borrower must satisfy before gaining access to a loan. These include character, capital, capacity, collateral, and condition.[9] However, while these credit appraisal guidelines appear cogent and reasonable under the circumstances, in reality, their implications dealt devastating blows to Nigerian SMEs. For example, interest rates are charged as high as 28% per annum. Also, the collateral requirement in itself proved arduous. Some banks tend to demand that the value of collateral pledged must be twice the amount of the proposed loan. Consequent upon this, most observers argue that it is impossible for small businesses in Nigeria to thrive under the current collateral laws (Ofili, 2014). The requirements are rather difficult and too costly for small business owners, and often, they are unable to comply.

Apart from the challenges mentioned above, however, the procedure to obtain a loan in Nigeria is characterised by overbearing bureaucracies (Tende, 2014, Ofili, 2014). The multitude of procedures including the legal processes involved in perfecting collateral and securing a power of attorney all consume much time. Therefore, even when the borrower manages to satisfy collateral requirements, the delayed process significantly undermines the purpose for which the loan was sought in the first place.[10] Hence, despite financing being a major constraint to 80 percent of Nigerian SMEs, only 5 percent of the SMEs can access loans from the banking sector (Ofili, 2014). This situation reflects in the World Bank 2016 report for ease of getting credit which rated Nigeria as 59th out of 189 countries. Also, the following quote by an informant in one of the banks highlights the challenges faced by SMEs when dealing with the issue of collateral:

> *"We have issues of collateral. As far as financing is concerned, they (SMEs) need collateral to obtain loans. You find out that collateral is*

[9] http://www.macrothink.org/journal/index.php/ifb/article/view/6808/5604

[10] http://knowledge.wharton.upenn.edu/article/the-entrepreneurship-challenge-in-nigeria/

the major issue. The land use act again constrains Nigerians. By the time you do the title deeds you do the whole valuation, you run into problems perfecting it. By then a lot of time has gone." [IA-14]

4.3.4 Contract laws

Nigeria relies on common law to interpret and adjudicate matters related to business contracts. The 1999 constitution as amended empowers the courts to enforce any commercial agreement or transaction made between parties intending to enter a legal relation. Hence Sagay (1985) stated, "*the legal relations created by the law of contracts enable a person to whom money, goods, services or some other benefit has been promised, to enforce the promise or to obtain a remedy for its breach*" (p. 2).

Despite the existence of contract law, recourse to written agreements for day to day transactions is somewhat minimal among Nigerian SMEs. First, many SMEs operate outside the formal system as they seek to avoid bureaucratic bottlenecks and costs associated with registration of companies. Naturally, such SMEs lack a legal status and may not want to have anything to do with the courts. Therefore, they resort to agreements by word of mouth. The fact that word of mouth works for these SMEs made them all the more reluctant to use contracts.

Secondly, the weak enforcement of contracts in Nigeria has discouraged many SMEs from participating (Ofili, 2014, Arewa, 2012). Historically and currently, the judiciary system in Nigeria often ignores commercial contract violation due to systemic corruption. As a result, few incentives exist for SMEs to adopt signing of contracts since they may feel that they will not be able to enforce the terms of their contracts in the event of a breach. Hence, the 2016 World Bank measurement on contract enforcement ranked Nigeria

143rd out of 189 countries in the world.[11] The following quotes provide additional supporting evidence:

> *"Of course some feel – what is the use of signing contracts? You sign contracts and then even if the other person defaults, you cannot go to authorities and have that contract enforced. You just end up wasting money and time." [CNS-01]*

> *"Many SMEs hardly enter into contracts in Nigeria. So, if you are a producer, you are actually at the mercy of your marketer. It is a very difficult process because there is no written agreement. You don't see the books; you just depend on what you are fed" [IA-8]*

4.3.5 The Nigerian Copyright Act 1999

Nigeria is a signatory to many IP-related conventions and international treaties. The country has put in place a comprehensive intellectual property law. The Nigerian Copyright Act 1999 (as amended) states that "*no one shall make a copy of a film or distribute it for commercial purposes by way of rental, lease or hire without the permission of the IP owner.*" This law also provides for criminal liability, including provisions for injunctions, fines and even imprisonment of offenders.[12]

In spite of this law, however, IP support in Nigeria is weak (Arewa, 2012, Haynes, 2014, Ofili, 2014). First, the informal nature of distribution coupled with the nascent infrastructure of Nigeria has made application of copyright law rather difficult. Secondly, while the Nigerian government has engaged in public awareness campaigns on TV, radio, and in newspapers on the ills of

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11 http://www.doingbusiness.org/Reports/~/media/GIAWB/Doing%20Business/Documents/Profiles/Country/NGA.pdf

12 http://www.copyright.gov.ng/images/downloads/Nigerian%20Copyright%20Act%20LFN%202004.pdf

piracy, the government struggled when it comes to enforcement of the IP laws (Haynes, 2014). The underfunded copyright commission agency (NCC), the slow judicial process, corruption, and high legal costs have all contributed to weak government enforcement (Evuleocha, 2008).[13] The following quotes provide supporting evidence:

> *"The Nigerian copyright commission is not equipped, it is not funded enough even to fight piracy. Even at their headquarters, they don't even have money to pay lawyers and all that." [IA-8]*

> *"The truth is we want to work, but there are no funds, we are not well funded. The government doesn't understand. We are not well funded at all." [IA-10] (Copyright Commission employee)*

The weak IP support environment provoked and encouraged major unauthorised copying and distribution of intellectual property in Nigeria. Around 90 percent of Nigeria's CDs, VCDs, and DVDs are pirated (due to organized crime). It is also estimated that for every legitimate copy, there are between 5 to 10 pirated copies on the market (Haynes, 2014). This rampant copying and distribution of unauthorised copies led to losses in revenue for producers (Arewa, 2012). Thus, it is extremely difficult for producers to recoup costs and make a profit (Nwogu, 2015). Also, this weak IP support condition forces commercial banks to suspend financial assistance to the entertainment/creative industries due to an apparent uncertainty over ROI (Haynes and Okome, 1998).

4.3.6 The Nigerian Pre-shipment Inspection of Exports Act 1966

Nigeria has several regulations guiding the conduct of exports from the country. Perhaps, the most significant one concerns the pre-shipment inspections of exports. The Nigerian Pre-shipment Inspection of Exports Act 1966 states that … "*no goods shall be exported from Nigeria unless an*

[13] http://naijanet.com/news/source/2003/nov/20/100.html

inspecting agent appointed (by the President) has issued in respect of the goods, a Clean Certificate of Inspection to the overseas buyers of the goods."[14] Cobalt International is the appointed government agency with the responsibility of inspecting all goods exported from Nigeria and issuing of the clean certificate of inspection (CCI).

Nonetheless, pre-shipment inspections in Nigeria are characterised by inefficiencies and bottlenecks. The main factors at play include delay in carrying out physical inspections and the bottlenecks associated with the processing of clearing documents. It could take a few days for an inspection, before the Certificate of Clean Inspection (CCI) is provided to the exporter. These avoidable delays affect the timeliness of exports which in turn has a direct bearing on the exporter's business. Other issues ranging from over-bearing documentations to corruption have also been cited as the underlining causes. Hence, the 2016 World Bank report on the ease of trading across borders ranked Nigeria as 182nd out 189 countries. Further supporting this are the following quotes by key informants:

> *"Another challenge of the pre-shipment inspection is the documentation process. It is too elaborate, rigorous, not simplistic and needs to be streamlined. You find that an exporter needs so many documents before he can complete one inspection." [IA-20]*

> *"There are bottlenecks. If your forwarder does not know what to do in terms giving out inducements here and there, the inspection of your goods may be delayed for a very long time. So, the bottlenecks are there because of the corruption." [CNS-01]*

4.3.7 The Foods and Drugs Administration and Control Act 2004

The manufacture, importation, exportation, sale and distribution of food items in Nigeria are regulated by the government agency known as Nigerian

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[14] http://lawnigeria.com/LawsoftheFederation/PRE-SHIPMENT-INSPECTION-OF-EXPORTS-ACT.html

Agency for Foods Drugs and Cosmetics (NAFDAC). The agency was established by Decree 15 of 1993 (as amended) under the National Agency for Food and Drug Administration and Control Act of the Federal Republic of Nigeria, 2004. The Act mandates NAFDAC "*to regulate and control the manufacture, importation, exportation, distribution, advertisement, sale and use of food, drugs, cosmetics, chemicals, detergents, medical devices, and packaged water.*" [15] Thus all foods, drugs or chemicals produced in Nigeria must satisfy quality criteria of NAFDAC before they are certified fit for consumption as well as exportation. Compliance is monitored and enforced through issuing of production permits and export licenses by NAFDAC.

Nonetheless, food regulation in Nigeria has been associated with bottlenecks and inefficiencies in the system. Many producers of foods, drugs, and cosmetics are challenged by the extensiveness of documentation processes or the delays involved in obtaining certificates and licenses. These challenges over-burden the firms and add to difficulties of entrepreneurship in the country. According to expert informants:

> *"The issue is that most exporters find dealing with NAFDAC to be cumbersome. They find the documentation process lengthy, and they feel they are not being aided or guided by the system." [IA-14]*

> *"Like now, if you want to get NAFDAC license to export a product from Nigeria, even before the transporting ship arrives Nigeria, you must have been pursuing them. I don't know how long it takes, but I know that it takes a long time." [IA-15]*

4.3.8 Government interventions that promote access to credit for small and medium enterprises in Nigeria

Having recognised the crucial role played by SMEs towards economic growth, the Nigerian government has churned out myriads of schemes aimed at promoting access to finance for SMEs. Consequently, this section will

[15] http://www.nafdac.gov.ng/index.php/about-nafdac/nafdac-act

highlight some government schemes that aimed to provide funding assistance to Nigerian SMEs. We begin with the Small and Medium Scale Enterprises Guarantee Scheme.

4.3.8.1 Export Expansion Grant (under the Export Incentives and Miscellaneous Provisions Act, No. 18 of 1986)

The EEG scheme was established under the Export Incentives and Miscellaneous Provisions Act, No. 18 of 1986 and amended by Act No. 65 of 1992. *For an exporting firm to benefit from EEG, they must (a) register their companies (b) be a manufacturer or merchant of products of Nigerian origin (c) provide audited financial statements (d) provide evidence of repatriation of export proceeds and (e) have a minimum annual export turnover of 5 Million Naira*.[16] Exporters of finished manufactured products receive up to 30 percent of their overall costs. Non-manufacturers who are into processed and semi-finished products receive 15 percent while SMEs that export primary products are eligible for 10 percent of their costs.[17]

The EEG scheme has recorded some level of success over the years. According to the Central Bank of Nigeria, the value of non-oil exports increased from US$ 0.1B in 2005 to US$ 2.7B in 2011 when the scheme was introduced. These figures indicate over 270 percent increase in non-oil exports earnings for the period mentioned. As such, the EEG has contributed to increased investments and enhanced livelihood of many Nigerians, especially in the agro-allied sector. Nonetheless, experts and industry practitioners argue that implementation of the EEG scheme is shrouded in controversies and marred by corrupt practices. As a result, small to medium-sized firms hardly benefit from the scheme. Also, issues of interruptions, disruptions, and suspensions of the scheme at different periods in time have impeded participation. It is on record that between 2005 and 2014 the scheme was suspended and reintroduced up to eight times. This uncertainty

[16] https://www.academia.edu/7956563/OVERVIEW_OF_THE_EXPORT_EXPANSION_GRANT_EEG_SCHEME_NEPC_ZONAL_OFFICE_STAFF_TRAINING_ON_EEG_SCHEME

[17] http://www.nepc.gov.ng/page_export_expansion_grant_eeg.html

significantly affected the performance of non-oil exports in the country.[18] Other challenges include lack of funding for administering the scheme and poor documentation practice among others:

> *"There is still the issue of corruption and fraud which further preclude or prevent people from actually accessing the EEG." [IA-16]*

> *"What is now happening in government is, the document they give to you for EEG, first of all, there is a delay in remitting. It is also exposed to fraud as well, which you know very well." [IA-15]*

4.3.8.2 The creative arts and entertainment industry facility

In recognition of the socio-economic significance of the Nigerian entertainment industry, the federal government introduced 'the creative arts and entertainment industry facility' to ease up access to capital for entrepreneurs in the sector. The creative arts and entertainment industry facility is a $200M loan fund that was introduced in 2010 and disbursed through the Nigerian export-import bank.[19] The key feature of this loan programme was the low-interest rate which was pegged at 9–11 percent.

However, in spite of its affordable interest rate, the creative arts, and entertainment industry facility required borrowers to pledge collateral. As a result, the typically small Nigerian SMEs in the entertainment industry failed to benefit from the funds due to lack of collateral. According to an informant from the Nigerian export-import bank:

> *"We do require producers to bring physical collateral. For now, we are not able to consider the intellectual property as collateral. However, the problem is that most of these producers lack even the collateral for the amount of money they need. So, how can we take the risk?" [IA-6]*

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[18] http://allafrica.com/stories/201410170045.html

[19] http://www.premiumtimesng.com/arts-entertainment/126365-nollywood-rated-third-globally-in-revenue-earnings-says-nexim-bank-md.html

Consequent upon the above, observers suggest that the creative arts and entertainment industry facility did very little to quell the crisis of credit in the Nigerian entertainment industry.

4.3.8.3 Project Act Nollywood

The Project Act Nollywood is a $17M grant scheme that the government introduced through the Federal Ministry of Finance in 2012. This grant scheme targeted Nigerian SMEs that produced films. "*Grant funds were provided to eligible film producers to assist them in capacity building, film production, and distribution*."[20]

However, industry practitioners and experts unanimously feel that the eligibility criteria to access the grant fund are too stringent and cumbersome. The requirements were described as rather extensive. Hence, most film producers that applied for the grant funds were unsuccessful due to one eligibility criteria or another. For example, in 2015, only 26 firms benefitted from the scheme with a paltry sum of N215 million disbursed in the whole of that year.[21] In the view of some experts who were interviewed, politics and corruption tainted the grant funding scheme:

> *"We thought the grant scheme would be good by the manner it was announced. But you know when money comes, politicians come out of their nests. They are playing politics, telling all the lies. So, as I am talking to you now, filmmakers are not able to access that grant."[IA-9]*

> *"They deliberately come up with a very tough and extensive list of conditions so that producers will not be able to meet up. How can you say you are giving me a grant, and then you ask me to go and get a bank guarantee?" [IA-11]*

[20] http://www.projectactnollywood.com.ng/about/

[21] https://www.post-nigeria.com/project-act-nollywood-grant-you-have-to-structure-your-business-well-to-benefit-emeka-osai/

In light of the above, it should be noted that the Nigerian film industry is huge and therefore the demand for these grant funds is likely to be massive. There are only so many available funds which the government can afford to allocate for the initiative. Additionally, commercial banks do not finance films as they feel the unstructured nature of the industry does not guarantee ROI. These factors may have combined and led to the purported inadequacy of the grant funds. The following quote by an informant from the NEXIM Bank is illustrative:

> *"We are constrained by the amount of capital we have available for disbursement. If our share capital can be increased, we can handle a lot more loan requests. But now, we can only do some, because of our own financial constraints." [IA-21]*

4.3.8.4 Small and Medium Scale Enterprises Guarantee Scheme

The Small and Medium Scale Enterprises Guarantee Scheme was an N200 billion credit guarantee arrangement to support SMEs in accessing finance.[22] The scheme was introduced by the Central Bank of Nigeria in 2010 with the objective of accelerating industrialisation of the economy through increasing access to funds for SMEs and manufacturers in the country. "*The scheme provides guarantees to commercial banks so that they can loan money to SMEs without being exposed to the high risks that previously deterred them from giving loans to SMEs. SME activities such as agriculture, manufacturing, and other activities as specified by the CBN were covered by the scheme"* (Osemeke, 2012, Tende, 2014).

The scheme has been applauded by many experts and observers alike. However, critics argue that it did not achieve its intended objectives as very few SMEs successfully obtained bank loans through the scheme. On the one hand, application procedures perceived as rather cumbersome deterred

[22]http://www.cbn.gov.ng/Out/2010/publications/guidelines/dfd/GUIDELINES%20ON%20N200%20BILLION%20SME%20CREDIT%20GUARANTEE.pdf

many SMEs from participating. On the other hand, the pervasive informality among Nigerian SMEs also affected the success of the programme. Firms simply failed to provide any credit history or transaction records that banks could have used to assess their eligibility for the scheme. These two factors led to the poor success rate of the small and medium scale enterprise guarantee scheme.[23]

4.3.8.5 Africa Growth Opportunity Act (under the US Trade and Development Act 2000)

The Africa Growth Opportunity Act is a preferential trade arrangement that the US government extended to all sub-Saharan African countries including Nigeria. It was first signed into law by former President Clinton in 2000 before President Bush amended it under section 3108 of the Trade Act of 2002. "*The Act offered incentives for African countries that meet eligibility conditions to export their products to the US duty-free*. *Exporters must comply with strict quality and health standards. They must also prove by way of a certificate of origin that the goods originate from their home country*."[24]

However, while several sub-Saharan African countries including South Africa, Lesotho, Kenya, and Mauritius have keyed into this major opportunity, Nigeria, whose main non-oil exports are agricultural, has not taken full advantage. Statistics show that Nigerian agricultural products amount to less than 1 percent of AGOA exports.[25] Issues related to political stability, infrastructural deficits, and poor implementations have denied the country the benefits of AGOA. Many SMEs are unable to meet eligibility requirements because of infrastructural conditions that limit their ability to produce to the required AGOA standards. Surprisingly, many small businesses are not even aware of the existence of AGOA, meaning there is much to do in the area of advocacy and sensitisation. According to an expert informant:

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[23] http://www.efina.org.ng/assets/Documents/Review-of-government-interventions-that-promote-access-to-credit-for-MSMEs-in-Nigeria.pdf

[24] http://trade.gov/agoa/legislation/index.asp

[25] http://www.nepc.gov.ng/images/AGOA.pdf

“Unfortunately, Nigeria has not taken advantage of AGOA because of weak institutions. As I am talking to you now, many people do not even know what AGOA means.” [CNS-03]

4.3.9 Summary

In sum, the formal institutional frameworks examined above are intended to provide support to Nigerian SMEs through reducing costs, lending legitimacy and facilitating access to critical resources, especially funding. However, factors including bureaucratic bottlenecks, inefficient and uncoordinated procedures, corruption as well as the small and informal nature of the SMEs have clearly undermined the ability of these institutions to be effective, which in turn crippled the activities of SMEs in Nigeria. For example, we see a situation whereby SMEs are discriminated against, or they are unable to obtain funds from the credit market. Institutional conditions induced much of this challenge (e.g., stringent eligibility requirements, bottlenecks, and cumbersome procedures, etc.) while others were a function of the nature and characteristics of the SMEs themselves (e.g., lack of proper financial records, company registrations and ability to present bankable projects to financial institutions, etc.). Thus, given these inadequacies of the formal institutional environment, it seems that Nigerian small enterprises leverage informal institutions to gain legitimacy, access resources and ultimately remain in business (Evuleocha, 2008, Uzo and Mair, 2014). The following section will examine informal institutions as they affect SMEs in Nigeria.

4.4 Informal institutions affecting small and medium enterprises in Nigeria

The economic behaviour of individuals is a reflection of their societal norms, conventions and assumptions (Johnson et al., 2013). Consequently, the interconnection between informal institutions and the activities of SMEs in Nigeria has received considerable attention from scholars (Kadiri, 2012, Meagher, 2006, Ekpenyong and Nyong, 1992, Okpara and Okpara, 2011, Cant and Obamuyi, 2009). This section begins with the informal institution of family and friends.

4.4.1 Family and friends

Individuals will trust and cooperate with friends and members of their family more than with others. Thus, under this informal institution, blood relationship or friendship bond exerts the pressure of conformity and serves as the basis of cooperation among individuals. Those who fail to cooperate with fellow members of this group will lose respect and honour in the eyes of the society (Winborg and Landström, 2001).

The typical family structure in Nigeria varies according to region, religion, ethnicity and culture. For the benefit of this study, however, Nigerian family structure can be categorised into two primary groups: elementary and extended (Gage et al., 1997). The elementary structure is characterised by either a couple and their biological children or one man with multiple wives and their biological children. The former is more prominent in the Christian dominated South perhaps due to the influence of religion given that marriage to more than one wife is not acceptable in Christianity. However, the latter transcends many parts of the country due to two factors. First, the Muslim North embraces marriage between a man and multiple wives and, secondly, the culture encourages and emphasizes multiple wives in many parts of the South. On the other hand, the extended family structure consists of parents, their children, other members of their larger family (like cousins and their siblings) and even non-relatives all living in the same house or compound. This type of family structure is prevalent in the North, and South-Eastern Nigeria also due to the influence of culture.

SMEs in Nigeria are mostly a one-man business, or they are family owned. Often, they are managed by family members or friends whose style of management is driven by personal moral conviction rather than business reasoning (Johnson et al., 2013). As such, characteristically, the firms ignore formal management procedures. Record keeping, accounting, and other managerial practices are typically ignored, which more often than not affects investment decisions and encourages recklessness and corruption. This has made it difficult to differentiate between business and private/individual interest. Instead, most SMEs are regarded more or less as a family affair. Consequently, some studies have identified family interference in business as one of the factors responsible for the slow growth and premature nature of Nigerian SMEs (see Basil, 2005).

Due to the factors mentioned above, it is difficult for Nigerian SMEs to secure bank loans. According to the World Bank records, over 70 percent of all SMEs in Nigeria lack access to credit. As a result of this gap, the SMEs have no option but to rely on personal funds or loans from family and friends to launch their enterprises. Therefore, informal sources of financing serve as a crucial source of micro-financing to SMEs in Nigeria (Evuleocha, 2008, Uzo and Mair, 2014).

Beyond financial support, family and friends serve the crucial role of providing logistical and physical support to SMEs which helps them to lower costs and operate under their small budgets. For example, SMEs involved in film production are mostly created and sustained through the cooperation of family and friends. The film producers borrow homes, offices, premises, vehicles and even clothes from friends or family while making their films thus avoiding the cost of paying for those things. In this small-scale industry, it is not unusual to see a family member volunteer to cook food and serve it to the crew and cast. Likewise family and friends will volunteer to pose as extras during film shoots. All this support and cooperation by friends and family members help the SMEs to lower costs and operate under their small budgets:

> *"We are used to families and friends here in Nigeria, you known! The financing of most of the small businesses you see around and the material support comes through family and friends." [IA-7]*

4.4.2 Religion

Individuals, groups, and communities are heavily affiliated and influenced by religion in Nigeria (Ibrahim, 1991, Suberu, 2009). Nigeria is evenly split between the Muslim North and Christian South. By estimates, 50% are Muslim, 40% Christians while indigenous beliefs account for 10% of the country's population.[26] The two religions share similar doctrines in that they both seek to create social order through propagating justice, fairness, and equity while prohibiting evil, injustice, and corruption. In reality, however, the two religions appear to have created competing social orders leading to disharmony among their followers in the country (Ibrahim, 1991). For example, the issue of the Shariah system of justice has remained highly controversial in the North. Many Christians rose to oppose the imposition of this system which led to mass killings and wanton destruction of property (Suberu, 2009).

Given the above, religion is a major determinant of the moral values that guide interaction between individuals. As such, SMEs and their business activities are not immune to the influence of religion in Nigeria. For example, in typical Nigerian communities, there is a strong belief that performing special prayers, fasting and engaging the services of imams or pastors can bring luck and boost the profitability of business (Johnson et al., 2013). Also, due to religious beliefs, Muslims do not eat pork or patronise alcohol. As such, when selecting a business location, SMEs involved in the production, sale or marketing of pork and alcohol must avoid Muslim dominated areas. Similarly, even though access to formal credit is difficult, many Muslim-owned SMEs voluntarily exclude themselves from the financial system on account of their religious beliefs. Relying on the Islamic doctrine that prohibits interest rates, this set of individuals rejects the notion of bank credit altogether. This situation aggravated the problem of lack of access to credit by SMEs, particularly in the Muslim North.

Furthermore, the belief that God predetermines all events and outcomes of events impacts on the economic behaviour of individuals and firms in

[26] https://www.cia.gov/library/publications/the-world-factbook/geos/ni.html

Nigeria. For example, making profit or loss is regarded as ordained by God rather than the result of any investment or management decisions. As a result of this predisposition, many Nigerian SMEs embrace risk-taking since they believe that they cannot lose their investment unless God wills it. Thus, to a degree, entrepreneurship in Nigeria thrives on the altar of religion. However, this general assumption (that God has predetermined all events and outcomes) also encouraged arbitrariness and lack of planning by SMEs. Business owners appear to emphasise prayers and divine intervention over and above deliberate strategic planning (Johnson et al., 2013). The following quote by an industry expert provides supporting evidence.

> *“Where religion is involved, you can’t even argue with people that this is how you can improve your business. For example, the Muslims don’t want to hear anything about insurance, even though that can help their business by removing uncertainties. They will tell you no, it is the will of God if I make a loss in my business. I can’t do anything about it.” [CNS-02]*

4.4.3 Corruption

Any attempt to understand the institutional predicaments of Nigeria should take into account the problem of endemic corruption in the country. It is an open secret that bureaucratic and political corruption has engulfed the Nigerian state at all levels. Thus internationally renowned agencies such as Transparency International (TI) continue to rate Nigeria among the most corrupt countries in the world. According to their 2015 corruption perception index, out of 167 countries, Nigeria ranked 136th where the 1st is the least corrupt country. [27]

Indeed, while formal institutions in Nigeria are weak, the same cannot be said about informal institutions like culture, kinship, trust within tribe or ethnicity. According to experts, it is a fusion of these strong informal institutions that gave rise to widespread corruption in Nigeria. Loyalty to

[27] http://www.transparency.org/cpi2015

friends, kinsmen, family and ethnic ties is emphasised over and above loyalty to the State. Thus, government officials and agents are expected to use their position to amass wealth for the good of the family or tribe while also helping members of their lineage to do the same. Obligation to the Nigerian State is not regarded as of such importance as these primary obligations to family, friends, and tribe. This cultural heritage promoted and institutionalised the culture of corruption in Nigeria (Smith, 2010).

Nevertheless, the consequence of corruption on Nigerian SMEs is devastating. When individuals have to incentivise state agents (through unofficial payments) to receive cooperation, they incur extra costs which make their business less profitable. Similarly, when government actors and officials deliberately misuse their power for personal gain, they alter the level playing field which all businesses should compete within. By providing undue leverage to individuals who are connected to state agents and officials, these individuals make it difficult for other players in the sector to compete:

> *"Corruption basically increases costs for businesses. It makes a business sometimes not profitable because if you don't pay, they delay you and you incur costs. So, because of the costs you incur, sometimes you are compelled to just give to them. This really discourages entrepreneurs." [CNS-01]*

> *"If there are government agencies you have to deal with and permits you have to obtain, I know fully well that all those civil servants will always demand something from you. Then of course corruption has affected your businesses by adding to your costs." [IA-15]*

In light of the above, we see in fact that certain institutional barriers like weak enforcement of regulations are bred by the systemic corruption in the country. According to an informant:

> *"You can imagine, if an individual is caught as a pirate, they will not take him to court. All the law enforcement agencies are after is give me money and go away. Where pirated goods are confiscated in large*

quantity, destruction of it alone would have been sufficient deterrent. But they will keep it there. They either sell it, or they call you and you pay money and collect back what was confiscated from you." [IA-9]

Given the scale of the problem, successive Nigerian governments have always claimed that they are fighting corruption. Surprisingly, evidence points to minimal progress recorded so far. However, the current administration which campaigned on a platform of anti-corruption is taking some giant strides to checkmate the problem of corruption in the country. But Nigeria still has a long way to go in the fight against corruption.

4.4.4 Summary

In sum, the inadequate formal institutional framework for SMEs in Nigeria created a gap that allowed informal institutions to rise and assume a substitute role. What formal institutions failed to provide was provided by the informal institutions. For example, due to weak enforcement, SMEs tend to avoid using contracts, but choose to rely on verbal promises instead. The pressure of conformity exerted by family or friendship and sometimes religious affiliation makes verbal promises work better than formal contracts which are often difficult to enforce. Similarly, with regards to financing, where difficult procedures and collateral requirements bar SMEs from accessing bank credit, financing from family and friends is substituted and provides a vital source of cash that allows entrepreneurship to flourish. However, informal institutions also create countless problems for Nigerian SMEs in particular through corruption and by encouraging arbitrariness and lack of planning.

4.5 Chapter conclusion

This context chapter has provided an overview of the Nigerian background and contextual underpinnings, particularly as related to Nigerian SMEs and institutions. The country profile provided insights into the political antecedents and economic background of Nigeria. This allowed understanding of the business environment in which Nigerian SMEs operate thus deepening our insights into the study context. Following that, an overview of the Nigerian SME sector was provided from an historical point of view. This section incorporated the prospects and challenges faced by the SMEs in Nigeria. The next section analyzed the formal and informal institutional frameworks associated with SMEs in Nigeria. This helps the reader to gain an appreciation and understanding as to how the external environment in Nigeria acts to shape the behaviour of SMEs. The next chapter presents the analysis of data.

Chapter Five: Within-case Analysis

This chapter contains the within case analysis conducted in this research. The within case examines each case study in isolation so as to explore their individual trajectories. Interview narratives of the participants were critically analyzed, and further evidence was gathered from documents. There are four cases contained in this within case analysis. Each case has been anonymised and coded as Cases A, B, C, and D respectively. The within-case culminates in a detailed and comprehensive account of each case study. The presentation of the results adopts a uniform structure across all the four cases and is reflective of the two research objectives of the study.

5.1 Introduction

As described above, this chapter presents the detailed accounts of individual the firms involved in this study. This will allow familiarity with the cases and facilitate the identification of trends and patterns in each case (Miles and Huberman, 1994, Eisenhardt, 1989). The structure of the within-case analysis follows three broad steps. In the first step, the case profile is presented in which the major characteristics of the firm such as sector, age, size, ownership, managerial experiences and sales turn-over are outlined. These firm-specific conditions provide critical performance indicators that help us to assess the internationalization context of the firm. In the second and third steps that follow, the within analysis addresses the first research objective (the IE process) and the second (institutional influence) respectively. Finally, a case summary is provided for each case. The table 5.1 below provides a summary of the four case profiles highlighting their major features and characteristics.

Table 5-1: Summary of case profiles.

Firm	Industry	Sector	Year founded	Ownership structure	Management experience before starting firm	Number of employees	Annual sales turnover
A	Agro-allied	Food exports	2007	Co-owned and managed by husband and wife entrepreneurs	Seventeen years of experience in food processing (home experience only)	121	N210 Million
B	Entertainment	Filmmaking	1997	Wholly owned and managed by the entrepreneur	Twenty years of experience in publishing business (home and host market experience)	82	N195 Million
C	Entertainment	Filmmaking	2008	Wholly owned and managed by the entrepreneur	Three years of experience in filmmaking (home experience only)	48	N110 Million
D	Agro-allied	Food exports	1993	Co-owned and managed by husband and wife entrepreneurs	Ten years of experience in exportation (home and host market experience)	65	N75 Million

Source: Author's research

5.2 Case A

Profile of the firm

Case A is an exporter of processed Nigerian foods to the United States. The firm is co-owned by Mr. and Mrs Peter who have been players in Nigeria's food processing industry for over two decades. The firm specific advantages of case A include (1) an extensive managerial experience, (2) strong network support and (3) an exceptionally good organizational system.

Regarding the firm's extensive managerial experience, prior to starting food processing in Nigeria, Mr. Peter used to work as a manager of a multinational company. He has also received formal training in marketing and business strategy at the Lagos School of Business. On the other hand, Mrs. Peter trained in food processing, management, and marketing at the Mississippi State University in the US. These managerial experiences helped the entrepreneurs to perform and succeed in the Nigerian market but more crucially prepared them with the skills to compete favourably in the international arena.

The second firm specific advantage of the firm relates to its strong professional networks that helped to give it the edge over competitors. The Nigerian-American Chamber of Commerce constituted a key strategic network for the firm as were business associates and colleagues who helped the firm to identify the international opportunity and to market their products in the US. It was the Nigerian-American Chamber of Commerce that first directed the firm towards the international opportunity when they invited the entrepreneurs to a US trade exhibition in 2005. As the Nigerian processed food market was becoming saturated and business was slowing down at the time, the entrepreneurs decided they would use the trade exhibition to seek opportunities for expanding into the US. It was during this exhibition visit that professional networks of the firm (business associates and colleagues) hinted of an untapped Nigerian foods market which interested the entrepreneurs and motivated them to set up a subsidiary branch of their company in New Jersey.

The third firm specific advantage of the firm relates to their exceptionally good organizational system which helped them to record excellent performances upon entering the US host market. Through leveraging their managerial competence and key networks support, the firm established distribution networks in major US cities like Houston, Atlanta, and Chicago. This distribution network resulted in increased across the US leading to rapid growth of the firm. Within seven years, the firm grew to become one of Nigeria's leading exporting SMEs in the US. Their brand name is seen as something of a household among diasporic communities that consume Nigerian food items in the US.

The firm's financial position as at 2013 revealed an annual sales turnover of two hundred and ten million naira which indicates profitability. Also the firm has a workforce of one hundred and twenty-one workers including laborers, managers, accountants and secretaries which further underlines the fact that the firm is rapidly growing. However, case A is not without a few weaknesses. The seeming inability to attract patronage of consumers outside the ethnic segment in the US (as Chinese products in the US do) suggests there is a big gap in the market which the firm has yet to capture.

5.4.1 The International Entrepreneurial Process

As profile information illustrated, case A is a Nigerian firm that exports food items to the US. Therefore, the opportunity to sell food items in the US is the focus of this analysis. Accordingly, the firm has gone through series of sub-activities to identify and exploit the opportunity in the US.

5.4.1.1 Recognition of the international opportunity

While attending a trade exhibition in the US, the entrepreneurs decided to search the US environment for opportunities. Having spent two decades operating their processed foods company in Nigeria, the entrepreneurs were considering how to expand their market base. Thus, the entrepreneurs started going around and exploring the environment. They visited two US cities namely Houston and Atlanta.

The entrepreneurs have family relations and friends who reside in the US. The experience of living in the US meant these individuals accumulated stocks of information. Subsequently, the firm was informed of the existence of retail stores in the US that were interested in Nigerian food items to serve their teaming customers. This piece of new information led case A to realize a potential opportunity to sell foods stuff in the US.

As the firm had no previous engagement with the US market, they decided to assess the viability of the potential opportunity by carrying out a test run. The test run entailed doing a mini export of the food items from Nigeria to the US. In January 2007, the firm shipped a cargo of processed yam tubers to Newark. The transaction was successful as the products were easily sold to retail stores in the city. This allowed the entrepreneurs to conclude that the opportunity was indeed viable:

- *“ We had friends in the US who were willing to put us through. So we exported to the US, and we went there to clear the goods ourselves so that we could see what the problems could be like. And then we were able to sell.” [A-01]*

In summary, the opportunity recognition of the firm involved three sub-activities: scanning the environment, seeking information and trial and error. Circumstances in the local Nigerian market and the need to survive in business after local market became saturated pushed the firm to seek new opportunities in the US. In doing this, the experience of food processing coupled with formal training possessed by the entrepreneurs’ provided the firm with a repertoire of information. This stock of information facilitated the identification of market-level indicators which signaled the potential opportunity. Lastly, the firm leveraged their social networks to obtain information that aided in the recognition process.

5.4.1.2 Development of the international opportunity

In October 2007, the firm registered their subsidiary company in Houston, Texas. An agent was hired to carry out the registration and documentation of the subsidiary on behalf of the firm. Almost simultaneously, the firm also acquired a warehouse for storing bulk goods from Nigeria. These actions established the firm's legal status as a player in the US foods import industry. With this physical presence, the firm was positioned to interact with US customers and organize marketing and distribution on the ground.

- *" The reason we opened a branch in the US is to make transactions easier. It is an added advantage for us to put the goods in the States first and then monitor the distribution by ourselves. This is an added advantage over competitors." [A-03]*

Ahead of the execution of the opportunity, the firm faced the need for extra funds to procure additional equipment, payment of logistics and remuneration of the increased workforce. Case A, financed its operations through the following two sources. (1) Loans from a Nigerian development bank, (2) personal savings. The entrepreneurs made several efforts to access external funding from Export-Import Bank (EXIM) of US. However, the request was unsuccessful due to inability to meet bank collateral conditions (as will be explained later).

The firm would then approach some Nigerian commercial banks to seek their financial support. Again, unfavorable loan conditions of commercial banks frustrated this effort. Eventually, the firm decided to go to a Nigeria Export Import Bank (NEXIM) which is a government development bank. Through NEXIM bank, the firm received a loan facility of $ 500,000. Parts of these funds were used to procure equipment, hire and remunerate workers and agents in Nigeria and US. The rest of the funds were retained and used as working capital. However, the entrepreneurs would argue that the $500,000 loan was insufficient to finance all export operations. In spite of this, all their requests for additional funding were denied by the bank, prompting the firm to supplement finances with their personal savings.

Furthermore, the firm needed to reinforce its workforce to meet the demands of US exports. Hence, additional workers were employed at the food processing plant in Lagos and a forwarding agent to execute export procedures, and documentations on behalf of the firm was also hired. At the US front, the firm also recruited another agent. This agent interfaced with customs on behalf of the firm and secured the release of goods at US ports. The use of clearing agents to facilitate shipment is common among exporters as an industry expert revealed:

- *" In my experience about 80 – 90 % of the exporters I interacted with are using agents. Because I understand, dealing directly with agencies is sometimes challenging for exporters. So, they tend to use agents."[IA-20]*

In summary, the mobilization of resources constituted a central feature of the IE process. This occurred through setting up a new organization, sourcing funds and hiring of workers. The firm faced significant challenges while trying to obtain external capital to advance the development process. The consequences of this are further detailed later.

5.4.1.3 Exploitation of the international opportunity

In February 2008, the firm commenced production of agro commodities for exports. All the processing and packaging takes place at the processing plant in Lagos. The entrepreneurs prided themselves of adhering to international best practices of production. This is evidenced by the certification and approval obtained from both the Nigerian foods regulator NAFDAC and the US foods regulator known as FDA. The firm processed the following food products: fish, flour items, palm oil, and honey.

After food items are processed and packaged, the finished items are moved from Nigeria to the US where the market is domiciled. The goods are shipped to the US via cargo vessels. The forwarding agent completes all paperwork and oversees inspections at the point of outward shipment. Following the sailing of the goods, the agent in the US tenders documents to customs and file for the release of the cargo when it eventually arrives. The customs inspect the goods before finally releasing it to the agent who then arranges a truck to send the goods to the warehouse.

After successfully transporting the finished goods, the firm shifted attention to creating awareness of their products. According to the entrepreneurs, the company website served as an effective marketing tool. The site provides stocks of information about the firm, their products and market operations in the US as well as in the Nigerian home market. The site also allowed customers to place orders should they wish to do so. Also, network contacts of the firms served as an important marketing tool. The entrepreneurs engaged their friends and relations in the US who all communicated with their contacts and informed them about the products. Case A products are also advertised on mass media through newspapers and magazines. However, such adverts are financed by large retail stores that partner with the firm. When retail stores buy bulk products from the firm, they advertise those products using mass media so as to attract buyers to their stores:

- *" Well, sometimes you find our products on the pages of newspapers and magazines. But those ones are sponsored by our bulk breakers, the big stores that buy in bulk. They do this not because they are marketing for us, but they want to sell the goods they bought from us. Of course, this still helps to promote our brand name." [A-CEO]*

In sum, the opportunity exploitation process of case A occurred through four sub-activities: production, shipment, marketing, and distribution. These sub-activities were largely facilitated through network support and knowledge of the industry as possessed by the entrepreneurs. The following Table 5-3 presents a summary of the mini events and sub-activities that led to recognition, development, and exploitation of the international opportunity.

Table 5-2: Summary IE process activities of case A.

The IE Process	Description
Scanning the environment	While on a trade exhibition to the US, the entrepreneurs searched Houston and Atlanta for opportunity to sell processed food items in the US
Seeking information	The entrepreneurs sought additional information from friends and relations who live in the US.
Trial and error	The entrepreneurs did a test run by doing a mini food export to the US. This allowed concluding the opportunity was viable.
Setting up new organization	The firm set up a new office and acquired a warehousing facility in New Jersey.
Sourcing funds	Financing was obtained through a loan from a Nigerian development bank, and personal savings.
Hiring workers	Additional workers were recruited at the processing plant. Also, new workers were recruited to serve in the new US branch.
Production	Food items are processed and packaged at the company processing plant located in Lagos.
Shipment of goods	Finished goods are shipped from Nigeria to the US via commercial shipping vessels.
Marketing	The firm marketed products through their website and marketing partners and agents.
Sales/distribution	Distribution conducted through a network of contacts. Buyers include retail stores and African stores in Newark, Houston and Chicago areas.

5.4.2 Formal institutions and the process of international entrepreneurship

This section explores the interconnection between the IE processes and formal institutions. The analysis identified three formal institutional domains. They are (1) Procedural regulations (2) Trade barriers, and (3) Government incentives policies

5.4.2.1 Procedural regulations

Procedural regulations comprise of (a) Company registration (b) Credit policies, and (c) Business contracts.

Company registration

Home institutional environment: notwithstanding the low level of compliance in Nigeria, in the foods export industry, company registration is more of the rule than the exception. Hence in compliance with this institutional demand, the firm is duly registered with the corporate affairs commission of Nigeria. The firm was registered in the year 2004. The company registration was then used to secure NAFDAC approval for the firm to begin food processing in Nigeria.

Also, during the sourcing of funds activity, company registration was instrumental towards accessing the $500,000 loan from NEXIM bank. It will be recalled that banks do not lend money to non-corporate entities. Therefore, possession of company registration amongst other factors facilitated access to a bank loan. According to an industry actor:

- *“ To apply for a loan in any Nigerian bank, your business at least has to be registered as a limited liability company with the corporate affairs commission. Because if you don’t register, then, of course, you don’t have a bank account. If you don’t have an account, how can you talk of loan?” [IA-25]*

Host institutional environment: case A complied with US company registration regulations by incorporating their US subsidiary branch in October

2007. This action provided the legal status and legitimacy to operate in the US. Consequently, compliance with company registration paved the way for shipment of goods, marketing as well as sales/distribution to commence.

Credit policies and financial institutions

Home institutional environment: In case A, unfavorable interest rates, and collateral requirements led to an inability to access finance from commercial banks. In their first attempt, the firm applied to a Nigerian commercial bank for $1M funding to finance the upgrade of facilities and increase of workforce. However, demand for collateral of twice the value and a proposed 23% interest rate charges made any prospects unrealistic. As a result, funds were not accessed. This disrupted the hiring of workers and production activities that were meant to be financed:

- *" We went to the (commercial) bank and showed them our plan. We want to expand our factory, buy more equipment and we needed working capital. But the bank came with ridiculous interest rates at 23%, and they wanted collateral that is two times the value of the loan. In the end, we couldn't simply do it. So access to finance is difficult, and this does not allow room for growth" [A-01]*

Eventually, the firm was able to access the $500,000 loan from a Government Development Bank. Credit policies of development banks are rather more favorable given that these banks are government owned. Although the funds accessed were useful towards the purchase of equipment and recruitment of additional workers, still, half of the financing needs of case A remained unsatisfied. As a result, the firm had to supplement with funds from their personal savings.

Host institutional environment: Due to a resurgence of interest in trade with sub-Saharan Africa, the Export-Import Bank of the United States (EX-IM) has offered to support non-US firms that import into the country. Applicants must, however, meet eligibility conditions. More specifically, they were required to secure distribution agreements with US retailers. Hence, case A engaged in discussions with a major US retailer seeking for a partnership arrangement. However, while the retailer was happy to get into a distribution agreement with the firm, they required assurance of uninterrupted supplies that will cater for all their branches nationwide. Yet, due to its small size, the firm lacked capacity and resources to supply 200 or more branches in the US. As such, the liability of smallness caused inability to meet eligibility conditions for accessing EXIM bank funds.

- *“ EX-IM offered to support us, but first we have to get a distribution deal with major US retailers. But the rules pervading there is that some of them (retailers) have about 300 branches, and if you are going to supply them, you must take up all 300 branches about the same time. Those are challenges that will stretch our finances beyond their limits.” [A-CEO]*

- *“US banks are not lending us money. You have to partner with the big distributors if you want that. For us, that means expanding operations. But we can only create expansion when we have the leverage to create volume.”[A-03]*

Consequently, the inability to meet credit policies of US bank resulted in no funds accessed to advance activities of the IE process such as production and marketing. This condition is partially responsible for the cost-saving measures that were applied in the marketing process. Since they could not afford marketing through print and electronic media, the firm opted to use their contacts to spread awareness of the product using word of mouth.

Business contracts

Home institutional environment: international business partners tend to transact food exports through contracts. Hence, the firm usually draws up contracts to facilitate their sales transactions in the US. The contracts outline the quantity of products, payment mode, and the delivery timeframe. Nevertheless, due to unreliability on the part of food regulatory agencies, the firm failed to meet contract obligations on some occasions. For example, sales manager reported that when the firm applied for permission to commence processing of yam powder, food regulators wasted much time before giving approval. This delay disrupted production timeframes which eventually caused shipment of the goods to be postponed. The delay constituted a violation of sales contract, and it prompted the buyer to cancel the order altogether. Hence inability to meet contract obligation due to institutional barriers acted to impede the IE process.

Host institutional environment: contracts were mainly instrumental in the hiring of workers. The entrepreneurs leveraged on US labor contracting laws which make it mandatory for all employers to use a contract when hiring workers. Signing contracts enabled the firm to secure the commitments of all the workers it hired legally. Thus contracts added legitimacy to hiring activity and ensured that employees carried out the job that they were hired to perform. According to the managing director:

- *" We entered into written agreements with all the people we hired. The manager handling our warehouse for example. He knows the details of his job. It is there in his contract. Even our agent was hired under contract agreement. If there is a default, we have the contract, and we can take them up." [A-01]*

5.4.2.2 Trade barriers

Two dimensions to trade barriers were analyzed under this theme. These are (a) Inspections and (b) Permits

Inspections

Home institutional environment: In this case, the entrepreneurs complained of regular delays when goods are presented for inspection at the port. Since goods will not be allowed to sail without clearance from the permitting agency, the delay often provokes other consequences. For example, it caused a default in delivery timeframe agreed with a particular customer (thus affecting contracts). Similarly, as the goods were kept at the port while awaiting clearance, the firm was made to pay demurrage.

- *" The challenge with the inspections is the issuing of the CCI. The transmission period. It is always a big problem. Sometimes we have to wait, and before you know it, we lose time, and time is very essential in this business." [A-03]*

Host institutional environment: The customs and border protection (CBP) is the agency empowered under the US trade act of 2002 to examine any cargo that enters into the US from a foreign territory. The agency will have to verify that goods comply with US laws and regulations before they allow passage. This rule is strictly enforced. In this case, the professional and efficient manner by which inspection operations were implemented at US ports benefitted the IE process. The entrepreneur reported that government inspection agents operated efficiently and therefore did not waste time at the ports. This expedited the shipment of goods activity and by extension accelerated the sales/distribution process:

- *" The regulations on inspections in America are a lot easier. Sometimes, when we send our goods to the US, within 30 minutes they finish inspections and clear the goods" [A-03]*

Permits

Home institutional environment: In this case, administration of permit and licensing law by the Nigerian food regulator NAFDAC affected the IE process with adverse outcomes. For example, when the firm wanted to export powdered beans, they invited the agency to do the analysis of the product as required under the regulation. The analysis was done, and a certificate and export permit was issued accordingly. However, upon transporting the goods to the US destination, another analysis was conducted only for the product to fail the analysis test. Consequently, the goods were rejected and returned to Nigeria for failing to meet the quality standard. This condition led to the loss of money and dented the image of the firm. Also, the firm faced delays while seeking an export permit from NAFDAC. This delay impeded their ability to execute orders of their customers.

Host institutional environment: The FDA is the American agency responsible for ensuring that food items imported into the US are fit for consumption and that they meet standards. In this case, the effective manner by which the Food and Drugs Administration (FDA) discharged its functions expedited the IE process. According to the chairman, it took them less than three days to obtain their first FDA certificate. Similarly, the process of conducting analysis on the food products and issuing permits was handled effectively. As a result, the IE process especially the shipment activity received a boost.

5.4.2.3 Government incentives policies

This institutional domain relates to incentives policies.

Incentives policy

Home institutional environment: In this case, it is clear that poor implementation of incentives policies impeded the IE process. The entrepreneurs reported that they conformed to all requirements and submitted regular applications for the EEG support. However, remittance of the grant funds is always delayed, and in some instances, they did not get it at all. This had consequences on the IE process. First, the firm was unable to make plans properly since they were uncertain when the much-needed support will be accessed. Secondly, inability to access the grant meant fewer funds were available for expanding the business:

- *“ The EGG grant always gets delayed. This tells on our ability to produce at the right time - that is timeliness. It tells on our ability to be sure of our delivery. I mean, when we are not sure when a paper will come and all that, it is hard to commit ourselves. So it does not give a wider window of preparing multiple export plans.” [A-03]*

Host institutional environment: In this case, the firm was able to meet all the eligibility conditions of AGOA. As a result, they can import their goods into the US at duty-free. The incentive allowed the firm to save money and improve their working capital. Additionally, the duty-free exports enabled the firm to become more competitive in the market since their costs were reduced considerably:

- *"In America, we do not pay duty because we are dealing with food. Food is under AGOA where duties are not paid. Because of that, we can afford to bring our price lower in the US, which makes us more competitive. "[A-01]*

5.4.3 Summary of case A

The within-case analysis of case A can be summarized as follows. The firm carried out series of mini-activities that allowed it to successfully engage in the exportation of processed food items to the US. Despite the lack of familiarity with the host environment, high managerial skills and long-term experience in food processing allowed the firm to achieve commercial success and to build its brand reputation in the US foreign market.

5.3 Case B

Profile of the firm

Case B is a Nigerian company involved in film production, entertainment and publishing of African themed products in the US. The firm which was founded over thirty years ago in Lagos is owned by a Nigerian man named Thomas Ben. The firm specific advantages of the firm include the following: (1) an extensive knowledge of the entertainment industry, and (2) a superior and differentiated product.

Regarding their extensive knowledge of entertainment industry, the firm began operations as a promoter of African music and arts through an in-house magazine publication. Ten years later, the firm diversified into exhibitions of Nigerian culture through sponsoring stage cultural events and festivals within Nigeria and internationally. These market exploits brought commercial success which encouraged the firm to expand and seek new markets. Thus in 1987, the firm opened a subsidiary branch in New York City.

The second firm specific advantage of case B is their superior and differentiated product which gives the firm an edge over their competitors in the US market. After ten years of promoting African music and arts through magazine publications, the firm further diversified into filmmaking in the US. In this new market approach, the firm maintained their African philosophy by focusing on African themed projects in their films. Their style of filmmaking differed radically from other producers of Nigerian films in the US. They combined Hollywood star actors with their Nigerian counterparts to shoot in the company's film projects. This strategy worked to differentiate the firm's film products from other Nigerian films and it gave the films a superior texture. Consequently, case A film products recorded huge commercial success at home and abroad. One of their films (Holiday) has become the first Nigerian film to receive US mainstream cinema distribution.

The performance indices of case B indicate that despite constant challenges occasioned by shortages of finance and a highly competitive market, the firm grew from strength to strength. In the seventeen years that followed since launching film production, the firm successfully produced four feature films in the US. Their latest film project was the recipient of a prestigious government grant fund and has been widely acclaimed across Nigeria and the diaspora. The film grossed over one hundred and sixty million naira in its first year. Currently, the firm employs eighty-two people who function as film directors, producers, writers, camera operators, cinematographers, and editors respectively. However, case B is not without its own weaknesses. The most notable shortcoming is their inability to capture audiences outside their ethnically affiliated Nigerian groups in the US. This has severely limited the firm's market potentials.

5.3.1 The International entrepreneurial process

As described in the case profile, Case B is a Nigerian firm that launched filmmaking operations in the US. Therefore, the opportunity to produce and sell films in the US is the focus of this analysis. Accordingly, case B has gone through series of activities to recognize the opportunity and exploit it in the US.

5.3.1.1 Recognition of the international opportunity

The firm's continuous efforts of researching and scanning the US environment while publishing magazines led to an identification of a new opportunity to make films in the US. The entrepreneur would visit various African countries where he examined business opportunities, which he then publishes in his magazine. Additionally, the entrepreneur established ties with practitioners in the entertainment industry such as actors and directors. This facilitated information exchange that led the entrepreneur to realize that Nigerian filmmakers were producing great films with scope for the US market. However, the host market's lack of distribution opportunities and IP protection for the products were effectively hampering market entry.

Despite this realization, the entrepreneur was not a filmmaker at that point. Thus he needed to match the opportunity with the competencies of his firm to ensure he had the resources to take advantage and to realize the economic benefits. This evaluation process occurred gradually. Eventually, the firm concluded he had recognized a viable opportunity to commence film production in the US:

> *"I started by going to various African countries and looking at business opportunities and so on, which I then put out in my magazine. Then, of course, I realized that Nigerian film producers were making great products, but there were no distribution opportunities in the US. People just took any Nigerian product and mass produce it, and the producers never got their rights due. So that led me, in a gradual process to start thinking. With the information I am learning, I began to realize that, wow, somebody's got to help these people. Then I see that why not me? After all, I am the one getting the opportunities and realizing these constraints. So, that led me to making films." [B-CEO]*

Secondly, the firm leveraged its social network within the industry to access information for the recognition process:

> *"Our CEO developed his vision for filmmaking in the US because he knows a lot of people in the country. He is very familiar with the system and I think that was a tremendous resource for him." [B-02]*

Furthermore, the analysis identified three internal factors influencing opportunity recognition: prior knowledge, social networks, and motive of the entrepreneur. As the firm had been entrenched in the entertainment industry for over a decade, the firm developed a good understanding of the US and African business environments. This experience and knowledge facilitated the identification of market-level indicators which signaled the potential opportunity. Also, current financial difficulties and the entrepreneur's personal drive to survive constituted additional influences. The marginal turnover of the firm's existing magazine business pressurized the firm to diversify into more profitable segments of the industry.

In summary, the opportunity recognition process of case B comprised of two sub-activities: scanning environment and seeking new information. The firm was previously involved in publishing business magazines. The nature of this business necessitated continued environmental scanning and information seeking to identify new business opportunities that would be printed in the firm's magazine. However, internal motives meant the firm was open to new business opportunities themselves, and this pushed them to start evaluating promising business opportunities. Eventually, case B leveraged on their prior knowledge and new information accessed through their social network to recognize the opportunity to start films in the US.

5.3.1.2 Development of the international opportunity

Following the decision to diversify, the firm established a filmmaking company in the summer of 1997. The new organization was conveniently integrated into the company's existing infrastructure. This included an office location at Broadway, New York, and engagement of employees with expertise. The firm hired a known entertainment attorney who was a friend of the entrepreneur to assist them at a reasonable fee. Thus establishing a new organization yielded the legal platform to make and distribute films in the US.

Before commencement of production, the firm required finance to remunerate actors, crew members, and to finance necessary operational equipment and promotions. In the US, the firm searched for funds through bank loans and private investors, while in Nigeria, they pursued banks and government grant funds, respectively. Within the US, however, the firm was not successful in obtaining external funding at all. Amongst other factors, banks and investors felt the project was highly uncertain and high risk. In response, the entrepreneur directed efforts to secure finance in Nigeria. The firm obtained its first funding from a Nigerian development bank which granted them a loan of $1M - utilized to hire actors, crew members, and purchase equipment. As the funds became quickly depleted, the firm approached the private sector for funding, which again, encountered barriers. Nigerian banks perceived a high risk when financing an entire film project. Indeed, it is unusual for Nigerian banks to finance films beyond production stage. Eventually, due to the difficulty of gaining finance, the firm had to avail of family funding. The firm would go on to raise $150,000 from family relations. Additionally, they pursued and obtained government grant of $350,000 from Nigeria to support them with marketing and distribution.

Furthermore, the firm recruited a cast and crew for its film project which included editors, cinematographers, director of photography and camera operators. Following this, the firm started hiring the cast, comprising of Hollywood and Nigerian talent. This was a marketing strategy designed to capture large Nigerian audiences by pairing their local film heroes with recognized Hollywood stars. The firm was able to execute this recruitment strategy because of its social network structure. As the entrepreneur had established friendships with many Hollywood star actors, film editors, and cinematographers, he leveraged this trust and rapport to recruit a high-quality artistic labor resource.

In summary, this phase of the IE process involved three sub-activities related to resource mobilization. These are setting up a new organization, sourcing funds and hiring workers. These sub-activities were however facilitated through the firm's informal networks and other existing resource sets. Yet this opportunity development phase encountered external barriers in the host and home markets (as will be discussed later).

5.3.1.3 Exploitation of the international opportunity

Beyond mobilization of resources, the firm carried out strategies towards realizing market outcomes. The firm launched its first film production in the US in 1997 which was titled 'February.' The cast and crew comprised of both Nigerians and Americans and the film was shot at different locations in Nigerian and US. The firm was to follow with another feature film titled ‘April in 2007.' Again in August 2008, they came up with their third production captioned ‘November’ and the fourth film which was dubbed an international hit was produced in 2012. ‘Holiday’ featured top Hollywood and Nigerian stars, and it was shot at several locations in Nigeria and New York.

In the area of marketing, the firm performed different activities to promote its film products. For example, the firm participated in film festivals and partnered with marketing distributors to reach a variety of audience. It was in 2008 that the firm attended a film festival in Los Angeles. During the festival, they screened their film titled ‘November’ before a host of marketing companies in attendance. This led to a distribution partnership with a company known as the ‘Summer group.' Under the partnership arrangement, ‘Summer group’ took over the responsibility marketing of the firm’s DVD contents in the US. Beyond conventional marketing approaches, however, case B has also used the cost-effective social media marketing tools of Facebook and Twitter to raise further awareness of their products.

The firm distributed films through a range of channels that include cinema, DVD, online and cable TV distribution both in Nigeria and the US. The striking feature within this sub-activity of exploitation is the high level of externalization. The firm used several distributors in the US and Nigeria to distribute the films through the usual channels of distribution. For example, in the US, cinema distributions were organized by Mega theaters. Summer group handled the DVD and online distribution in the US. In Nigeria, the DVD distribution was carried out by a company, ‘U Arts.' This firm utilized a network of retailers spread all across the country to distribute copies. Additionally, the firm partnered with ‘Dragon Ltd’ for cinema distribution. That partnership, however, recorded limited success. This was due to two factors. One, there are very few theaters operating in the country. The film stayed in the theaters for only two weeks as other films were queuing up. The second reason was that the film was not marketed adequately on mass media in Nigeria. It, therefore, failed to draw crowds as anticipated. Finally, streaming rights in Nigeria were sold to an online streaming company named ‘Breeze TV.' This company took over ownership of the online content and then sold to their viewers who streamed online. However, the analysis identified the shortage of finance as a key factor that posed challenges and impediments to exploitation activities.

In sum, the opportunity exploitation phase happened through three sub-activities: production, marketing, and distribution. These events were carried out through the support of networks and creative usage of other internal resources. The following Table 5-4 presents a summary of the mini events and sub-activities that led to recognition, development, and exploitation of the international opportunity.

Table 5-3: Summary IE process activities of case B.

The IE Process	Description
Scanning the environment	Formerly publishing a magazine, the entrepreneur searched African countries for business opportunities to publish. Then he observed that Nigerian films had potentials for the US market.
Seeking information	The entrepreneur also talked to experts, directors and film actors in the entertainment industry as he evaluated the opportunity.
Evaluating new information	The entrepreneur then considered the information obtained, weighed the pros and cons before eventually deciding to explore the opportunity.
Setting up new organization	The entrepreneur launched a new film production company in New York
Sourcing funds	Funds for film projects were sourced through a combination of bank loan, government grant and borrowing from family members, all from Nigeria
Hiring workers	Cast and crew members were recruited from Nigeria and the US to boost marketability and gain access Nigerian government grant funds.
Production	Film productions were done in both Nigeria and the US to boost marketability and gain access to Nigerian government grant funds
Marketing	Entrepreneur partnered with marketing firms to market films in Nigeria and the US. They also used web-based marketing and advertisement
Sales/distribution	The firm distributed to customers through cinema, DVD, online and cable TV both in Nigeria and the US

5.3.2 Formal institutions and the international entrepreneurial process

This section explores the connection between IE processes and the formal institutional environment. The section identified three major formal institutional domains affecting the IE process. These are (1) Procedural regulations (2) Intellectual property regulations, and (3) Government incentives policies.

5.3.2.1 Procedural regulations

This theme is made up of three formal institutional mechanisms. They are (a) Company registration (b) Credit policies/financial institutions, and (c) business contracts.

Company registration

Home institutional environment: given that compliance with company registration in Nigeria is rather mixed, the major implication of this institutional mechanism relates to barriers to resource mobilization, especially financial resources. It is the case that banks do not lend money to non-corporate entities.

Further analysis showed how the firm departs from the institutionalized norm of informal business practices by Nigerian SMEs. The firm registered as a corporate body with the Corporate Affairs Commission in 1984. This company registration provided the firm the legitimacy by which it launched formal business operations in Nigeria and was a necessary prerequisite during the sourcing of funds activity. As banks and even government agencies do not deal with non-corporate bodies, the firm needed registration to process loan and grant funding application. Thus possession of company registration enabled interaction with banks and government agencies leading to accessing bank loan and grant funds. According to operations director:

- *“ Of course we were duly registered in Nigeria since 1984. And remember you need to be a fully corporate organization to process bank loans or grant funding. Without registering the company, we would not have been availed any bank facility or government support.” [B-02]*

Despite registering, however, the firm failed to gain external financing from US investors partly due to the low level of formal registration practices in the home market. Owing to the perceived weak legitimacy of the Nigerian film industry caused by the failure of trading partners to register, the investors declined to finance the firm.

Host market institutional environment: US regulations require companies to be formally registered to transact any business. As such, the firm showed compliance with US company registration law through formal registration. This legality and regulatory legitimacy facilitated the development and exploitation of the opportunity in the US.

In summary, the firm’s domestic-oriented business suffered, in part, from low levels of formal registration practices in the home market. This is one of several home market institutional factors that would push the firm into the international market. Additionally, during the early stages of opportunity development, the firm’s compliance with company registration regulation facilitated key sub-activities such as the setting up of the new organization and hiring of workers.

Credit policies and financial institutions

Home market institutional environment: Interviewees reported how the home market financial sector conferred significant barriers on the firm. The firm, as with other Nigerian film producers, found it difficult to borrow from the financial sector. The firm was unable to satisfy credit policies of commercial banks, as it failed to meet the terms of collateral, and found the rates of interest excessively high. In response, the firm approached a Nigerian development bank which offered considerably lower interest rates than the private sector. The firm found the 11% interest rate of the development bank quite tolerable. Hence they applied for $2M loan tendering collateral, evidence of distribution arrangement and break down of costs as required under credit policies of the bank. However, the bank would value the collateral at $1M only, whereas the firm needed $2M. Consequently, the bank approved and disbursed a loan of $1M to the firm as the CEO explained:

> *“ Even at that level when we showed all the distribution deals and our estimates on the table, it was still extremely difficult. They (bank) said ok; you want $2M, we will give you $1M. But you have to put down your house - as collateral” [B-CEO]*

The funds obtained enabled the firm to commence international activities immediately. For example, actors and crew members were hired and remunerated and production equipment procured. The funds were eventually exhausted as film production was ongoing. This forced the firm to suspend production activity temporarily. However, lack of additional collateral constrained further efforts to access extra funding from the banks. Eventually, the firm compensated through sourcing additional funds from family members to complete the production.

> *“ The funds ran out, and we got stuck while doing production. And then the bank wouldn’t lend us any more money. So I thought about it, and I started making calls. Through family members, I raised $150,000 which we used to complete the production” [B-CEO]*

In summary, the firm’s limited internal financial resources, and high capital demands generated dependency on external finance for opportunity development. The firm was successful in obtaining government funding. However, on the whole, constraining home market financial institutions raised significant obstacles. These obstacles would slow, disrupt, and even halt development activities. The entrepreneur partially managed such constraints through informal institutional support (i.e., family funding) and creative deployment of firm level resources. This institutional condition would push firms to seek financial resources in the host market aggressively.

Host market institutional environment: It will be recalled that the first sourcing funds activity of case B was in the US. The firm applied to Bank of America for a $2M loan to finance the production of their film ‘Holiday.' In compliance with underlying credit policies, the bank asked the firm to pledge collateral in the US. However, case B did not possess property which they could pledge as collateral in the US. As a result, the loan request was turned down.

- *" US banks have funding schemes, but they are for indigenous companies. For us, as non-citizens, when we contacted the bank, we were asked, do you have collateral to pledge? So, we couldn't get any money from the (US) bank because of collateral." [B-03]*

The inability to access bank funds in the US thus imposed shortage of production funds. This condition forced the firm to react by redirecting 'sourcing of funds' activity towards home market since they were more familiar with that environment. According to the CEO:

- *" You are not going to get a dime in the US. No! You are not going to get a dime for any African product. So I had to come back to Africa to get financial support which they were more supportive, maybe because I am from Nigeria." [B-CEO]*

Business contracts

Home market institutional environment: Due weak contract enforcement in Nigeria, case B activities of sourcing funds and distribution were adversely affected. Firstly, informal business practices through handshake rather than signed agreements undermined the recording of business transactions. This, in turn, deters the presentation of credible financial documents to potential financial lending institutions. Secondly, many Nigerian marketers are involved in unauthorized copying and distribution. The absence of contractual exchange with a clear definition of IP ownership has given the marketers the impetus to produce and distribute unauthorized copies with no fear of legal ramifications.

In summary, the institutionalized norm of disregarding contracts disrupted the entrepreneur's revenue generation domestically and undermined domestic growth. It further undermined the firm's ability to acquire financial resources domestically. However, this condition further incentivised the firm to escape the home market institutional barriers through internationalization.

Host market institutional environment: Unlike the Nigerian market, contract in exchange relationships is a strong institutional norm in the US. The firm sought compliance with this institutional norm albeit with mixed consequences for opportunity development and exploitation. First, regarding the exploitation phase, the firm struggled to meet all contractual terms set by their cinema distributor. Although their US distributor was satisfied with the firm's reputation, the distributor was worried about sales. The US company was not sure how the audience would react, and they feared losses if the product were to fail. This concern triggered the insertion of a clause in the distribution contract stipulating that the firm will pay in advance, the costs of advertisement, posters, and billboards. However, case B failed to meet this contractual obligation due to a shortage of funds. As a result, cinema distribution in the US faced disruptions:

- *" We were coming with a product that is not tested. So, the theater owners said how are we sure the Americans would watch this film? I said to them; I know people are going to watch it. Then they said ok, sign a contract that you are going to back it up with the P & A, money - $250,000. Then I rushed back to Nigeria, and nobody gave me a dime. So, this delayed the cinema distribution in the US." [B-CEO]*

This failure to comply with contractual terms forced the firm to urgently seek new funding in Nigeria. The firm successfully gained government funding which allowed them to cover the costs stipulated in their contract. This action paved the way for the film to be shown in Mega theaters across the US. Furthermore, the host market established practice of contracting facilitated the hiring of actors and crew members which expedited opportunity development. Complying with US regulations on labor market contracting allowed the firms to recruit and retain actors and crew employees successfully. The contracts established the terms of employment including the number of work hours per day and remunerations that will be received by hired persons.

5.3.2.2 Intellectual property regulations

Copyright protection

Home market institutional environment: with Case B, weak enforcement of copyrights in Nigeria influenced the motivation for international opportunity recognition. The persistent pirating of their DVDs and online digital copies reduced sales revenue. While the firm demanded the Nigerian Copyright Commission to enforce their IP rights, the Commission failed to take action. As a result, the entrepreneur felt short-changed and discouraged in the home market. This condition generated an outward international focus.

Host market institutional environment: Unlike the Nigerian context, US IP laws are rigorously enforced. The entrepreneur's high confidence with this important host market institution contributed to high confidence in overall US market entry. The firm copyrighted their film script at the initial phase of film production which encouraged investment into the project without high IP ownership risk. It means that production activity of IE process was aided. Even so, in 2010, the firm found that their films were illegally copied and distributed in the US. This prompted an intervention by the US Department of Justice, New York district attorney of Brooklyn and FBI who successfully cracked down on offenders.

In summary, IP protection was considered crucial to business success. Following years of operating in a highly dysfunctional home IP environment, the firm valued the highly functioning IP laws or rules in the US. The IP laws within both institutional jurisdictions constituted a major push and pull force towards international opportunity recognition.

Censorship regulations

Home market institutional environment: In this case B, Nigerian censorship law influenced the IE process with both positive and negative outcomes. It facilitated entry of the product into Nigerian market on the one hand while limiting the creative potentials of the entrepreneur on the other. During the marketing and distribution stage, when the firm wanted to introduce the product into the Nigerian market, they applied for censorship as required by Nigerian censorship law. The NFVCB censored the film and rated it as general audience meaning any audience can watch it. This allowed for the film to be introduced into the market and for marketers and distributors to start collaborating with the firm. Thus marketing and distribution were advanced. However, according to operations director, the censorship law itself is problematic, and it has curtailed and limited the creative potentials of case B. There are simply too many restrictions on the type of content or nature of film story that is allowed under NFVCB guidelines she explained. As a result, the entrepreneur became discouraged.

- *" I can't even put any nudity. Nigerians (censorship board) would say, remove that nudity, rather than rate it maybe X or rate it PGA. They would say, why do you wanna put nudity? Are you a pervert? So, you can't really be a real Filmmaker here." [B-CEO]*

This feeling of discouragement provoked a response by the entrepreneur. It led him to favor outward international operations to the US where censorship is only about film rating and not restrictions on content. As such, the nature of home censorship law stimulated international opportunity recognition. Also, the firm reacted to home censorship law by adapting. They simply complied with requirements of the censorship law in all their Nigerian operations. In particular, they ensured that none of their contents meant for home market carried nudity or abusive language.

Host market institutional environment: US film censorship is overseen by the Motion Picture Association of America (MPAA). Their censorship activities are guided by the motion picture production code[28] (in place long before the Second

[28] This code states that "no picture shall be produced which will lower the moral standards of those who see it". Films that were deemed not complying therefore used to be blocked. As time passed by however, film producers started becoming more liberal and quite a number of films were released without having been censored by the MPAA. By 1961, it became clear that it was possible to achieve box office success without complying with the motion picture production code. Consequently, on 1st November 1968, the motion picture production code was repealed and replaced with what is now known as the voluntary classification system of the MPAA. This system entailed providing cautionary warnings to parents or guardians of viewers by indicating what age is suitable for viewing the content[28].

World War). In this case B, US censorship provided a facilitating avenue for opportunity recognition by pushing the firm to favor the US market. According to publicity director, the firm applied for censorship through the MPAA motion rating system which is the most widely accepted rating system in the US. Their films were rated ‘general audience’ meaning any age can watch them. Complying with film censorship, therefore, lent legitimacy to the product and facilitated its entry into the US market since marketers and distributors assumed cooperation with the firm. As a result, marketing and distribution aspects of the IE process were expedited.

5.3.2.3 Government incentives policies

Incentives policy

Home institutional environment: notwithstanding the strenuous eligibility criteria and extensive bureaucracies that shroud Nigerian government incentives, case B successfully applied for grant funding. In doing so, the firm satisfied several eligibility conditions. One condition required securing advance distribution arrangement for the film product. In response, the firm organized and started a distribution channel through a satellite TV provider in the US. This in part led to the successful award of ‘Project Act Nollywood’ grant funds of $350,000 by the Nigerian government. The funds were used to execute critical activities such as marketing and distribution. As such, the firm’s on-going development with international entrepreneurship (IE) enabled the firm to secure government financial support.

In summary, government support managed to provide a critical fusion of cash. Beyond this, government incentives policies offered minimal support. The primary implication for the IE process involves subjecting the firm to much financial insecurity throughout the IE process and creating a dependency on finance within the new host market.

5.3.3 Summary of case B

In summary, despite home/host regulatory conditions creating opportunities and obstacles, case B carried out series of mini events that allowed them to diversify into filmmaking in the US. A high experience of US and Nigerian market conditions, as well as a vast network of contacts, supported the entrepreneur's ability to move the internationalization process forward in spite of obstacles.

5.4 Case C

Profile of the firm

Case C is a Nigerian filmmaking company that expanded and opened a subsidiary company in Texas, US. The company is owned by a female entrepreneur named Linda Sam from Abia State in Nigeria. The firm specific advantages of the firm comprise of: (1) strong entrepreneurial commitment, (2) a strong international outlook to filmmaking.

First, the entrepreneur's personal history and that of her firm demonstrate strong entrepreneurial commitment. As a teenager, Linda always dreamt of becoming a filmmaker. Thus, after her secondary school education, she decided to do a degree in Theatre arts at the University of Port Harcourt. Upon completion of her degree in 2005, Linda immediately established her filmmaking company in the city of Enugu. This strong commitment to entrepreneurship helped the firm in later years, providing the entrepreneur with a doggedness and resilience that enabled her to pursue her entrepreneurial aspirations in an otherwise difficult and unfamiliar host market terrain.

Secondly, the entrepreneur always nurtured an international outlook to filmmaking. From the very early days of her career, she aspired to make films that can sell not just to Nigerians but the wider global audience. Thus, in order to meet this ambition, she decided to expand her company and go international. Initially, a shortage in finances frustrated the entrepreneur's ambitions, and limited the choices available to her. However, in 2008, she found out about a US government support program that provides assistance and incentives to filmmakers. This encouraged the entrepreneur to take the initiative and internationalise to the US. Eventually, she launched a subsidiary of her filmmaking company in Austin, Texas.

The performance indices of the firm since it internationalized to the US, suggest a number of strengths and weaknesses. First, the firm has successfully produced two feature films in the US. The first film recorded marginal success in

US and Nigeria as financial constraints, and a lack of familiarity with the US environment forced significant compromises in production and marketing. However, the firm's second film launched in 2013 recorded modest success in the markets and even received some awards at film functions across Nigeria and the US. Nevertheless, the low annual sales turnover of one hundred and ten million naira and a relatively small workforce of forty-eight individuals working as producers, directors, camera operators, writers, cinematographers, and editors respectively, suggests the current performance of case C in the US market is rather moderate.

5.2.1 The International entrepreneurial process

5.2.1.1 Recognition of the international opportunity

In 2005, Linda had traveled to the US. Here she scanned and assessed the film industry for potential entry. She visited several film studios and some sets where films were shot in Austin. She wanted to assess the viability of film production in the US. During this search for opportunities, she actively sought information from industry participants. For example, she registered with the Austin filmmakers association thus establishing an information flow between her and actors/directors. Additionally, the association's monthly publication informed members of the local film scene. Together, these actions led to revealing that Austin authorities offered incentives such as direct loans and tax breaks to US incorporated film producers.

Despite the encouraging indicators during the scanning of the environment, the entrepreneur remained uncertain of the viability of the film product for the US market. Consequently, before committing resources to the venture in the long term, the firm decided to test the market with a mini-production. In October 2007, Linda returned to Nigeria and produced a film 'Mission to Africa.' With the aid of local networks in Texas, she introduced the product into the market with successful screenings and a small level of DVD retail sales. This initial experience within the host market provided the confidence to fully commit to the US in the long-term.

As above, the findings show several factors assisting opportunity recognition: prior knowledge, social networks, and entrepreneur motivation. Before her US trip in 2005, Linda had produced films in Nigeria and had a small level of international experience with film production. This experience enabled the entrepreneur to establish industry networks, interpret information, and recognize host market advantages. Secondly, social and business networks offered local knowledge. Thirdly, the passion and motivation of the entrepreneur towards internationalization were a considerable influence in this early period of IE. Linda was more product-minded than money minded. Her ambitions were more about artistic excellence than profits.

In summary, the opportunity recognition process of the firm involved three activities: scanning the environment, seeking information, and trial and error. Facilitating these events were the pro-active international outlook of the entrepreneur, the entrepreneur's prior experience, passion for the sector, and host market networks which worked together to drive new growth and alert the Nigerian entrepreneur of the opportunity in the US.

5.2.1.2 Development of the international opportunity

Following the decision to start filmmaking operations in the US, the firm established a US subsidiary in Austin Texas. This enabled the firm to take advantage of government incentives (the minimum criteria for incentives involved having the filmmaking company domiciled in Austin). Under the management structure, the entrepreneur kept her position as CEO/Managing Director while her husband took up the role of Executive Director. This ensured Linda retained full management control of her organization while her husband provided support as Executive Director.

The firm’s decision to expand into the US raised the need for external capital. An absence of internal funds along with the capital intensive nature of film production engendered the requirement for new finance.

> *“ We needed financial back-up in order to get things done. Everything costs money. We had to buy equipment, logistics, hire a crew and pay the actors. Without the necessary financial resources, it would be very tough to get these done.”   [C-01]*

Facing the crucial need for funding, case C decided to approach US commercial banks and private investors. However, the banks rejected the firm due to the lack of confidence in the economic return. It was further suggested that lack of investor trust of the entrepreneur stemming from national origin might have been a contributing factor.

> *“ I will be honest with you; I tried to get a loan. I tried, tried getting that … But they just shoved the whole thing under the table. But it still boils down to that Nigerian factor. They don’t trust us.”   [C-CEO]*

As the firm could not secure the necessary funds from financiers in the US, they decided to approach Nigerian commercial banks for capital assistance which was unsuccessful. Nigerian commercial banks did not understand the industry and were reluctant to finance film projects. In the end, no funds were accessed through commercial banks. As the firm failed to obtain bank funds, they tried applying for government grant funding through the Nigerian federal government funding scheme ‘Project Act Nollywood.' Eventually, the entrepreneur utilized personal funds, and money borrowed from friends to execute the project.

> *“ We have a different business that we are running, and that is how we raised money. Then we also got some little bit of help from people that believe in what my wife is doing, and they contributed by loaning us some money.” [C-01]*

“ Financing was an issue. The producers had to basically scrap for money from where ever they could get it. They went to the community, to friends and family, and even to strangers to seek financing. They themselves had to write a check from their personal account.” [C-02]

The firm was able to assemble the sum of $300,000 through friends and family funding as well as personal funds. This amount became the main budget of the film as other external sources were not available. The firm applied some of the funds to obtain equipment required for the project. Some of the funds went to salaries of actors and crew members, and some were used to run promotions.

After acquiring funding, the firm assembled a cast and crew to work on its impending film project. Members of the crew were the first to be recruited. These comprised of professionals ranging from audio engineers, camera operators, a cinematographer, a film editor and casting director. The firm further hired an experienced film producer who was also knowledgeable in film production within the US:

- *“ We hired a well-known producer that has worked with Hollywood figures and entities. So she was supporting Mrs. Linda. She has a track record. She has worked with music production companies and sound production companies for that matter. She set up all the paperwork, all the documents according to standard.” [C-03]*

Following the recruitment of crew members, the firm proceeded to recruit actors. Only one actor was hired from Nigeria. This well-known actor was expected to boost the marketability of the film. The other actors hired from the Texas area were recruited through recommendations of experts and casting agents. Although the firm preferred Hollywood stars, limited internal capital compelled them to settle for lower rated actors known as ‘C-list’ actors.

In summary, the mobilization of resources constituted a central feature of the IE process. This was done through three sub-activities namely setting up a new organization, sourcing funds and hiring workers. The firm endured difficulties when seeking to access external capital for internationalization. In response, they mobilized personal and family finance to support the cost structure. At the same time, the firm successfully mobilized other resources for the project. Acquiring excellent managerial resources within the host market led to other host market managerial and labor resources. However, financial constraints compelled management to compromise on the quality of certain resource inputs (i.e., technology and crew members).

5.2.1.3 Exploitation of the international opportunity

Interviewees discussed the commercialisation of the international opportunity, or what is referred here as “exploitation” of the international opportunity. This phase aimed to achieve market-led objectives of penetration and growth, and produce tangible economic benefits from pursuing these objectives. The analysis identified a number of sub-activities specific to this phase. These are now detailed below.

First, the entrepreneur started a self-development initiative, to develop skills and knowledge in directorial and writing. It was in April 2007 that she enrolled in online filmmaking classes. This provided much-needed competence to proceed with film production in the US. The film project captioned ‘Best day’ was shot in Austin Texas and other areas of Los Angeles. The shortage of internal funds impacted the production in various ways from the type of equipment used, actors engaged, to logistics, scripting, and the duration of shooting time. For example, the film shooting occurred over a two month period to save logistics costs, crew accommodation, and maintenance costs. Additionally, fewer locations were used to limit the logistical costs. To further reduce costs, the firm leveraged the support of the local community in Austin, US. The community volunteered personal spaces as locations, and some people posed as extras for free. As explained further by an informant:

> *“ I think these films tend to get material support from the host community while they are being made. The filmmakers are given locations to shoot*

in, and people volunteer to be extras in the film and stuff like that so that the films can be made on a Nollywood budget." [CNS-02]

Also, the firm engaged some initiatives aimed at drawing public attention to its film product. First, they constructed an email list of potential consumers. This allowed direct marketing. The company also created a dedicated website for the new film. The site contained mass information including a brief history of the filmmaker and short video clips featuring how the film was made. Also, commercials and adverts were carried out in newspapers and magazines. Apart from the above marketing strategies, the firm premiered the film at Paramount theaters in Austin Texas. According to the company editor, the local Austin community came out massively and supported the film.

Furthermore, the analysis identified how exploitation of the international opportunity involved a very aggressive marketing and distribution activity. Thus, the firm employed extensive communications to promote the film amongst the US and Nigerian consumers and distributors. Notably, the firm showcased the film at Houston and Texas international film festivals. This, interestingly, led to a distribution partnership with a US film distributor named 'Global African TV.' Based on the agreement, the distributor took over the marketing and distribution of DVD and online contents for the firm. Several marketing activities were carried out in Nigeria with the aim of attracting public attention for the film. There were banners and posters of the film placed at various locations in the commercial city of Lagos. Small flyers and pamphlets were distributed while TV and radio adverts were also used.

Distribution was executed through a number of channels that included cinema, DVD, online streaming and cable TV distribution. In the US, the firm succeeded in selling the cinema rights to Alamo Glass House, a movie house in Texas. Nevertheless, the executive director complained that shortage of funds imposed considerable constraints on distribution activity in the US.

In Nigeria, U Arts sold DVD copies to consumers all over the country. The distributor has a vast network of outlets spread across the country which it used in the sale of film copies. The cinema distribution was carried out through a Nigerian cinema house, ‘Dragon Ltd.' As Nigeria had few theaters in operation, there is usually heavy competition for the screens. Due to this, films do not get a long run in the theaters before they are out. This limited the revenues realized from cinema distribution in Nigeria. The firm also partnered with a satellite TV distributor known as DSTV for the TV distribution. Through DSTV’s channel called ‘Africa Magic,' their film was distributed all across Nigeria.

In summary of this phase, the exploitation of the international opportunity involved both revenue generation in the home and host markets. Evidence of successful exploitation includes the following outcomes: film production, effective marketing and alliance agreements with distributors. Indeed, the role of informal networking and alliances within the supply chain played a major role in the exploitation phase. Again, limited financial resources challenged the exploitation phase, and encouraged the creative use of existing resource. The following Table 5-3 presents a summary of the mini events and sub-activities that led to recognition, development, and exploitation of the international opportunity.

Table 5-4: Summary IE process activities of Case C.

The IE Process	Description
Scanning the environment	Entrepreneur searching for an opportunity to start films in the US went to several film studios and visited film producers shooting on sets.
Seeking information	Information she obtained from networks of contacts, specifically the Austin Filmmakers Association which she was affiliated with.
Trial and error	She did a trial run of the opportunity by producing a short film which she distributed in the US. This allowed concluding the opportunity was viable
Setting up new organization	She set up a subsidiary of her company in Austin Texas
Sourcing funds	The entrepreneur was unable to access bank and investor funding. Eventually, she raised funds through friends and relatives in combination with personal savings.
Hiring workers	Low rated actors were recruited in America to save costs. Except for 1-star actor from Nigeria, all cast and crew were Americans.
Production	Production was limited to Texas and Los Angeles. Entrepreneur applied several cost-cutting measures to operate within her tight budget.
Marketing	She went to auditions to market her film. Through this, she found a distribution partner. Other marketing strategies include mass email advert and the company website.
Sales/distribution	Constrained by funding, the firm distributed their film through DVD and cable TV both in the US and in Nigeria.

5.2.2 Formal institutions and the international entrepreneurial Process

The analysis will now show the IE process within the institutional context. Both the home (Nigeria) and host market (US) institutional environments influenced the process. This case analysis identified the following institutional domains bearing influence on the IE process: procedural regulations, intellectual property regulations, and government incentives policies.

5.2.2.1 Procedural regulations

Procedural regulations were divided into three institutions. These include (a) Company registration (b) Credit policies, and (c) Contracts.

Company registration

Home institutional environment: In this case, the rampant disregard for signing contracts in the Nigerian film industry particularly the marketing segment impeded the sourcing of funds. The entrepreneur approached several private investors in the US. As the business proposal showed prospects of good returns on investment, investors were initially interested. However once investors found out that the producer was a Nigerian filmmaker, they declined to forge ahead. Owing to the rampant informality in the Nigerian film industry, the investors felt their funds would not be secure. The entrepreneur reported that at least on two occasions, investors pulled out of negotiations after they had realized she was a Nigerian. Hence, conditions of home company registrations acted to block access to investor funds.

- *Let me be very honest with you, when I was doing my last film, I approached some people, but because I was a Nigerian filmmaker, it was very difficult for them to even listen to me. They will tell you it is not feasible under the current informal distribution we have in the Nigerian film industry. [C-CEO]*

Host institutional environment: In this case, the firm complied with company registration rules and registered its subsidiary in the US. The registration of company gave the firm the legitimacy and legal platform to produce and market films in the US.

During the film production stage, the firm had to obtain shooting permit from authorities in Austin. But typically, government authorities will not issue a shooting permit to any company that is not duly registered. As a result, the firm had to provide evidence of company incorporation to support their permit application. Therefore host company registration has enabled production. Company registration also played a facilitating role for the distribution partnership entered with the US distributor 'Global African TV'. For fear of sanctions, US companies will not cooperate with any company that is not duly registered. As such, company registration was instrumental to marketing and distribution sub-activities in the US.

Credit policies and financial regulations

Home institutional environment: Case C had significant financing needs to advance market entry in the US. The firm encountered considerable challenges in accessing external finance from domestic (Nigerian) financial institutions. During the sourcing of funds stage, the firm approached a Nigerian commercial bank to seek financial support. However, as the executive director explained, the bank asked for collateral which should be about three times the value of funds requested. As the firm required $700,000 which in the Nigerian context is a high amount, they were not able to provide such collateral. Therefore no funds were accessed from the Nigerian commercial bank:

- *We went to the bank, but the bank wasn't able to sponsor or help or give us a loan. They want massive collateral as security, but we didn't have that. So, these are the challenges we face[C-01]*

The firm then decided to approach a Nigerian development bank which is government funded and does not necessarily apply stringent collateral conditions. The firm applied for the loan and supplied their business plan showing evidence of distribution arrangement, collateral and breakdown of costs as required under the credit policies of the bank.

However, the firm was informed of another requirement in the bank's credit policy. This requirement dictated that loan applicants must provide bank guarantee from another commercial bank. The challenge, however, was that commercial banks would not issue bank guarantee to filmmaking companies as the entrepreneur asserted. This links back to the fact that the film industry is unstructured. Banks have no viable means of assessing how sales will be generated to repay loans since marketers in the industry operate mostly outside formal structures. Therefore, credit policy of 'bank guarantee' as a condition for loan impeded access to funds from development banks. In the words of the entrepreneur:

- *I provided everything especially the Collateral, which was the key thing and they turned around to say I have to get bank guarantee from my bank. Bank will not give BG to the entertainment industry. They don't know the industry and how it works talk more give a BG of 105 million. Asking them for BG is almost the same thing as asking one to hug a transformer [C-CEO]*

In response to this constraint, the firm had no choice but to rely on personal funds and money borrowed from friends to execute their project.

Host institutional environment: US financial industry is more robust and sophisticated than its Nigerian counterpart. Nevertheless, bank loans in that country are also subject to credit policies, particularly collateral requirement. As a result, Nigerian film producers find it significantly difficult to access financing as they cannot pledge collateral.

In this case, the inability of the firm to meet collateral requirements of banks meant that no funds were obtained to advance hiring, production, and marketing. The executive director explained that the firm had attempted to seek financing from their US bank. They formulated an excellent business proposal and completed all the paperwork. However, the bank insisted on collateral as the primary condition that will enable the disbursement of any loan to me. But the firm did not have landed assets with a high value that will support the loan. As a result, the loan was not granted. This condition induced a shortage of funds for hiring, production, and marketing.

- *We planned to take care of the marketing costs with money from the banks, but they have refused to support us. If there was money, we could have pushed the film to go very far. [C-01]*

In response to this constraint, the firm adopted cost-cutting measures so that their meagre funds can go far. During the hiring stage, they opted to recruit third-rate actors known as ‘C’ list as opposed to top rated stars recognized as ‘A’ list. Considering ‘C’ list actors charge lower fees, the firm was able to save costs. Also, while purchasing equipment for production, the firm applied some cost saving measures. For example, they opted to use the red camera instead of the more expensive 35mm camera that is used by most producers. According to the CEO, the Red camera was not as expensive as the 35mm, but it enabled them to capture images that were equally as good. The following documentary evidence provides supporting evidence:

- *The film was shot using the Red Camera at 4k, giving us the same breath-taking depth of field and selective focus found in film cameras, but with a more cost effective workflow than 35mm. Considering the amount of locations we needed and the budget, we had to maneuver around many obstacles. [C-CEO]*

Cutting costs continued to be the watchword, and even the choice of film project was the product of this strategy. According to the entrepreneur, she initially started a particular film script for her film project. However, the cost implications of proceeding with that script forced the entrepreneur to change course by adopting her second script which cost less money:

- *The movie I wanted to do ‘Chameleon,' even as I was writing the story, I was consciously thinking … I said to myself, to do this, it is going to cost* *so much money which I didn't have. So I now decided to do 'between Kings and Queens' which does not require too much of finances [C-CEO]*

Furthermore, the need to cut costs pushed the firm to evade costly procedures wherever they could. For example, shooting at certain sites required obtaining a permit which in turn meant payment of some fees. There was a time the firm wanted to shoot at a particular place that required paying for a permit. The firm simply decided to evade the rule. They took their chance and just shot their scene.

Business contracts

Home institutional environment: The context of non-enforcement of contracts is clearly mirrored in Nigerian film industry where it was observed that a large segment of practitioners in the industry operates without contracts. Despite this prevailing context, however, case C utilized contracts to facilitate marketing and distribution arrangements. The marketing agreement entered with cable TV distributor, DVD as well as cinema distributors were all aided by contracts. The fact that an agreement was signed forced compliance by all marketers and distributors of the firm. This indicates that home contract regulations facilitated marketing and distribution stages of the IE process:

- *Yes, even in Nigeria, we made sure we signed contracts with all the companies that we partnered to market and distribute for us [C-01]*

Host institutional environment: In this case, the use of host market contracts aided the hiring of workers in the US. For every individual the firm hired, a contract was drawn up. Contracts also aided in the production of films. The CEO explained that certain roles performed by individuals during the film production had to be specified and spelled in a contract. The agreements ensured that people complied and performed the roles expected of them.

Also, contracts played a facilitating role towards clarifying ownership right of the project, so that hired persons do not claim a stake in the project in the future. As the CEO explained, a phrase in the contract she signed with hired persons indicated clearly that those individuals were hired to work on the project for a particular fee and that they did not share any form of ownership of the IP.

- *I drew up the contract as the executive producer. I established the fact that I am executive producer and I have 100% control over my work. The producer is being hired, and line producer. They do not share ownership of the intellectual property [C-CEO]*

- *The company included copyright ownership clause in the contracts it signed with workers. It specifies that you have been hired to do a job but you have no ownership, so you are purely under contract and not a participant in the property or ownership of the film. [C-03]*

Further analysis also showed that host market contracts facilitated the distribution stage of the IE process. The film editor of the firm reported that 'DVD and online distribution of their film were facilitated through a contract signed with a US distributor 'Global African TV.' Therefore, that host market contracts facilitated the distribution arrangement between the firm and Global African TV.

In sum, US contracting regulation benefitted the firm, specifically hiring, production and distribution. This encouraged the entrepreneur and led the firm to favor an outward international focus.

5.2.2.2 Intellectual property regulations

Two institutional dimensions to intellectual property regulations were analyzed under this theme. They are (a) copyright protection, and (b) film censorships

Copyright protection

Home: the weak enforcement of IP rights affected the firm in a variety of ways. First, as film editor explained, people started to make illegal copies of their film and distributing. The management tried to draw the attention of the Nigerian Copyright Commission by writing a petition. However, no action was ever taken. As a result, sales revenues continued depleting.

Secondly, because of weak IP enforcement which has engendered piracy, it is hard to project revenue generation with any certainty. It means the firm could not make plans based on projected sales. This discouraged the entrepreneur and subtly made her inclined to the international market where she knows IP rights are vigorously enforced.

In response, the firm moved to tactically withhold the release of their Nigeria DVD. Instead, they first concentrated on releasing the product in US. After the market in the US had been exhausted, the firm moved to cinema and TV distribution in Nigeria. This strategy denied pirates the opportunity to bootleg the film product since DVDs were not released in Nigeria at the time. According to the entrepreneur:

- *I haven't released the DVD of my film here (Nigeria) because once you release the DVD here and if you don't have control over the piracy, the pirated copies will be in the US before you know it. As I have not released it, I still have control over it at the moment. [C-CEO]*

Host institutional environment: the US has one of the most robust IP laws in the world, and they have strict enforcement. In that institutional environment, therefore, illegal production and distribution of films are not very rampant. This condition meant case C benefitted through sustainable sales and distribution in the US. This level of stability created room for the firm to pursue growth and make to market projections with a certain degree of confidence.

Furthermore, host market IP right protections were instrumental towards securing the script of the film project itself. The firm took advantage of strong intellectual property rights and registered their film script with the copyright agency in the US. This action secured the script against possible infringement and gave the firm total control over their intellectual property. With this, it was possible to make plans and commit resources to the project knowing they have the backing and protection of the law. Therefore IP protections aided production aspect of the IE process. According to the company film editor:

- *Yes definitely, the script was copyrighted. It is the first material that was copyrighted. By copyrighting the script, we established that Linda is the sole owner of her script [C-02]*

Going by the above evidence, it is clear that US IP right protections supported the IE process, in particular production and sales/distribution. As the firm was coming from a weak IP home environment, this served as an inducement. It gave them the impetus to adopt international focus in their operations. Also, even as piracy is not much in the US, the firm took measures to guard against it. According to the cinematographer, the firm adds value to their DVDs so as to discourage consumers from patronizing infringing copies:

- *"And we were able to lessen the impact of piracy by creating value-add beyond the film itself. We did a small interview with the filmmaker that you can watch after the movie finishes. So, we are giving the customer a personal experience." [C-03]*

Censorship regulations

Home institutional environment: censorship laws in the Nigerian film sector influenced the process with both positive and negative outcomes. On the one hand, they acted as a facilitating avenue for case C film product to enter the market while on the other, they provoked delays for distribution.

During the marketing stage of the IE process, the firm had targeted Nigeria since it constitutes a key market for their product. Before commencement of any marketing or distribution activities, approval by the NFVCB was required. Accordingly, therefore, case C applied to NFVCB and had their movie censored. The film was passed fit by the board and rated as general audience meaning any group can watch it. This paved the way for Nigerian marketers to start cooperating with the firm for the marketing of their film product.

Although censorship of the film product paved the way for marketing to proceed, this institutional arrangement caused delays during sales/distribution. The executive director explained that when the firm applied to the censorship agency for clearance to start cinema distribution, they experienced considerable delay in obtaining the approval. This delay would subsequently disrupt sales/distribution.

- *" We applied to the NFVCB that we want to start cinema distribution, but it took them forever, just to approve. And you know we couldn't just go ahead and start without the approval" [C-01]*

Host institutional environment: As censored film products are more likely to gain the cooperation of marketers and distributors in the US, case C decided to censor their film. The firm opted for the most recognized rating system in the US known as the Motion Pictures of America Association (MPAA) rating system. Thus US censorship added legitimacy to the product which further enhanced marketability and distribution. This indirectly boosted sales and led to the generation of higher revenues for the firm.

5.2.2.3 Government incentives policies

One institution emerged from this theme which is incentives policies.

Incentives policy

Home institutional environment: although a grant fund to support Nigerian film producers exists (i.e. Project Nollywood Act), case C was not able to access it. According to the entrepreneur, despite trying hard to secure the government grant fund, overbearing eligibility criteria effectively barred her. For example, among several conditions, the applicant is required to secure advance distribution contracts with international marketers. This situation proved daunting for case C as marketers and distributors would not sign advanced distribution agreements without seeing finished product. Consequent upon this inability to meet eligibility criterion through obtaining advance distribution contract, the firm was denied any grant funds. This condition led to an eventual shortage of funds for production and marketing.

- *“ I am trying to get a government grant funding, but what they are asking from me is too much. They are asking me to get contracts from these TV channels that they are willing to show my films and indicate to them the amount of money. I try to explain to them that marketers won’t sign unless they see the finished product but no one is listening.” [C-CEO]*

Host institutional environment: the US also expends considerable efforts towards initiating policies that are aimed at galvanizing the entrepreneurial sector. In the US, most incentive policies are designed and implemented by the State governments. These incentives may be in the form of tax breaks, technical support, and assistance or grant funds.

In this case, the firm benefitted from the support that authorities in Austin extend to filmmakers. During the film production, the entrepreneur reported that she received support from the authorities. She was given access to locations which she would have otherwise had paid for, and some roads were even blocked by city officials so that the firm could shoot its scenes. This saved the firm a lot of funds. It also sheds more light as to how the film was produced using limited funds. Therefore host market incentive policies facilitated production aspect of the IE process.

- *In Houston, the community where we shot, .. the authorities made sure the locations I requested were given to me to shoot my scenes. .. they were very helpful with permission, we were even able to close down some roads and streets just to shoot [C-CEO]*

- *I was encouraged when I discovered that thanks to the film friendly incentives in Texas, I could produce independent films with my kind of budget without compromising production value very much [C-CEO]*

5.2.3 Summary of case C

The within-case analysis of case C can be summarized as follows. Originally producing films in Nigeria, the firm overcame significant constraints to enter and compete in the US market. Challenges related to a shortage of finances and inexperience of the host market meant the firm was forced to adapt through series of creative events or activities and by relying on the support of their networks.

5.5 Case D

Profile of the firm

Case D is a Nigerian company that specializes in the processing of agro-allied products for exports to the United States. The company is owned by Mr. and Mrs. Robert who were formerly importers of leather products in Nigeria. The firm specific advantages of case D include (1) an extensive experience of international business, and (2) strong social networks support.

Firstly, going as far back as the early 80's, the entrepreneurs used to import US leather products to Nigeria. This international operation of the firm continued through the years until 1990 when the federal government of Nigeria announced a policy banning the importation of finished leather products. That policy proclamation effectively pushed case D out of business and forced them to consider alternative business engagements. Thus when the firm eventually decided to enter the lucrative Nigerian foods market of the US, their previous business experiences served to give them a flying start. Despite the lack of experience in food processing, the firm successfully penetrated the US market due to their extensive international business experience.

Secondly, despite resource constraints, case D leveraged its strong social networks to enter and compete in the US processed foods market. Friends and family members living in the US were the first to alert the entrepreneurs about the market potentials of processed Nigerian foods in the US. This social network group informed the entrepreneurs that some African stores and retail stores around Houston and Atlanta were interested in suppliers of Nigerian processed foods to cater for their consumer demands. In their response to the the information, the entrepreneurs decided to start a new business focused on Nigerian processed foods in the US. Furthermore, friends and family members helped the firm to set up its food processing plant in Lagos as well as their subsidiary office which was launched in Houston, Texas. In addition, the marketing and distribution strategy of case D is organized around its social network fabric. Friends and family members use their individual networks to inform the public about the products as well as undertake physical distribution in instances. All of the above social networks support helped the firm to operate at low cost thus enabling them to compete favourably in the US.

In terms of performance, the indices suggest some strengths as well as weaknesses on the part of the firm. First, it has been twenty since the firm began sales operations in the US. Many people now regard the firm as the pioneer importer of Nigerian processed foods in the US. However, despite staying long in the host market and achieving modest success, the firm has been hampered by a lack of funding opportunities and stringent home regulations. This reasonably affected growth potentials. For example, the workforce of the firm shrunk from ninety employees to sixty-five in the last four years. Similarly, annual sales dropped from ninety-five million naira to seventy million naira over the course of those four years. These performance indicators suggest that case D currently faces steep challenges in the US market.

5.5.1 The International Entrepreneurial Process

5.5.1.1 Recognition of the international opportunity

As a sudden change in leather importation policy forced Nigerian leather importers out of business, case D started searching for alternative opportunities. The firm decided to seek opportunities in the US since they were already familiar with the environment. During this search, the entrepreneurs visited New Jersey where several of their contacts and family relations reside. These relationships facilitated information exchange which led the entrepreneurs to discover an untapped market for Nigerian foodstuff in the US. Nigerians and other Africans in diaspora prefer to eat the foodstuff that they are used to. However, these food items are hardly available in the market.

Despite the potential market identified, the entrepreneurs did not have any prior experience of food processing. They needed to match the opportunity with the competencies of their firm and to assess first hand if food export was viable. Thus case D decided to carry out a test run through exporting food items from Nigeria and selling them in the US. The firm was mentored through the trial and error process by a friend who was very familiar with food exports in the US. The products were successfully imported and sold in the US. This allowed the entrepreneurs to conclude that a viable opportunity to sell foods in the US had been identified.

In summary, the need to find alternative business after a government policy proclamation pushed case D out of business sparked off the recognition process. The firm recognized the opportunity through scanning the environment, seeking new information as well as trial and error. In facilitating these sub-activities, the entrepreneurs leveraged their prior knowledge and network information. As Mrs. Robert had previously trained in food processing and packaging, the knowledge helped her to detect the new opportunity.

5.5.1.2 Development of the international opportunity

Following the decision to diversify, case D commissioned a new food processing plant in Lagos, Nigeria in August 1992. The plant has a processing capacity of 40 tons of goods. Furthermore, the firm registered a subsidiary of the company at Lexington Street in New Jersey. Thus establishing the new organization provided an avenue for case D to process Nigerian foods for export to the US.

Beyond setting up a new organization, funds were required to procure equipment, hire and remunerate workers as well as purchase raw materials. Hence, the firm approached Nigerian commercial and government development banks to seek for a loan. Despite, persistent attempts, however, loan applications to both commercial and government development banks failed. As a result, the firm had no option but to approach family members and friends to borrow funds. The firm also pooled additional funds from their personal savings. However, the firm suffered significant constraints as a result of denied access to external funds. This affected the ability of the firm to procure adequate equipment and advance their business operations as the managing director explained:

- *" We could not buy all the equipment we need for the factory because there is no bank money. All our equipment you see in the factory and the ones we are installing, we got them with our own funds." [D-01]*

Following the search for funds, the firm started hiring workers. Up to 40 workers were recruited to serve in the processing plant and warehouse in Lagos. Their roles ranged from laborers who performed unskilled tasks, to operation manager, logistics manager, sales manager, general manager, account officer and a secretary. Also, a forwarding agent was hired to perform export procedures and documentation on behalf of the firm. In the US, case D employed two people to work in their subsidiary office. Their primary functions included documenting contracts with customers and keeping stock of products in the company warehouse.

In summary, the mobilization of resources constituted a central feature of the IE process. The firm mobilized resources through setting up a new organization, sourcing funds and hiring of workers. Evidently, the firm faced considerable difficulties when seeking external capital for internationalization. In response to these challenges, the firm mobilized personal and family finance. However, the financial constraints meant the management was forced to compromise on certain inputs like machinery and warehousing.

5.5.1.3 Exploitation of the international opportunity

The processing of agro commodities for exports commenced in October 1993. Agro products such as yam, cassava, beans, and ginger were processed and packaged at the plant in Lagos. Raw products are first heated, then peeled, cleaned, grounded and mixed with additives to enhance value. The packaging involved using the company branded material to cover the products and seal them in. Following production, the finished goods are shipped to the US for onward marketing and distribution. Case D utilized cargo vessels to transport their goods from Nigeria to the US. The first shipment of goods took place in December 1993 and goods were shipped to Newark in New Jersey. The forwarding agent of the firm identified a suitable shipping line and completed the necessary documentation. The receiving agent then completed documentation processes in the US and cleared the goods which were then moved to the company warehouse.

Also, the firm performed different activities to draw the attention of potential buyers in the US. According to the entrepreneurs, the company website serves as an important marketing tool for the firm. The website shows the variety of products on offer, background, and history of the firm, as well as their offices and warehouse locations. The firm also advanced marketing activity through its network of friends, family members, and business associates who reach out to their contacts either in person or through phone calls.

Case D sells their processed food items to US retail and African stores in New Jersey, Atlanta, and Houston. According to the managing director, over 60 percent of sales are recorded via the company website as customers can place their orders online. Sales were also recorded through direct sales to bulk breakers and retail stores who usually pay through credit as the managing director explained.

In summary, the firm successfully exploited the international opportunity through completing production, shipment of goods, marketing and sales/distribution. Indeed, informal networking and alliances within the supply chain played a major role in the exploitation phase. Limited financial resources caused major challenges for the exploitation phase. This condition encouraged the creative use of existing resources. The following Table 5-4 presents a summary of the mini events and sub-activities that led to recognition, development, and exploitation of the international opportunity.

Table 5-5: Summary IE process activities of case D

The IE Process	Description
Scanning the environment	Searching for new opportunities, the entrepreneurs went to Newark, in New Jersey
Seeking information	They contacted business associates and family relations to seek for information about potential opportunities.
Trial and error	The entrepreneurs did a test run of the opportunity by shipping a cargo of food items to the US. This allowed concluding the opportunity was viable.
Setting up new organization	A new processing plant was set up in Lagos Nigeria while the subsidiary was registered in New Jersey.
Sourcing funds	As no bank and private investor funds were accessed, the entrepreneurs relied on personal savings and borrowings from friends and relations.
Hiring workers	Workers were recruited at both the processing plant and the US branch office.
Production	Food items are processed and packaged at the company processing plant located in Lagos.
Shipment of goods	Finished goods are transported from Nigeria to the US via commercial shipping vessels.
Marketing	They marketed their products via the company website and through their network of contacts who spread information onwards.
Sales/distribution	Distribution is done through retail stores and African stores mostly located in New Jersey.

5.5.2 Formal institutions and the process of international entrepreneurship

This section explores the interconnection between the IE process and formal institutions. The analysis identified three formal institutional domains that relate to the IE process. They are (1) Procedural regulations (2) Trade barriers and (3) Government incentives policies.

5.5.2.1 Procedural regulations

Procedural regulations encompass (a) Company registration (b) Credit policies, and (c) Business contracts.

Company registration

Home institutional environment: Due to strict regulations, Nigerian food processors usually register their companies. Case C complied with the regulation by registering with the Nigerian Corporate Affairs Commission in March 1992. This company registration legitimized the firm's status as a food processing company in Nigeria. Food processing firms will not be issued a permit to produce without proof of company registration. Also, no processed food items may be allowed to ship out of the country without evidence that the producer is incorporated. To this extent, compliance with company registration aided and facilitated the IE process. According to the CEO:

- *" We have registered our company with the corporate affairs commission. You know, of course, you cannot export out of Nigeria without attaching each time you make your shipment, the copy of your current certificate of registration from the corporate affairs commission." [D-CEO]*

Host institutional environment: Previous case analysis established that in the US, company registration regulation is strictly enforced and complied with. Consequently, Case D complied with US company registration law through formal registration of their subsidiary company. This was done in May 1993, and the action yielded legitimacy which facilitated development and exploitation of the opportunity in the US.

Credit policies and financial regulations

Home institutional environment: The interviewees expressed how regulations of the financial sector instituted significant barriers to the IE process. As is the case with other Nigerian firms, the firm found it difficult to borrow from the financial sector.

Although the firm made attempts to secure a $500,000 loan from banks, credit policies related to collateral and the high-interest rates associated with such a loan effectively imposed barriers:

- *“ The bank told us that our collateral must reach the value of $1M just to give us half of that amount. And again they will charge us interest at 26 percent (laughs). So, we were unable to take it.” [D-01]*

- *“ Because of the high interest rates, we don’t want to take money from the banks. The interest rate in Nigeria is too much. If we take bank loan, before the money even comes back, we are left with nothing.”[D-02]*

The lack of access to bank loans imposed shortage of funds for the firm. As a result, the firm struggled to implement process activities such as procurement of equipment, the hiring of workers and production.

- *“ We identified all the equipment that we needed to purchase, but unfortunately, we couldn’t get funds from the bank (funds).” [D-01]*

- *“ Ok, like, we planned to employ 20 additional staff for our processing plant. But because of lack of funds, we had to limit this number.” [D-CEO]*

In summary, the limited internal financial resources coupled with high capital demands of food exporting forced the firm to seek external financing for opportunity development and exploitation. However, on the whole, unfavorable regulations of financial institutions posed obstacles and blocked access to bank financing. As a result, process activities were disrupted, slowed down and even halted. The entrepreneurs partially managed these constraints through the creative deployment of their internal resources and borrowing from informal sources namely friends and relations. This institutional condition pushed the firm to seek financial support in the host market aggressively.

Host institutional environment: In the US, the firm would encounter institutional financial regulations which it was unable to comply with. On the one hand, inability to pledge collateral scuttled any chances of obtaining finance from commercial banks. On the contrary, lack of broad distributorship structure impeded access to financial support from the Export-Import Bank (EXIM) of the US. As a result, the firm did not access bank finance in the US. This condition led to a shortage of funds as a result of which opportunity development and exploitation faced challenges and disruption. For example, the firm struggled to procure a warehouse of their own as they lacked sufficient funds. Thus to operate within their means, the firm had to enter a partnership arrangement with another food exporter in which they cooperated and shared one warehouse between themselves.

Business contracts

Home institutional environment: although case D adheres to formal processes and they transact business via contracts, the firm is not immune to the general attitude of disregarding contracts in Nigeria. The interviewees narrated about a buyer who signed a $50,000 contract with the firm for the supply of food items. The buyer made a down payment of $20,000 and agreed to pay the balance after delivery. However, after receiving delivery of the goods, the buyer declined to make payment of the balance. The firm has done everything to have the terms of contract enforced in the courts, but the case has been pending in court since 2008. This situation dealt a big blow to the working capital of the firm, affecting their ability to execute other orders from customers. According to the managing director:

- *" There is someone presently holding on to our thirty thousand dollars, since the year 2008. We signed a contract to supply her, and when she got the container, she held onto our money. We have been in court all* *these years but still no judgment. Can you imagine the damage this has done to our capital?" [D-01]*

Host institutional environment: In contrast to Nigeria, business contracting in the US is a strong institutional norm that guides exchange relationships. Due to this, business dealings of Case D were executed under contracts. For example, all staff employed in the US had to sign a contract with the firm. The job contracts clearly spelled out the roles/tasks that an employee was expected to perform:

- *" In the US, you can't work with anyone without signing a contract. The regulators will come for you. That is why all the staff we employed there, we gave them a contract. Not like Nigeria where you can hire a person without a single piece of paper." [D-01]*

5.5.2.2 Trade barriers

Two dimensions to trade barriers were analyzed under this theme. These are (a) Inspections, and (b) Permits.

Inspections

Home institutional environment: the firm reported facing critical delays at the port during the shipment of goods process. Upon presenting goods for inspection and completing the necessary paperwork, the inspection process may sometimes span five or six days. During this period, the firm must pay for demurrage on the container goods that is parked in the vicinity of the port. This imposed additional operating costs for the firm and disrupted shipment of goods activity.

- *" In Nigeria here, before the goods leave, the procedures we pass through are so cumbersome. We can't apply for inspections and get the certificate of inspection in good time. These are the things that make this export business very difficult." [D-CEO]*

Host institutional environment: Contrary to the Nigerian context, inspections at US ports are perceived as rather more efficient and free of delays. However, the entrepreneur revealed that their consignment tends to face significant delays during the inspection process at US ports. According to him, each time the consignment arrives in the US, inspection agents isolate the containers and do a 100 percent inspection. Because of this meticulous process, the goods are made to stay for days at the port leading to demurrage charges, default in supply timetable with customers and even the risk of contamination.

Nevertheless, this analysis found that the 100 percent inspection policy is only applied to containers from Nigeria. US authorities are concerned about reports indicating that many Nigerians importers are bypassing inspection rules. This made inspection agents to respond with tight measures and to apply the 100 percent inspection as the following quotes indicate.

- *“ They do this (100% inspections) because they don’t have that trust for us Nigerians. Many of us are passing through the backdoor. Many of us are not documented. So obviously you cannot blame them. So those of us that are doing the right thing are suffering for it.” [D-CEO]*

- *“ Clearing the goods in the US is not supposed to give a problem but because these goods are coming from Nigeria. These people are afraid of fraud issues and all that.” [D-01]*

Permits

Home institutional environment: in this case, weak permit and licensing administration caused disruptions for the IE process. For example, when the firm applied to NAFDAC for a permit to process beans powder, the agency responded rather sluggishly wasting valuable time in the process. The export manager indicated that although the permit was eventually given, the delays affected delivery timeframes of the firm:

- *“ let me tell you, NAFDAC is not showing much interest in this. We had an encounter with them when we wanted to process beans powder. They* *said we have to wait for a chemical analysis of the beans. We kept waiting for two weeks. In the end, we missed our order." [D-02]*

Host institutional environment: In this case, effective administration of FDA laws aided and facilitated the IE process. According to the managing director, the first thing the firm did after registering their company in the US was to apply for a permit from the food regulator **-** FDA. The permit legitimized the food importation activity, which paved the way for marketing and distribution to commence in the US:

- *" Before we started exports to the US, we acquired an FDA number. This thing is like our NAFDAC here. Theirs is called FDA – food and drug administration. They issued us a certificate to show that we have permission to sell food in America." [D-01]*

5.5.2.3 Government incentives policies

This institutional domain relates to incentives policy

Incentives policy

Home institutional environment: in this case, poor implementation of the EEG incentive impeded rather than support the IE process. The firm complained of serious challenges in accessing the EEG even though they had complied with all the eligibility requirements. According to the CEO, it can take years before an export grant which has been approved is disbursed. As a result, despite having an EEG, the firm was unable to access funds to acquire more equipment and improve working capital.

- *"The Export Expansion Grant (EEG) has been so bastardized, that right now, as I speak, I have a grant worth one million naira, and nobody wants to pay it because the customs are not interested in doing their job. So, the same incentive, therefore, becomes a disincentive." [D-CEO]*

- *“ No, the EEG does not help to facilitate anything … like up to now, we cannot access our EEG of 2009. So how can I say it is facilitating?”[D-02]*

Host institutional environment: the analysis found that case D did not utilize the AGOA scheme despite the obvious benefit of importing to the US at duty-free. The entrepreneurs indicated that they decided not to pursue exportation through AGOA because the procedures are lengthy and cumbersome. They pointed out that these challenges can affect their timeliness and disrupt delivery schedules. Evidence from institutional actor data corroborates this.

- *“ There are challenges regarding AGOA and the documentation. The process is lengthy and rigorous, and you know the exporter may be bound by his contract to supply within a particular period. And because the documentation process can be a bit lengthy, so, they opt to export outside of AGOA.” [IA-20]*

5.5.2 Summary of case D

The within-case analysis of case D can be summarized as follows. The firm carried out series of sub-activities that allowed it to import and sell Nigerian food items in the US successfully. The firm's repertoire of US business management alongside other factors aided the successful execution of activities. In spite of that, however, lack of funding opportunities and stringent home regulations meant the firm could achieve only so much growth and market penetration. As a result, the firm recorded marginal success over the course of the years.

5.6 Chapter conclusion

In conclusion, this chapter has isolated each case and examined it thoroughly. This allowed the researcher to develop detailed descriptions of all the four the cases in the study. As a result, patterns have emerged from within each of the individual cases. The next chapter which is the cross-case analysis will now examine the data and the emergent patterns across all four cases.

Chapter Six: Cross-case Analysis

The purpose of this chapter is to: (1) compare and contrast the four case studies with the objective of generating themes and patterns in the issues that resonated across individual cases, and (2) utilise the themes to facilitate higher analysis to arrive at the main findings of the thesis. The insights that come out of this analytical process will then be linked with theories and concepts from the literature in chapter seven. To clarify the link between analysis and the research goals, the chapter is organised around the two research objectives of this study.

6.0 Introduction

This cross-case chapter compares and contrasts the patterns and trends that emerged from the individual cases in chapter five. The chapter is organised around the two research objectives and their respective sub-questions to facilitate higher summative analysis. Consequently, the chapter is designed in two broad sections focusing on: (i) the IE process, and (ii) institutional influence on the IE process.

RO 1: TO EXPLORE THE PROCESSES OF INTERNATIONAL ENTREPRENEURSHIP IN THE CONTEXT OF EMERGING ECONOMIES TO DEVELOPED ECONOMIES

The findings of this section are organised around the two sub-questions of the first research objective which were developed in chapter one. Consequently, the first sub-section explores the key activities and sub-activities that lead to international opportunity recognition, development, and exploitation, while the second sub-section examines the firm-level resources facilitating international opportunity recognition, development, and exploitation.

6.1 The key activities and sub-activities of the international entrepreneurial process

In understanding the key activities and sub-activities of the IE process, the cross-case analysis dissected the process into minute components. This dissection allowed understanding the mini actions and events that converge and lead to the recognition, development, and exploitation of international opportunities.

6.1.1 Recognition of the international opportunity

Due to internal resource constraints and unfavourable home conditions that severely challenged domestic growth aspirations, the firms searched and recognised lucrative opportunities in the foreign country. The firms recognised international opportunities through actively searching the environment and asking people for information about favourable market conditions that are potentially lucrative. The firms then followed with trials which helped them to evaluate their options. However, understanding these distinct but interconnected activities required breaking down the opportunity recognition process into sub-units namely: (i) scanning the environment, (ii) seeking new information, and (iii) trial and error.

6.1.1.1 Scanning the Environment

The first step in the recognition of the international opportunity happened through scanning of the environment. Given that the firms were new to the foreign environment, they needed to literally go out and scout for business opportunities.

The data showed that scanning of the environment was carried out due to growth aspirations and the need to survive in business, respectively. In other words, the opportunity to grow and expand, on the one hand, and the need to escape difficult home terrains, on the other, motivated the firms to scan the foreign environment for opportunities. For example, unlike case A, which scanned the host environment for the opportunity to grow via new market entry, case D scanned the environment due to a need for survival after sudden government policy that rendered them redundant. This suggests that individual circumstances of the firms motivated them to scan the environment either reactively or proactively (as will be further explored in subsequent sections).

6.1.1.2 Seeking new information

The unfamiliarity with the host environment meant the entrepreneurs did not possess a full understanding of the opportunities they spotted in the scanning process. Also, these entrepreneurs did not possess adequate resources that could have been used to finance proper market research (R&D). Due to this, the entrepreneurs followed scanning activity with a search for additional information. This information seeking activity allowed assimilation of additional information which the entrepreneurs used to make informed assessments of potential opportunities.

The entrepreneurs assessed new information from their friends and family who live in the US. As these friends and family members resided in the US, their experience and understanding of the host environment served as a repository of valuable information to the entrepreneurs. For example, having scanned for the potential opportunity to expand into the US, case A collected additional information from their relations living in the US. This information provided previously unknown information that helped the entrepreneurs to validate the potential opportunity. The following quote furnishes proof:

- *"We obtained information from relations and friends who live in the US. It is these individuals who informed us that Nigerians living in the US prefer to eat what they are already used to, but they are facing challenges in getting them." [A-CEO]*

In sum, limited knowledge of the US host context meant the firms needed additional information to validate potential opportunities. However, the entrepreneurs lacked the resources to finance a systematic or elaborate information search in the US. Due to this, they leveraged the knowledge and experience of their US networks to substantiate and validate the potential opportunities.

6.1.1.3 Trial and error

Further analysis showed that the fear of uncertainties in the new and foreign environment prevented the firms from instantly committing to potential opportunities. As engaging the opportunities consumes finances, time and energy, the entrepreneurs wanted to be reasonably confident that the opportunities were viable. Hence, to ascertain the viability of potential opportunities, the entrepreneurs took the additional step of testing the opportunities in a trial and error fashion.

The cross-case identified different paths to trial and error by the firms. The food exporters tried out the opportunity by exporting a consignment of Nigerian food items to the US which allowed them to have a first-hand assessment of the potential market. Similarly, the filmmaker produced and distributed a short film to assess the viability of producing and marketing Nigerian films in the US as the following indicates:

> *"We decided to look at what we can do and what segment of the market we wanted to get into. Then we decided to do one consignment and follow through all the processes by ourselves in order to learn. That experience confirmed to us that the market was for real*." *[A-CEO]*

In light of the above, it seems the lack of familiarity with the host market environment heightened the entrepreneur's exposure to risks. As a result, the firms conducted mini-trials to evaluate the potential opportunities further. Therefore, against a background of uncertainties, trial and error served to assure the entrepreneurs about the viability of the potential opportunities.

Finally, the analysis in this section showed that resource constraints combined with unfamiliarity to the host environment to create conditions that triggered the recognition of international opportunities. This indicates that recognition of opportunities is tied to individual firm circumstances. Although the firms physically and purposefully searched the international environment, the opportunities developed over time as more information that was previously unknown came to light, allowing the entrepreneurs to learn about new market prospects.

6.1.2 Development of the international opportunity

The opportunity development process revolved around the mobilisation of resources to facilitate the exploitation of the identified opportunity. The firms strategised to start new organisations, mobilise funds and hire workers. Consequently, the development process has been broken down into three sub-activities: (1) setting up new organisations, (2) sourcing funds, and (3) hiring workers.

6.1.2.1 Setting up new organisations

Having identified lucrative business opportunities in the US, the firms moved to assert their presence in the market environment. The lack of professional networks to facilitate entry via third-party agents limited options of the firms and as a result the entrepreneurs opted to establish subsidiaries in the host country. The new subsidiaries were aimed to facilitate swift and direct market entry. This strategy enabled the firms to have direct control over the marketing and distribution of their products in the host country.

> *"We needed to make our presence felt in the US, to clear the goods and deal with customers directly. That is why we opened our office in the US. Now I have every reason to send four containers to the US, and I know that it is my staff who will directly engage the market." [A-CEO]*

Further analysis, however, showed that some firms were more successful than others when setting up new subsidiaries in the host country. For example, owing to shortage of funds, case B failed to finance the acquisition of a new office space during the setting up phase. This situation forced the firm to improvise by converting their old publishing office into the new subsidiary. In contrast, case A commenced the setting up phase having already secured funding from a development bank. It is this acquired finance that probably facilitated the procurement of the firm's office and warehousing facility in New Jersey.

In summary, setting up new organisations stimulated an adaptive response. As explained above, lack of funding stifled and slowed down the process, as a result of which the entrepreneurs were forced to deploy their creativity to set up new subsidiaries in the US.

6.1.2.2 Sourcing funds

Another opportunity development activity entailed the mobilisation of funds to finance new and international projects. The capital-intensive nature of filmmaking and food exports mean that financing requirements typically exceeded the resources of the firms which are relatively small by size. Hence, to meet the capital expenditure needs of their international projects, the firms scouted for external funds within both home and host environments.

The analysis identified different paths to funding across the framework. These include private sector (through commercial banks and investors), government funding avenues (such as development banks and grant funds) as well as family funding. However, the firms differed in their respective experiences of business financing. Due to this, firms that possess higher levels of business financing experience successfully obtained bank funding whereas firms that lack such experience did not. For example, during the development phase, case C, which was inexperienced in business financing, approached some commercial banks and private investors for funding. However, as the banks and investors had not previously dealt with the firm and they were unfamiliar with its product, they declined to finance it. Consequently, the entrepreneur was left with no choice but to raise alternative funds through friends and family members:

> *"We cannot get money from the bank, but we have managed to raise capital using our personal funds and through support from friends and relations." [D-01]*

In sum, limited knowledge of business financing combined with the liability of newness to challenge the sourcing of funds activity. This condition forced the entrepreneurs to seek alternative funding from friends and family members.

6.1.2.3 Hiring workers

The opportunity development phase also incorporated the recruitment of individuals who are saddled with the responsibility of bringing the firm's products to market. Consequently, the entrepreneurs hired people who possessed the requisite skills and knowledge to undertake the business operations of the firms. For example, the film producers hired many technicians including camera operators, editors, cinematographers, and actors. These individuals performed the functions that resulted in the actualisation of the film projects.

Nevertheless, funding constraints limited the options of the entrepreneurs during the hiring process. While some firms succeeded in recruiting the desired individuals, clearly some firms could not, because they lacked funding. For example, possession of development bank funding allowed case B to hire internationally acclaimed superstars. This allowed leveraging of the international appeal of the film stars for product marketing. On the other hand, case C obtained no external finances from banks and therefore failed to recruit internationally acclaimed film stars despite the obvious benefits of doing so. Consequently, the firm opted to hire ordinary actors whose fees were much lower than those of the star actors. In sum, the findings indicate that hiring of workers was constrained by resources which then stimulated an adaptive response by the entrepreneurs.

In sum, the pursuit of the international opportunity required mobilising tangible and intangible assets to facilitate the commercialisation of the opportunity. However, the small size and attendant constraints of the firms limited their ability to assemble resources. This condition pressured the firms into using existing competencies and resources as well as leveraging the knowledge and resources of networks in creative ways to assemble assets for opportunity exploitation.

6.1.3 Exploitation of the international opportunity

A favourable business environment and a strong ethnic-consumer base in the US combined to create conditions for the firms to exploit international opportunities. The opportunity exploitation process incorporated sub-activities aimed at commercialising the opportunity. These sub-activities were broken down to include: (1) production, (2) shipment of goods, (3) marketing, and (4) distribution.

6.1.3.1 Production

Following development events, the entrepreneurs pooled resources together to create the physical product that would be sold to the market. This is, therefore, the step in which the entrepreneurs make the opportunity tangible. However, the process of production was critically shaped by resource constraint which cuts across all firms. Indeed the lack of sufficient resources with which to execute desired production strategies restrained the entrepreneurs and pushed them to improvise using the meagre resources at their disposal.

The analysis showed that the low production budgets of the firms necessitated the use of different cost-saving production techniques and approaches by the entrepreneurs. These strategies allowed the firms to achieve their production objectives even if some aspects of quality were compromised. For example, the film producers alternated expensive (film) shooting locations with places that were cost-free which helped to reduce expenses related to transportation, accommodation of cast/crew and general logistics. Similarly, shortage of production funds forced the food exporters to leverage home country advantages such as proximity to raw materials and cheap labour. The entrepreneurs acted to domicile production activity in the countries of origin since the cost of labour and unavailability of raw materials would have made production in the host country prohibitively expensive. In summary, the lack of financing stifled production activities and by this impact stimulated an adaptive response from the entrepreneurs.

6.1.3.2 Shipment of goods

The shipment of goods was identified as an essential exploitation activity for the food exporting firms. As explained above, the need to save costs through access to cheap labour and proximity to raw materials led the firms to process and package their food items in Nigeria rather than in the host country. However, after successfully producing and packaging food items, the firms needed to transport the goods to the US for onward marketing and distribution. Across the two cases, there are significant commonalities in the ways of shipping goods. Both cases A and D export their processed foods to the US by sea relying on the support of a maritime transport agent. This agent completes all export procedures and documentation on behalf of the firm as the firms themselves lack technical knowledge of export procedures.

Further analysis, however, showed that case A was more successful at shipment than case D. When sending goods from Nigeria to the US, case A ensured that the products were sent to Newark seaport as that port is close to the company's warehouse. The strategy helped the firm to make savings on local transportation costs. In contrast, however, case D's warehousing facility is not located near any US seaports. As a result, the firm routinely incurred transportation costs when locally conveying goods from the seaport to the company warehouse. This raised the operational expenses of the firm and consequently depleted their profit margin.

> *"We try to use the seaport in Newark because it is very close to our warehouse. This is the economics of business; we save local transportation costs from port of arrival to the warehouse. Otherwise, we will be throwing up more charges, on our business." [A-CEO]*

In sum, despite institutional obstacles, organisational competence and experience either internally or through accessing it from networks allowed the firms to move their finished goods from Nigeria to the US successfully.

6.1.3.3 Marketing

Marketing constituted another critical event in the opportunity exploitation process. As the firms were relatively unknown in the host country, they needed to raise public awareness of their products to capture a sizable share of the new market. However, and expectedly, the lack of resources fundamentally affected and shaped the marketing process across all the cases.

As the cross-case analysis showed, availability of marketing funds influenced the marketing commitments that the firms made. Consequently, the firms performed different marketing tactics and activities depending on the resources they controlled at given points in time. For example, across both home and host country, case B marketed their products through film festivals, cinema distributors, and industry marketers. The firm conducted further marketing through social media and even individuals via network contacts. However, these marketing decisions mirror the financial status of the firm at particular points in time, and they represent cycles of adaptations. During the early stages of marketing when the firm faced a shortage of funds, they improvised and used cheap social media tools like Facebook and Twitter. However, when eventually the firm received grant funding from the government, they took to more conventional marketing methods using cinema, industry marketers, and mass media advertisements.

In sum, shortage of funds disrupted the marketing process and pushed the entrepreneurs to alter their marketing strategies through applying cost-saving measures and techniques.

6.1.3.4 Sales/distribution

Another important opportunity exploitation activity entailed the sales or distribution of the firm’s products. This important activity enabled the firms to receive tangible economic returns for their investments. However, sales/distribution appears to be informed by resource constraints and knowledge of the international market environment.

As the cross-case found out, the firms employed different sales/distribution techniques depending on resource availability and the entrepreneur's knowledge of the host market environment. Firms which possessed more resources or knowledge of the host market gained leverage to distribute far and wide whereas firms that lack those attributes could not. For example, as case B had obtained distribution funding via a government grant, the firm was able to distribute through various outlets including cinema, DVD, online and cable TV. In contrast, case C failed to achieve cinema distribution in the US due to lack of funds with which to pay cinema distributors.

In sum, the lack of funding combined with limited knowledge of the host environment to disrupt sales activity. This condition forced the entrepreneurs to cut off some distribution events that were rather costly. At the same time, some of the entrepreneurs reacted by seeking additional financing via government grants which they then used to finance distribution activities.

Finally, the present section showed that resource constraints and unfamiliarity with the foreign terrain constituted major impediments to international opportunity exploitation. This condition meant that, more often than not, the entrepreneurs had to deploy their creativity to accomplish exploitation objectives.

6.1.4 Summary

Overall, the findings of this section have provided the answer to RQ1(a) which states: *what are the key activities and sub-activities that lead to international opportunity recognition, development, and exploitation?* The present section explained the specific activities and sub-activities that led to international opportunity recognition, development, and exploitation. As the analysis showed, growth prospects and difficulties of their home terrain prompted the firms to scan the foreign environment for new opportunities. The firms then acted to validate potential opportunities by collecting additional information and performing mini-trials. Furthermore, due to unfamiliarity with the foreign environment, the entrepreneurs opted to set up subsidiaries in the host market. This activity was accompanied by a search for funds to finance projects and the hiring of workers to meet manpower needs. Finally, using creative techniques, the firms overcome resource constraints to execute production, shipment of goods, marketing and distribution in the US host market.

6.2 Firm-level resources facilitating the recognition, development and exploitation of international opportunities.

The cross-case analysis identified a set of firm-level resources that influenced the recognition, development and exploitation international opportunities. Indeed, appreciating this role of firm-level resources enabled the research to understand why one firm can execute an activity which another firm cannot. The analysis identified firm-level resources to include (but not limited to) prior knowledge, network ties and personality traits such as creativity and alertness of the entrepreneur.

6.2.1 Firm-level resources and international opportunity recognition

As the analysis revealed, the firms did not possess the finances to fund R&D into potential opportunities in the host country. At the same time, they lacked familiarity and understanding of the new environment meaning that, by themselves, they may not easily detect potential opportunities. Thus, to identify opportunities in the international environment, the firms leveraged their internal resources in ways that enabled them to scan the environment, seek new information and perform trials of potential opportunities. This entailed utilising the informational, physical and financial support of networks as well as previous knowledge, alertness, and creativity of the entrepreneur to cover for the shortcomings occasioned by unfamiliarity to the host environment and the lack of resources.

Across all the cases, the analysis identified several facilitating impacts of firm-level resources on opportunity recognition. For example, lack of familiarity with the host market environment challenged the scanning process of case D by precluding a comprehensive assessment of the environment. However, upon realising this limitation, the entrepreneurs opted to seek supporting information from their network contacts who were residents and therefore possess stocks of information related to the opportunity. The information obtained from networks helped the firms to refine and validate the opportunity which allowed the recognition process to move forward.

In summary, the unfamiliar environment and resource constraints forced the firms to look inwards (towards their firm-level resources) when seeking to recognise international opportunities. This indicates that recognition of the international opportunities was contingent upon the firm-level resources of the individual firms.

6.2.2 Firm-level resources and international opportunity development

Due to lack of resources, the extensive capital required for financing setting up of subsidiaries and hiring of workers caused difficulties for the firms. This pushed the firms to explore their creativity and network support, especially as bank financing was difficult to obtain. Similarly, lack of experience related to business financing stagnated the sourcing of funds which gave entrepreneurs no choice but to improvise using their meagre resources. Evidently, therefore, lack of funding and experience of how to source funding challenged the opportunity development process. Due to this, the entrepreneurs had to rely on their internal resources when performing development activities.

The analysis identified several facilitating roles played by firm-level resources in the process of opportunity development. For example, due to their friendship with the entrepreneur, Hollywood star actors agreed to feature in case B films for a fraction of their actual fees. Ordinarily, the firm would not have been able to afford those actors. In contrast, however, case C lacked friends among the 'star actor' community as well as the required finances to hire them. As a result, the firm was left with no option but to improvise by recruiting ordinary film stars who were not famous but relatively affordable to the firm:

“I was a magazine publisher for over ten years, and within that period I was doing African festivals and music shows. So I know a lot of people, and I have access to a lot of Hollywood actors and directors. This made it easy for me to recruit prominent actors for my films” [B-CEO]

In summary, resource constraints and unfamiliarity with the international environment impaired the process of resource mobilisation. As a result, the entrepreneurs had to draw on their network resources and creativity to implement development strategies. Therefore, opportunity development appears to hinge on internal resources of the individual firms.

6.2.3 Firm-level resources and international opportunity exploitation

As the analysis showed, the lack of funds to finance exploitation activities such as production and marketing seriously challenged the IE process. Consequently, the firms had to improvise by creatively deploying their available resources to meet exploitation objectives.

The data suggest, for example, that after spending their few resources to set up subsidiaries and hire workers, case B was unable to finance the marketing of their film product. Due to this condition, the firm adopted cheaper creative marketing strategies. Using cheap social media resources (i.e., Facebook and Twitter), the firm was able to market their product.

“we didn’t have money for advertisement. So, certain things that you do not have the money to do, you gonna have to find a way to do it in kind. Thank God for the internet, thank God for Facebook. We got three million engaged users on Facebook and Twitter that noticed our product.” [B-01]

Furthermore, the lack of funding with which to finance sales/distribution pushed firms to utilise past knowledge and experience when selling their products in the US. For example, despite case B being relatively unknown in the US market, the entrepreneur capitalised on his experience and knowledge of the US environment to forge a distribution partnership with a US firm.

> *"I lived in America for 30 years, I know exactly what to do, I know whom to go to, I know how to advocate, I know, … I know what the Americans want, and I have access to a lot of Hollywood actors. So it was easy to find a cinema distributor for the US market" [B-CEO]*

In sum, resource limitations caused potential impediments to the commercialisation of international opportunities. This forced the entrepreneurs to leverage their internal resources to meet exploitation objectives. Consequently, firms that possessed more or better internal resources appeared to outperform their counterparts when producing, marketing or distributing.

6.2.4 Summary

Overall, the findings of this section have provided the answer to RQ1(b) which states: *what are the firm-level resources facilitating international opportunity recognition, development, and exploitation?* The analysis showed how internal challenges and the difficult domestic environment caused challenges to the IE process which prompted the firms to rely on their internal resources when recognizing, developing and exploiting international opportunities. Thus, the four firms in this study suggest that the IE process is strongly facilitated by firm-level resources to include among others, the entrepreneur's alertness and creativity, prior knowledge and networks.

RO 2: TO EXAMINE THE FORMAL INSTITUTIONAL CONDITIONS INFLUENCING THE PROCESSES OF IE FROM EMERGING ECONOMIES TO DEVELOPED ECONOMIES

The findings of this research objective are organised around its two sub-questions that were developed in chapter one. Consequently, the first section examines how home and host market institutions facilitate and impair the IE process, while the second section looks at how emerging economy firms that are active in developed economies respond to the influence of institutions.

6.3 Home and host market institutional conditions facilitating and impairing the international entrepreneurial process

The cross-case analysis has discerned the home and host country institutional conditions that act to both facilitate and impair the IE process. Several institutional domains were identified across the two institutional jurisdictions: home and host market. These are classified into four categories: *(1) Procedural regulations, (2) Intellectual property regulations, (3) Trade barriers, and (4) government incentive policies.*

6.3.1 Procedural regulations

The institutions examined under procedural regulations include: (i) company registration, (ii) credit policies, and (iii) contracts.

6.3.1.1 Company registration

Home institutional environment: Despite widespread non-compliance with company registration in Nigeria, the entrepreneurs in this study understood the legitimacy and related resource barriers without home market legal status. Due to this, they complied and registered their companies.

As the analysis showed, the entrepreneurs required registration to execute the development stage of the IE process. For example, trading permits in Nigeria cannot be issued without company registration. However, despite this conformity by the entrepreneurs, the pervasive culture of informality and noncompliance in Nigerian business negatively affected the entrepreneurs to a degree. The entrepreneurs’ partners, marketers, and distributors are usually not incorporated. As a result, private investors were often reluctant to work with the entrepreneurs. This situation likely undermined the ability of the firms to secure external financing for their projects.

> *"Producers are unable to access funding from investors because there is no formal distribution network. The investors will not give money to producers knowing their distributors are not registered companies. They (investors) cannot see how the money is going to go out and how it is going to come back." [IA-8]*

> *"If you ask me for a loan, you are going to tell me how you will repay. You will tell me you are going to raise 20 million from DVD sales for example, and I am going to ask you to show me how. You have to give me figures and records of sales and your projections. However, we already know, the marketer who is supposed to distribute for you is not incorporated, he does not even keep records. So how can I do business with you?" [IA-6]*

In sum, despite widespread non-compliance with company registration which drastically impaired access to bank and investor loans, IE forced the firms to comply with company registration requirements. Without IE imposing the need for legitimacy and access to external resources such as funds, these firms would have probably abided by the institutionalised non-compliance to company registration in Nigeria.

Host institutional environment: The strict enforcement context of the US host institutional environment makes it near impossible for any unregistered firm to successfully enter and compete in the market. To avoid sanctions, banks, marketing companies, individual firms and even regulatory agencies will only deal with registered companies. This situation imposes a critical need for the firms to register in the US if only to acquire legitimacy. In other words, when performing critical development and exploitation activities such as seeking permits, shipping goods or distribution, the firms required the legitimacy conferred by company incorporation. As a result, the firms complied with this additional US corporate legality and registration.

"Of course, if we did not register, there is no way any company in the US will deal with us. Even at the ports, custom will ask to see our certificate of incorporation." [D-01]

In sum, the need to be seen as legitimately doing business in the US compelled the entrepreneurs to register their firms in the host country. This company incorporation helped to accelerate the IE process by facilitating critical opportunity development and exploitation activities such as bank operation, setting up subsidiaries, marketing, etc.

6.3.1.2 Credit policies and financial regulations

Home institutional environment: Sourcing funds to finance the IE process constituted a significant activity in the development phase where each firm required external funding via commercial banks and investors. The limited financial resources of the firms (due to low domestic revenue) meant the need for external capital was high.

In Nigeria, the major financial institutions reflect the long-standing turbulence and instability of the financial sector. As the data suggests, the Nigerian entrepreneurs viewed loan application processes and eligibility criteria as overly demanding and exhausting. All the firms in this study considered interest rates, which are as high as 28% per annum, to be rather extreme. The firms also perceive collateral requirement for loans as highly unfavorable. Several Nigerian commercial banks demand that the value of the collateral must be three times the amount of credit requested. Against this background, therefore, the regulatory and institutional bottlenecks are significant.

"It is the hardest job on the planet; it is impossible. Nigerian (commercial) banks do not fund movies at all. They asked us to pledge collateral that will be three times the value of the loan, and they charge interest at 22% per month. So, that is a non-starter" [Case B-CEO]

Furthermore, the lending condition of Nigerian commercial banks requires examination of credible and extensive financial recordings. However, as many

Nigerian SMEs operate informally, firms have insufficient records of transactions or contracts signed with sellers/distributors. As each entrepreneur failed to source private sector finance, this caused liquidity problems, impeding necessary development activities. For example, case B suspended production when faced with capital constraints. Similarly, case D's financial burdens prevented the procurement of equipment to enhance production. However, the negative impact of this context on the entrepreneurs appears closely linked to other Nigerian institutions and the Nigerian business environment. First, the financial sector requires formality and credible financial documents. With the exception of case A, however, these entrepreneurs possessed ineffective financial planning procedures, and maintained informal trading practices with distributors. This heightened the risks for the Nigerian banking institutions. Second, and related, the insufficient commercial insurance market, and related risk management mechanisms, further exacerbated SME lending. As one financial institution explained of this institutional void:

> *"There are challenges because we do not have insurance companies that can give completion guarantees. We (the financial lender) finance even the production risk, and then the marketing risk. You know, this is not done in other jurisdictions. Moreover, the issue is because there is absence of these mitigating instruments locally" [IA-6]*

Also, the weak institutional and the general business environment in Nigeria, as previously mentioned, hampered domestic growth and related earnings. For the firms, this sustained their "liability of size," further increasing their dependency on external funding. Again, the financial burdens of the financial institutions, including low market capitalisation for many, has resulted in restricted corporate and SME lending. Finally, at the firm level, the capital requirements for market entry in the US were relatively high which reflected the nature of firm's specific industry. For example, case C's financing needs for adequate distribution in the US were high, as the executive director explained:

> *"Distribution in the US requires finance. Even before you start your production, you also bear in mind that you have to have some money set*

aside for marketing for distribution. We planned to take care of all these with money from the banks, but they have refused to support us. So we were unable to fund the distribution very well" [C-01]

Furthermore, and related, the entrepreneurs found that securing customer orders in the US required the exporting firms to maximise production capacity beyond current levels, which required funding. On several occasions, their business was rejected because of capital resource issues. The cases responded to these challenging conditions through seeking government funding via the "Nigerian development bank loan." However, case D avoided applying for this state funding because of corruption and the absence of privileged contacts to exploit this corruption. As case D states:

"No development bank will give us money to help us grow our business. They are busy helping themselves. You know, anything that has to do with government officials sitting together to approve something like loan simply connotes corruption. So we did not bother ourselves because we do not know anyone up there" [Case D-CEO]

In summary, home market institutional conditions related to credit policies severely challenged the development of IE, forcing entrepreneurs to search extensively for financial support within the home and host market financial environment.

Host institutional environment: Indeed, in the US the entrepreneurs pursued external funding without much success. US banks were not familiar with Nigerian filmmaking or indeed the viability of the products in the US market, so they had to tread carefully. Similarly, with the exporters, US banks perceived no guarantee of a return due to the incapacity of the firms to generate huge volumes that would have attracted major retailers like Walmart. Also, the US banking sector imposed collateral demands for commercial lending which the firms perceived to be burdensome. When lending to non-US citizens, the banks are compelled by US financial regulations to secure loans with collateral. However, as they are small organisations without assets in the US, the firms were unable to comply with this collateral rule. Consequently, they failed to gain access to bank funds in the US.

In sum, the inter-related linkage between difficult domestic trading history and weak internal resources constrained access to bank credit even in the host country. The resultant financial constraints consequently pushed the entrepreneurs to be creative with their meagre resources and to identify lower cost resource inputs in delivery, marketing, and production. This indicates that strong entrepreneurial commitment and flexibility allowed IE to continue against institutional barriers.

6.3.1.3 Business contracts

Home institutional environment: The weak enforcement of contracts in Nigeria made entrepreneurship risky which contributed to low entrepreneurial prospects for domestic growth. Lack of confidence in the ability or willingness of courts and the police to prosecute offenders in particular caused reluctance to use contracts in Nigeria. On the other hand, this context of weak contract enforcement emboldened individuals to breach business agreements for selfish gain. For example, relying on the fact that no written agreement was signed, case C marketers started reproducing and distributing the firm’s CDs illegally. The situation reduced home sales and, more critically, suppressed long-term confidence for domestic growth. This situation may have provided a strong impetus for US entry.

Beyond the film sector firms, the analysis found other effects of home market contracting on the IE process. For example, inefficiencies in local regulatory approval caused case A to breach contractual terms with international customers. Due to the combination of a relaxed attitude within the firm, and an inefficient food regulatory agency (for approval in the production of processing of yam powder), the firm missed targeted output and shipment times (agreed in their contract). This resulted in customer cancellations. In response, the firm initiated the approval process early to manage the expected delays from the regulatory agency:

“One important thing the contract stipulates is that we must deliver within the agreed time, you see! But what can you do when the authorities keep delaying things, and you cannot get your documents in time? This was how our last order for yam powder was canceled. Yes, because we missed the supply deadline.” [A-02]

Host institutional environment: The US institutional norms concerning legal contracting acted to support the entrepreneur’s international ambitions and *opportunity recognition*. US commercial law is characterised by strict implementation and high levels of compliance. For case C, for example, these conditions encouraged an outward international focus and supported opportunity recognition in the US.

Additionally, US contract regulation further supported the *exploitation* stages of the IE process. This encouraged higher levels of legality and formalisation in their (firms’) US operations. For example, each firm adopted formal contracting to manage employees. This action supported the recruitment of higher quality employees and retention of those employees. Regarding working with partners, the evidence across all cases suggests the entrepreneurs contracted exchange with US sales/distribution partners.

In summary, recourse to contracts for all business transaction in the US restored confidence in entrepreneurship and facilitated process activities. For example, all cases complied with US labour rules. This compliance gave them legitimacy and helped them to avoid penalties and de-legitimisation. Additionally, the compliance fostered increased formality, transparency and accountability within the firms, and allowed for higher levels of control with external partners. This indicates that US contract regulations supported internationalisation in the US.

6.3.2 Intellectual property regulations

6.3.2.1 Copyright protection

Home institutional environment: The weak protection for intellectual property (IP) in Nigeria worked to limit entrepreneurial opportunities domestically, forcing cases B and C to focus on international opportunities and growth. Both firms argued that weak copyright enforcement paved the way for individuals to make and distribute unauthorised copies of their films which severely disrupted their sales revenue. Secondly, as a consequence of the piracy, it became difficult for the firms to project income generation with any certainty. This further impeded the prospects of accessing bank loan as eligibility requirements include revenue projection records. Consequently, this dissuaded film entrepreneurs from domestic entrepreneurship and probably encouraged them to seek opportunities abroad.

Host institutional environment: IP protection in the US, however, stimulated much confidence in US entry. The US reputation for strict copyright enforcement encouraged, in part, the film entrepreneurs to invest resources without the fear of uncertainty and transaction costs.

In summary, the entrepreneurs' perceptions of the diverging institutions with regards copyrights (and other institutions), *ceteris paribus*, (i.e., differences in the quality of institutions) significantly influenced outward internationalisation and the IE process.

6.3.2.2 Censorship regulations

Home institutional environment: Restrictive Nigerian censorship constrained domestic growth and impeded the local entrepreneurial process. Movie themes continue to be screened through a strong moral enforcement agenda of the Nigerian agency (NFVCB). As explained in chapter four, this agency screens the stories, the picture contents, the target audience, and the distribution aspects. According to cases B and C, home censorship rules punished their creative resource and severely constrained local growth potential. These effects, again, influenced the need for internationalisation, further encouraging the firms to seek opportunities abroad:

> *"There are times the NFVCB would tell us to take out certain scenes, which they think those scenes are too bad for the audience. The problem with this thing they are doing is this. The creative person feels discouraged knowing that his idea is only inside his head, and he cannot see it come to reality. Of course, this is why we prefer the American market because, over there, we can express our creativity." [B-02]*

Host institutional environment: When the entrepreneurs evaluated the US film classification laws, they found these laws fair. For case C, this encouraged a phase of entering the US market via trial and error to validate the potential opportunity. Moreover, through censoring their film, using the regular MPAA platform, the film producing firms acquired legitimacy for product marketing in the US market. This suggests that host market censorship smoothed the way for product commercialisation in the US.

6.3.3 Trade barriers

6.3.3.1 Permit regulations

Home institutional environment: Regulation on importing and exporting influenced the IE process in different ways. Nigerian administration processes pertaining to the exporting of manufactured goods generated restrictions for Nigerian entrepreneurs. Accordingly, the barriers caused by local permit regulations due to corruption, inefficient processing, unclear processes, and multiple agencies rendering duplicate services slowed down IE activities and caused the entrepreneurs to lose revenue:

> *"When we wanted to export beans powder,.. the NAFDAC did their analysis and issued us a certificate and export permit only for our container to be rejected in the US. The US regulators returned our beans powder for not meeting traceability standards." [A-CEO]*

> *“A customer paid us his money, only for the federal authorities (NAFDAC) to say they are not ready yet, and we had to wait endlessly for their certification. It means somebody was not happy with us. We have seen this, and it is affecting our business in terms of timeliness and everything.” [A-02]*

The data also showed the effects of Nigerian permit regulations on the opportunity recognition process. For example, in case D, sudden changes in import regulation inspired opportunity recognition involving the US market. Until 1990, the firm’s primary business involved the importation of leather items from the US to Nigeria. However, as the Nigerian government banned the import of leather items, the firm searched the environment to identify other opportunities in the US. This action was influenced by existing familiarity with the US which helped to inform the entrepreneurs’ decision to leverage their web of networks residing in the New Jersey area.

Host institutional environment: In contrast to the home market context where permits were perceived to cause numerous challenges, both cases A and D perceived US permit regulations as favourable and stimulating for the IE process. The two firms described host market permits as simplistic and encouraging for business. An import permit was obtained fairly quickly from the US food regulator – the FDA – which allowed the firms to proceed with shipment activity. It might, therefore, be the case that ease and convenience of obtaining import permits also encouraged the firms to enter the US market:

> *“Like now, we are about to start exporting dry snail, but NAFDAC has been delaying the local permit for weeks now. But, do you know the FDA certificate (permit) we got in America for this product, we got it in just three days?” [D-02]*

6.3.3.2 Inspections

Home institutional environment: Logistics and workforce constraints evident in the government appointed inspections agency in Nigeria caused the firms to report bureaucratic bottlenecks generating delays, spoilage of goods, and disruption of delivery schedules. All of these slowed down the IE process leading to financial losses.

Furthermore, as goods are kept at the port while awaiting clearance, the firms were forced to pay demurrage. Delays are sometimes associated with port corruption. Additionally, the food exporters were obliged to contact the Nigerian food regulatory agency [NAFDAC] to seek regulatory approval to operate and to acquire a "certification of origin." Each exporter complied although each experienced delayed responses with the administrative agencies. As a result, the sale of goods experienced disruptions:

- *"in Nigeria, we pass through really cumbersome processes before our goods are allowed to sail from the ports. We cannot apply for inspections and get the certificate of inspection promptly. We are made to pay demurrage and sometimes there is even spoilage of the goods due to this delay." [D-CEO]*

Host institutional environment: While home inspections provoked delays and caused financial losses for the firms, US inspection regulations recorded mixed effects for the firms. For example, case A reported that US inspection rules have in fact been helpful as inspections of their cargos at the ports are often swift and efficient. This supporting condition helped the shipment of goods to proceed uninterrupted. In contrast, however, case D experienced difficulties while dealing with US inspection agents. The entrepreneur reported significant delays during the inspection process at US ports. Whenever their consignment arrives in the harbour, inspection agents would isolate them and carry out a 100 percent inspection. This lengthy exercise sometimes results in demurrage charges, default in customer supply timetables or even contamination of the goods.

“At our expense, they bring like four workers to unload … They will unload every goddamn thing and inspect the things one by one ….and you know what it means when they hold your container in America for three to four weeks. ... the demurrage depending on where your warehouse is, you may pay $200 to $250 per day.” [D-CEO]

6.3.4 Government incentive policy

6.3.4.1 Incentives policy

Home institutional environment: The cross-case analysis revealed government incentive policies to be largely ineffectual due to stringent criteria and corruption. The exporting entrepreneurs sought financial support through the Export Expansion Grant (EEG) which is intended to provide support to Nigerian exporters. However, the implementation and management of this support policy remain fragile largely due to corruption and bottlenecks. Consequently, despite regular applications, the grant funds are regularly delayed or denied altogether. Similarly, Case C reported expending considerable time and energy to meet the eligibility requirements for the *“Project Nollywood Act fund.”* The firm needed the funds to advance film production and distribution. However, their request for this government funding was unsuccessful due to stringent and cumbersome eligibility criteria. In the words of the entrepreneur:

“I tried to get a government grant, but what they asked from me was too much. They asked me to get contracts from these TV channels that they are willing to show my films and I should indicate to them the amount of money in the deal. I tried to explain to them that marketers will not sign a deal unless they see the finished product, but nobody listened.” [C-CEO]

In contrast to the above, however, case B did manage to access government grant funds through meeting the eligibility criteria. This allowed for additional finances which the firm channeled into marketing and sales/distribution activities. However, supplementary data showed that the firm’s network of contacts in various government circles helped to ensure the grant application was successful rather than anything else. This underscores the facilitating role of networks in overcoming institutional barriers.

Host institutional environment: The entrepreneurs perceived US government incentives as having facilitated the development phase of the IE process. Following case C's decision to start filmmaking operations in the US, the firm established their subsidiary which allowed them to take advantage of US government incentives. The minimum criteria for accessing incentives involved a filmmaking company domiciled in Austin. The firm also benefited from tax breaks and enjoyed additional material support during film shooting. The influence of the informal institutional context on the opportunity recognition phase led to the awareness of this US institutional support. It will be recalled that during her search for opportunities in the US, the entrepreneur sought information from industry participants through the Austin Filmmakers Association. This association facilitated access to several actors and directors who provided the entrepreneur with information related to government incentives such as tax breaks for film producers.

Similarly, case A benefited from the African Growth Opportunity Act (AGOA) which is a preferential trade arrangement extended by the US government to sub-Saharan African countries including Nigeria (see chapter 4 for details). As the firm met eligibility conditions for this incentive, they were allowed duty-free exporting into the US. This allowed them stronger price competitiveness and related distribution benefits in the US market:

> *"American government has made things easier by introducing AGOA. It helps to make our products more competitive as long as we are selling in the US as against Europe. While people are paying duty in Europe, whatever we sell in the US is duty-free." [A-CEO]*

6.3.5 Summary

In sum, the findings of this section have provided the answer to RQ2(a) which states: *how do home and host market institutional conditions facilitate or impair the processes of international entrepreneurship from emerging economies to developed economies?* The analysis showed how home and host institutions shaped the IE process through their enabling and constraining force. On the one hand, institutions acted to confer legitimacy, reduce risks, uncertainties and transaction costs. On the other hand, they constrained the IE process by blocking access to finance and increasing transaction costs hence limiting the strategic choices available to the entrepreneurs. For example, weakly enforced home institutions constrained resource development, growth potential and discouraged domestic entrepreneurial ambitions. At the same time, the perceived highly functioning host market institutions attracted the entrepreneurs and encouraged them to direct activities outwards. This suggests that institutions constitute a strong push and pull factor that is driving the recognition of international opportunities.

6.4 Informal institutions and the process of international entrepreneurship

This cross-case analysis set out to identify and examine formal institutional conditions enabling and constraining the processes of IE. However, the data suggests a strong role played by informal institutions within the processes of IE. Thus, this merits further analysis and interpretation. The present section, therefore, examines the facilitating and constraining impacts of informal institutions on the IE process. The informal institutions examined in this section include corruption, ethnicity, and social networks.

6.4.1 Corruption

The systemic corruption in Nigeria inevitably affected the IE process. The entrepreneurs faced bribery demands or unofficial payments within the general business environment, government funding, and the regulatory environment. This corruption affected IE development in the following ways. First, the entrepreneurs faced sanctions of administrative processing and shipment delay if they failed to comply with unofficial payment demands by customs officials. This increased costs, both financially and non-financially.

Second, the entrepreneurs faced payment demands to secure funding in the private financial sector as some Nigerian banks engage in such malpractice either as a survival strategy or to enhance profits. For example, case D reported facing difficulties while seeking bank finance mainly because the firm would not comply with demands for corrupt payments:

> *"In terms of funding, before you can get money from the bank, you have to give bribe. It is so difficult, and those who have access to get the money, only get it because they do what is called "shaking of hands" (denotes bribes). But as we did not have the money to "shake hands", we could not get any funds". [D-CEO]*

6.4.2 Ethnicity

This institution involves a categorisation of people who identify with each other on the basis of common ancestral, cultural or national experience. In this study's context, ethnicity connotes Nigerians as well as others who identify with Nigerians based on ancestral or cultural affiliations. Nigerian ethnicity influenced the process of IE with mixed effects. First, Nigerian-US ethnic connections influenced opportunity recognition. With cases A and B, the sizeable Nigerian population in the US pointed to an untapped niche market as an opportunity:

> *"We were surprised to find Nigerians in diaspora are looking forward to the food products that they are used to. They prefer to eat what they are already used to, but they are facing challenges in getting them. So when we approached them, we had a good reception by them saying 'we have been looking for this" [A-01]*

The analysis has previously identified how formal institutions facilitated and challenged the accessibility of this opportunity. However, informal institutional barriers additionally impacted the IE process. This included the country of origin (ethnic) liability when seeking support from US institutional actors: customers, financial institutions, and distributors. The entrepreneurs commonly labeled this factor as, the “Nigerian” or the “African factor.” Although the entrepreneurs enjoyed the immediate patronage of the ethnic segment, each struggled to gain wider market penetration and support in the US. As such, each experienced resistance from US institutions due to the “African factor.” These institutions included consumers, financial institutions, distributors, and the actor community. This liability constrained the mobilisation of financial and non-financial resources (i.e., actors and crew recruitment, distribution) during opportunity development. The following quotes provide evidence of this host market discrimination that is based on ethnicity stratification:

> *“People were not used to anything Nigeria. ‘Africa! .. you mean Africans have businesses? … that rudimentary thing …. people were looking at me, what are you talking about? . So they did not even know we have cities (in Africa), and here I was talking about business opportunities, … So that was really very difficult.” [B-CEO]*

> *“There was a particular guy, he was willing to cough out at least a million dollars for my movie, and we arranged a meeting. However, the moment he found out I was a Nigerian, he became uncomfortable. That just turned the table, and he made a U-turn, and he backed out.” [C-CEO]*

In response to this ethnicity-based discrimination, the entrepreneurs adopted several tactics to gain legitimacy: changing production content, producing an occasional film suitable for US viewers, providing educational seminars to shift negative perceptions, selecting US actors receptive to African culture, and vertical integration within the distribution. Additionally, the film entrepreneurs focused on building a strong reputation in the US market.

Similarly, the exporting entrepreneurs experienced the country of origin constraints at opportunity exploitation. Some of these constraints involved mistrusting officials and painstaking inspection procedures within US customs.

The exporters, however, enjoyed positive reputations amongst US consumers and distributors. Unlike the film entrepreneurs, a longer trading presence in the US allowed these firms to gain US customer and distributor goodwill gradually. In summary, ethnic ties and the sizable Nigerian diaspora in the US (including social networks) worked to create opportunity recognition. However, US market-actor discrimination of Nigerian business constrained development and exploitation of opportunities. Even though the entrepreneurs adopted measures to moderate the liability of origin, the effects of this discrimination were still acute.

6.4.3 Social networks

The findings revealed the role of social and business networks in facilitating multiple activities within the IE phase of opportunity recognition such as scanning the environment, seeking new information and evaluation. The entrepreneur's social structure, rich in interactions and trusted ties, alerted the entrepreneurs to potential opportunities in the US and further allowed opportunity evaluation. Each case accessed and benefited from the information of potential international opportunities via existing network structures. For example, filmmakers used professional networks, such as local and international industry associations, while food exporters leveraged social networks to access new information. Among the exporting firms, case A, for example, utilised network ties to facilitate preliminary market scanning and market evaluation. The opportunity revolved around the sizeable Africa diaspora in the US. An estimated 20 million Nigerians reside outside the country, with the majority living in the UK and the US. Social contacts in the US, notably family relations, friends and business associates, were well aware of the African community in the US, and the potential demand for Nigerian food products which the entrepreneur could serve.

Regarding another distinct activity within opportunity recognition, cases A, C and D conducted a 'trial and error' phase to test the market or validate the identified opportunity. Here, network associates mentored the entrepreneurs through the trial and error process. Working with friends within agri-food exporting, for example, case A conducted shipment operations to the US as a test-run. In summary, social networks moderated the entrepreneurs' liability of size constraint and formal institutional constraints through the entrepreneur's networks.

Social networks also provided access to external resources for the development stage. Notably, funding provision from their social structure provision allowed survival in an increasingly hostile formal environment and enabled continuity with internationalisation. Furthermore, social network ties facilitated access to government funding, and each case relied on social contacts in the US to set up new organisations. Yet, the informational, financial and physical support of network ties supported IE development to a degree:

> *"We have been appealing to the bank for more funds, but so far this has fallen on deaf ears. So it is our personal savings and money borrowed from our family and friends that are supplementing our business efforts." [A-CEO]*

6.4.4 Summary

In sum, the analysis shows that the informal institutional environment was compensating for formal institutional constraints and indeed the general weaknesses of the firms. For example, the inter-related linkage between difficult domestic trading history and weak internal resources constrained access to bank credit. However, due to the firm's limited financial resources (from low domestic revenue), the need for external capital was high. As a result, the firms were compelled to borrow from family members and friends to finance new and international projects. This indicates that informal institutions compensated for the inadequacy of formal institutions which further sustained activities of the IE process.

6.5 Entrepreneurial response to the influence of institutions

In understanding the entrepreneurial response to institutions, the analysis went beyond enabling and constraining impacts to examining how the force of institutions dictates and shape the behaviour of firms in the IE process. The analysis identified two paths by which the firms responded to the influence of institutions. These include: (i) response to institutions through skipping steps, overlaps and iteration of sub-activities, and (ii) response to institutions through selecting and alternating between available resources as well as generating new resources.

6.5.1 Response to institutions through skipping steps, overlaps, and iterations of sub-activities

Through further interpretation of the findings, the study discovered that institutions forced the IE process to lack sequential order or linearity. In other words, due to institutions, the order of IE sub-activities is not such that scanning of the environment will lead to seeking information which then leads to trial and error, for example. Similarly (due to institutions), sourcing of funds may not necessarily be preceded by the hiring of workers and, subsequently, the setting up of new organisations. Instead, institutions are forcing the firms to carry out recognition, development and exploitation sub-activities in a manner that is disruptive and nonlinear.

For example, as a condition, Nigerian development bank funding required the applicant to sign an advance distribution deal with a marketing firm. Due to this reason, case B skipped production and launched the marketing process in advance. This tactic led to the successful signing of a marketing deal with a US partner which then paved the way for the firm to secure a development bank loan that was eventually to finance distribution:

> *"I found out that you need to have an international distribution agreement signed to qualify for the (development) bank loan. Because of that, we*

started marketing the film to potential distributors even before the film production commenced." [B-CEO]

Also, institutions created conditions that forced entrepreneurs to run concurrent sub-activities rather than one at a time. For example, through the recognition process, we expect that entrepreneurs scan their environment, seek new information and proceed to do a trial and error. However, institutions disrupted this pathway and pushed the entrepreneurs to run multiple activities at the same time. Institutions also forced the entrepreneurs to repeat sub-activities that had previously been executed. For example, after case A identified the opportunity to sell food items in the US, the firm set up a new organisation, sourced funds, hired workers and preceded with production. However, it would emerge that shipment of finished goods to the US entailed a rigorous documentation procedure for which the firm had no expertise. This condition forced the firm to repeat hiring of workers by recruiting an agent to ship products on their behalf.

In sum, as institutions posed roadblocks and limited entrepreneurial aspirations, the firms acted to circumvent the barriers through strategically skipping, overlapping and iterating IE process activities. This indicates that institutions are the reason why the IE process is disruptive and devoid of linear order.

6.5.2 Response to institutions through selecting and alternating between available resources as well as generating new resources

The findings of this analysis showed that institutions blocked the accumulation and utilisation of resources for international opportunity recognition, development, and exploitation. However, further interpretations of the findings led to understanding the response of the entrepreneurs which allowed them to proceed with accumulation and utilisation of resources in spite of institutions.

First, the firms selected and alternated between resources to overcome limitations imposed by institutions. For example, the findings suggest that prior knowledge of the industry is critical for the recognition of international opportunities. However, in case D, institutions forced the entrepreneurs to alternate their prior knowledge of the industry with the informational support of networks. It will be recalled that a sudden government ban halted the leather imports of the firm and forced them to start a desperate search for alternatives. Due to the urgency of the situation, the entrepreneurs did not favour a systematic search based on their prior knowledge of export/import since that may consume time. As a result, the entrepreneurs prioritised networks information since this stock of information was probably more diverse and likely to involve several lucrative opportunities. This indicates that selecting and alternating between available resources amounts to adaptive response to institutions:

> *"After the (Nigerian) federal government banned leather imports, we started looking for what to do. So we started checking places, and we went to New Jersey because we know many people there." [D-01]*

Furthermore, the firms responded to institutional constraints blocking the accumulation and utilisation of resources through generating new resources. For example, during the exploitation phase of the IE process, quality requirements of the US food regulatory agency (FDA) prevented case D from completing production activity. The firm did not possess full knowledge of the quality criteria imposed by the US regulator. In other words, existing firm-level resources were not sufficient to facilitate production activity. This condition prompted the firm to generate new knowledge through training in food production techniques, packaging, and labeling. The newly generated resource (i.e., knowledge of production, packaging, and labeling) enhanced the production capacity of the firm allowing them to meet quality requirements of the FDA and subsequently to proceed with production activity.

In sum, as institutions blocked the accumulation and utilisation of firm resources for IE, the firms acted to circumvent the obstacles through generating altogether new resources. This reactive measure, it seems, allowed the firms to proceed with IE activities despite the roadblocks posed by institutions.

6.5.3 Summary

In sum, the findings of this section have provided the answer to RQ2(b) which states: *how do emerging economy firms that are active in developed economies respond to the influence of institutions?* By limiting the options open to entrepreneurs and constraining the accumulation and utilisation of resources for IE, institutions forced responses that shaped the behaviour of the entrepreneurs in major ways. Firstly, the entrepreneurs reacted to circumvent institutional constraints limiting their options by being fluid and flexible. We see that the entrepreneurs may respond by skipping, repeating and or performing concurrent activities of the IE process. Secondly, in response to institutional impediments limiting the accumulation and utilisation of resources, the entrepreneurs selected and alternated between their internal resources as well as generate new resources. This adaptive response allowed firms to forge ahead with the accumulation and utilisation of resources for IE.

6.6 Chapter conclusion

The comparative case analysis of four Nigerian international entrepreneurs found that the IE process is concerned with recognition development and exploitation of international opportunities. Within each of these stages, the analysis identified a number of productive value-added activities. These value-added activities are facilitated through a creative combination and recombination internal firm resources such as prior knowledge, network ties, and personality traits.

Moreover, the analysis has raised the important role of the home and host market institutional environment for the IE process. Formal and informal institutions affect and shape recognition, development and exploitation activities in the following ways. Firstly, they limit and constrain the strategic choices open to firms such that the firms become exposed to risks or they are unable to implement certain strategies. Secondly, they facilitate access to resources, reduce risks and lend legitimacy. Third, they trigger certain behaviour or strategies as a result of their impact. These findings are discussed further in chapter seven.

Table 6-1 below provides a summary of the cross-case findings on how divergent institutional conditions influence the process of IE from emerging to developed economies.

Table 6-1: Summary of cross-case findings on how divergent institutional conditions influence the process of IE from emerging economies to developed economies.

Research aim	Research objectives	Sub-questions	Core findings
To investigate how the processes of international entrepreneurship from emerging economies to developed economies are influenced by divergent institutional conditions	***To explore the processes of international entrepreneurship in the context of emerging economies to developed economies.***	*What are the key activities and sub-activities that lead to international opportunity recognition, international opportunity development, and international opportunity exploitation?*	• The entrepreneurs executed a host of mini-events that converged and led to the recognition, development, and exploitation of opportunities. Within the key activity of opportunity recognition, the entrepreneurs scanned their environments, sought new information and conducted trial and errors. The entrepreneurs also set up new organisations, sourced funds, and hired works to develop the opportunities. Finally, the entrepreneurs executed the mini events of production, shipment of goods, marketing and production to commercialise or exploit those opportunities.
		What are the firm-level resources facilitating international opportunity recognition, development, and exploitation?	• When recognizing, developing and exploiting international opportunities, the entrepreneurs relied on their internal resources namely network ties, personality traits, and prior knowledge. This raises the important point that the IE process is facilitated through the accumulation and utilisation of internal firm resources.
	To examine the institutional conditions that influence the processes of international entrepreneurship from emerging economies to developed economies.	*How do home and host market institutional conditions work to facilitate or impair the processes of international entrepreneurship from emerging economies to developed economies?*	• Institutions simultaneously enable and constrain the recognition, development, and exploitation of international opportunities through (1) limiting and constraining the strategic choices open to firms (2) facilitating access to resources, reducing risks and lending legitimacy, (3) triggering certain behaviours in response to their impacts. • Through this interaction, weak formal institutions of the home emerging economy give impetus to international opportunity recognition. They push firms outward while the better functioning institutional environment of the developed economy attracts and pulls them inward.
		How do emerging economy firms that are active in developed economies respond to the influence of institutions?	• Where institutions limit their strategic options, entrepreneurs navigated around it by skipping, overlapping and iterating of sub-activities of the IE process. • Where resource accumulation/utilisation was blocked, the entrepreneurs overcome it by selecting and alternating between available resources as well as generating new resources.

Source: Author's research

Chapter Seven: Discussion

This chapter presents an analysis of the cross-case findings in the context of existing research related to International Entrepreneurship (IE) in emerging economies, entrepreneurial processes, and institutions. The chapter presents the major themes that emerged from the cross-case analysis and utilised theories and constructs from the literature review in chapter two, to arrive at higher summative findings. The chapter is structured into two broad sections, with each section covering one of the two research objectives in this study. Thus, the first major section addresses the process activities and sub-activities of IE while the second major section captures formal institutional conditions influencing the processes of IE from emerging economies to developed economies.

7.1 Introduction

As described in chapter one, the overarching aim of this thesis is to investigate how the processes of international entrepreneurship (IE) from emerging economies to developed economies are influenced by divergent institutional conditions. Hence, in operationalising this research aim, the study developed two broad research objectives to guide the research enquiry and design. The first research objective is to explore the processes of IE in the context of emerging economies to developed economies while the second research objective is to examine the institutional conditions influencing the process of IE from emerging economies to developed economies. Further breaking down these research objectives, the study developed sub-questions as follows: RO1(a) what are the key activities and sub-activities that lead to international opportunity recognition, development and opportunity exploitation?; RO1(b) what are the firm-level resources facilitating international opportunity recognition, development, and exploitation?; RO2(a) how do home and host market institutional conditions facilitate or impair the processes of IE from emerging economies to developed economies?; RO2(b) how do emerging economy firms that are active in developed economies respond to the influence of institutions? Hence, following the cross-case analysis presented in chapter six, this chapter builds higher summative analysis and interpretation of the emergent themes using inference from the literature.

7.2 RO 1: To explore the processes of international entrepreneurship in the context of emerging economies to developed economies

The findings of the first research objective yielded significant insights into the key activities and sub-activities of the International Entrepreneurial process. Results suggest the International Entrepreneurial process involves a complex set of interrelated activities aimed at creating value in the international market. Underneath this complex mix of activities, however, there is an element of planned behaviour in which entrepreneurs: (1) identify opportunities abroad, (2) mobilise resources, and (3) take action to convert the opportunities into tangible market outcomes. These distinct but highly interrelated and interlinked behaviours are conceptually in tune with the discovery, evaluation and exploitation framework of entrepreneurship research of Shane and Venkataraman (2000b). Moreover, the activities fit with the definition by Oviatt and McDougall (2005a) of IE adopted for this study (i.e., the recognition, evaluation, enactment and exploitation of opportunities across national boundaries to create future goods and services p. 540).

Also, the analysis has uncovered firm-level resources facilitating the recognition, development and exploitation of international opportunities thus adding empirical validation to opportunity-based entrepreneurship literature (Ardichvili et al., 2003, Shane and Venkataraman, 2000a, Zahra et al., 2005). In light of these findings, the present section attempts to raise the analysis through a combined analysis of key activities/sub-activities of the IE process and the firm-level resources facilitating those activities. This is consistent with the two sub-questions that were developed to aid in addressing the research objective.

7.2.1 Recognition

The findings reveal the first broad activity of the process in which the entrepreneur identifies the international opportunity. This activity involves a series of small steps usually starting with the scanning of the environment, the seeking of new information followed by trial and error to evaluate the viability of the opportunity. The results suggest that both internal and external factors motivated firms to recognise opportunities abroad. Internally, the need to survive and achieve growth apparently pushed firms into searching for and identifying opportunities. For example, case B was formerly publishing magazines. However, sales of the magazines began declining, which compelled the firm to start searching for an alternative business. Therefore, it seems that the urgent need for survival pushed case B to search for and identify opportunities to make films in the US. Regarding external forces, however, this study suggests that unfavourable home institutions, on the one hand, and a better-functioning host institutional environment, on the other, provided impetus to international opportunity recognition. This context is fully addressed in section 7.3.

Regarding scanning of the environment, the firms pursued different paths depending on individual circumstances. Some firms scanned the environment looking for any opportunity they could find, while some scanned for a particular opportunity that they already had in mind. This finding suggests that entrepreneurial opportunities resulted from both deliberate and accidental scanning of the environment (Mainela et al., 2014). Further analysis, however, revealed that resource conditions of the firms significantly influenced the scanning process. For example, knowledge of the international market and knowledge of industry facilitated and expedited the scanning process of cases B and C. In a previous study, Chandra et al. (2009) discovered that knowledge of the international environment significantly influences international opportunity scanning behaviour of firms.

Closely linked to the scanning activity is the seeking of new information. The seeking of new information behaviour seen in the cases suggests that firms can spot an opportunity and then seek information to clarify the nature of the opportunity, or they seek information that will aid them to identify opportunities. This study showed that all cases accessed new information about the opportunity through talking to their network contacts. The filmmakers leveraged professional networks while food exporters related to their social networks to obtain new information. As such, network ties were a crucial source of new information (Kontinen and Ojala, 2011b). Overall, the findings indicate that the entrepreneurs recognised opportunities through gaining information from contacts about underutilized, yet potentially lucrative resources, which they can leverage to make profits (Casson, 1982, Li, 2013).

Furthermore, three out of the four cases in this study conducted trial and error after they had spotted the potential opportunities through scanning their environments and seeking information. In other words, the firms engaged in small-scale international operations to assess the viability of the opportunities. This cautious approach suggests the entrepreneurs are rational as they will only commit their resources, time and energy where they feel reasonably confident that the opportunity will yield tangible benefits. However, the data suggest that ability to gauge opportunities (through testing them) was contingent upon firm-level resources including prior knowledge, alertness and risk propensity. For example, cases B and D had previously done business in the US. This experience helped the two firms when making a judgment as to what will work and what will not. This may mean that prior knowledge of the international market was positively related to the ability of the firms to identify international opportunities (Johanson and Vahlne, 2009, Schweizer et al., 2010).

In sum, we can see that the recognition phase of the IE process has been broken down into sub-activities. Dissecting this process into fragments provided profound insights into how the entrepreneurs recognised opportunities and, importantly, why. The entrepreneur actively (not necessarily purposefully) scans the environment for opportunities and usually needs new information to consolidate the idea (opportunity) that has been spotted (Eckhardt and Shane, 2003). These two behaviours of scanning and seeking new information can occur in sequence or simultaneously as the results of the analysis showed. However, entrepreneurs, being rational individuals (Oliver, 1991), want to ascertain the viability of the opportunity before making further commitments. Given that exploring the opportunity necessarily entails spending funds and time, the entrepreneurs needed to be reasonably sure of the potential success of the opportunity. Hence, they followed with a trial of the opportunity on a minor scale which allowed conjecturing that opportunities detected through scanning and seeking new information were viable (Eckhardt and Shane, 2003).

Existing studies conceptualise the entrepreneurial process as involving the recognition of opportunities which are then evaluated and eventually exploited (Shane, 2000, Oviatt and McDougall, 2005a). However, going by the present research finding, it can be suggested that an opportunity which has not been evaluated and deemed viable is not necessarily an opportunity. Rather, opportunity recognition as a distinct activity of the entrepreneurial process cannot be complete without opportunity evaluation or, in other words, trial and error. As such, the notion of opportunity evaluation may best be understood as a sub-activity that is integral to the broader opportunity recognition process rather than a behaviour that occurs outside it. Therefore, whereas traditional assumptions of opportunity evaluation (Oviatt and McDougall, 2005a, Shane and Venkataraman, 2000a) suggest evaluation is distinct from the process of recognition, this research finding suggests that evaluation occurs within the context of recognition itself.

Furthermore, by dissecting the opportunity recognition process, we now know that opportunities can both be found and made (Venkataraman et al., 2012). Entrepreneurship researchers are split, with some arguing that opportunities are discovered (Shane and Venkataraman, 2000a, Eckhardt and Shane, 2003) while others suggest opportunities are created instead (Alvarez, 2005, Sarasvathy, 2003, Kirzner, 1997). However, the firms in this study showed that opportunity recognition could happen through both discovery and creation (Hohenthal et al., 2003, Kontinen and Ojala, 2011a). Therefore, it can be suggested that whereas opportunity recognition occurs through modifying or altering markets, it can also occur through creating the markets (Sarasvathy, 2004, Gaddefors and Anderson, 2009). For example, cases A and D saw an opportunity to meet the demands of diasporic communities for Nigerian foods in the US thereby altering the market. On the other hand, case B found a chance to introduce Nigerian films into US cinemas and thus created a market that was not previously available.

Also, existing studies suggest that recognition of opportunities depends on three attributes of the firm and its entrepreneur: (i) prior knowledge (Shane, 2000, Venkataraman, 1997, Kirzner, 1997), (ii) network ties (Ozgen and Baron, 2007, Kontinen and Ojala, 2011b), and (iii) personal traits like alertness (Shane, 2000, Kirzner, 1997). The present research, through dissecting the opportunity recognition process, has uncovered how firm attributes or resources facilitated international opportunity recognition (Zolfaghari et al., 2013).

According to scholars, network ties play a significant role in the choice of going abroad, as they facilitate identification of lucrative opportunities in the international market (Holmlund and Kock, 1998). Also, personality attributes, including the entrepreneur’s alertness, creativity, motivation, and risk propensity, aids firms when leveraging their prior knowledge and support of networks to pursue strategic objectives (Grant, 1991). However, firm-level resources are exclusive, and as such, they are not easily imitable (Penrose, 1959, Wernerfelt, 1984). Given this, it can be postulated that how, when or where the firms recognised international opportunities largely depended on their individual resource positions (Shane and Venkataraman, 2000b). Thus one firm may see and react to an opportunity differently from the way another firm will see and react to the same opportunity. Further interpretation of this finding is provided in section 7.4.1 of this chapter.

7.2.2 Development

In this second major activity, a process by which the firms leverage their individual competencies to mobilise resources for executing the opportunities emerged. This key process activity incorporates the following sub-activities: setting up new organisations (Oviatt and McDougall, 1994), sourcing funds (Timmons et al., 2004) and hiring of workers (Hitt et al., 2001). As the firms are typically small and inherently resource constrained, they carried out these series of sub-activities to assemble the tangible resources needed for executing the opportunities.

The setting up of new organisations was a major opportunity development activity. In spite of inherent resource constraints and unfamiliarity with the host market terrain, all the firms established subsidiary branches in the US. This indicates that the firms attached strong importance to establishing a presence in the host country. This strategy allowed the firms to take direct charge of marketing and distribution instead of outsourcing them to a third party. However, as the firms characteristically lacked finances, they were forced to rely on their internal resources when setting up branch offices and warehouses in the host country. For example, case B converted a space that was previously utilised for publishing magazines into his new filmmaking outfit. This evidences creative utilisation of internal resources to overcome resource constraints and market uncertainties, otherwise known as bricolage (Baker and Nelson, 2005).

Another critical sub-activity of the opportunity development process is the sourcing of funds to use for financing new and international projects. As explained above, the cases in this study are rather small firms, and they possess little financial resources. By comparison, the opportunities the firms seek to exploit are typically capital intensive. Filmmaking involves working with scores of creative artists and technicians, all of whom have to be remunerated. On the other hand, food exports rely on shipping large quantities of goods so that costs are absorbed, and the large demands of the market are met. All these operations require large sums of money. Hence, due to inherent resource constraints and the capital requirements of their industries, the firms needed to scout for funds to finance their international projects.

The analysis revealed different paths to funding as pursued by the firms. These include private sector (through commercial banks and investors), government funding (such as development banks and grant funds) as well as family funding (friends and relatives). However, the near total lack of access to commercial bank financing and limited access to government development bank funding plunged the cases into severe financial turmoil and impeded activities (Lim et al., 2015) such as hiring, production, marketing and even distribution. As a result, the firms were forced to approach family and friends for external financing.

Further analysis, however, suggests that internal resources of the firms helped to facilitate the sourcing of funds. Networks, for example, helped to relay information that was used to access bank funding and they also directly provided cash (as in friends and family financing). This indicates that where formal institutions to support the entrepreneurs were ineffective (London and Hart, 2004), network ties became increasingly important options for them (Granovetter, 2005, Bruton et al., 2008, Li and Zhou, 2010, Boso et al., 2013).

Also, the hiring of workers was identified as an important opportunity development sub-activity. The cases recruited employees in both Nigerian and the US markets in line with their vision of operating business in the dual home and host markets. The findings, however, indicate that resource limitations forced the firms to rely on their internal resources when recruiting workers. This condition probably allowed the firms that have more resources to outperform the firms which possess fewer resources (Zolfaghari et al., 2013).

In summary, the key activity of opportunity development has been dissected into sub-activities. This dissection yielded insights into how the firms mobilized resources and importantly, the forces that facilitate this resource mobilization. The firms mobilized resources through setting up new organizations, sourcing for funds and hiring workers. In the entrepreneurship literature, opportunity development is seen as constituting the proactive efforts that lead to the rise of an entire business (Pavia, 1991). Similarly, Oyson and Whittaker (2010) indicated that opportunity development is concerned with “the development of new firm capabilities to pursue a current market opportunity” (p. 6). However, little is known about these creative efforts or how they are deployed towards resource mobilization or opportunity development (Ardichvili et al., 2003). In the present study, the key sub-activities involved in the mobilization of resources by all the firms have been explained. These explanations incorporated not just the means by which resources were mobilized but also the rationales that led to specific actions and decisions. Consequently, this finding has enriched our understanding of the mini decision and actions that resulted in the formation of the business firms in this study.

Furthermore, the dissection of the opportunity development phase showed how the firm-level resources facilitated the execution of sub-activities. The analysis showed that firms leveraged their prior knowledge, networks, and personality attributes to set up new organizations, source funds and hire workers. However, the central issue relates to the uniqueness of individual firm-level resources which can permit some firms to take certain actions but deny others (Barney, 1991, Zolfaghari et al., 2013). This study showed that network support, in particular, is highly instrumental in the process of opportunity development (Kontinen and Ojala, 2011b). All the cases relied heavily on their networks when setting up firms, hiring workers and sourcing funds. The informational, financial and physical support of network ties became a crucial resource that complemented the firms (Boso et al., 2013). For example, as demonstrated through the cross-case analysis, networks supported resource mobilization through providing financial (Welter and Smallbone, 2011), informational (Zahra and George, 2002c, Welch and Welch, 2004) as well as physical (Kontinen and Ojala, 2011b) support.

7.2.3 Exploitation

The execution of business strategies directly targeted at achieving market outcomes commenced with this key activity of opportunity exploitation. Across all cases, it seems the successful exploitation of the opportunity was strongly underpinned by the presence of an ethnic consumer base in the US. The entrepreneurs realized that the vast African diasporic community living in the US constitute a lucrative market for their products. The population of Africans residing in America is steadily on the rise. Their average income is also impressive at an average of $43,000 per annum (Arewa, 2012, Evuleocha, 2008). This indicates the availability of money to be spent on African themed products like Nigerian films and foods which are very popular in the diaspora. Cities such as Houston, New York, Atlanta, and Washington are among the many US cities flooded with Africans and where the sale of Nigerian products is rampant (Evuleocha, 2008). According to a consultant that was interviewed, this strong ethnic consumer base was an important factor that catalyzed the internationalization of Nigerian entrepreneurial firms to the US:

- *Entrepreneurs came to realize there are many Nigerians and other Africans who are living and working abroad particularly in the US. These Nigerians who are in the diaspora constitute a large segment of opportunities that are open to Nigerian companies that want to do business and produce goods and services in other countries [CNS-04]*

The exploitation process commenced with production activity. Due to their respective firm-level resources, the cases in this study employed different production strategies. For example, case B was able to finance production activity across two countries due to a development bank loan that the entrepreneur obtained. In contrast, case C did not receive any external funds and as a result, could not afford production in multiple countries. Nevertheless, the analysis found that ability to access bank funding depended on the internal resources of the firms (Shane and Venkataraman, 2000a). For example, prior knowledge of scouting for funds as well as vital information by networks supported the ability of case B to access the development bank loan. In contrast, inadequacies related to prior knowledge of scouting funds and informational support of networks denied case C the chance to obtain the same development bank lending.

Another exploitation sub-activity is the shipment of goods. The need to minimize production cost through using cheap labor and producing within proximity to raw materials meant the exporting firms chose to locate their manufacturing plants in Nigeria. This strategy necessitated that finished products are shipped from Nigeria to the US for onward marketing and distribution. Shipment activity is carried out by clearing agents of the firms at both home and host country. Using their expertise, the agents help the firms to meet and conform to complex regulatory and procedural shipping requirements which helped the firms to save money and time. This shows how the knowledge of networks served as a crucial resource that facilitated opportunity exploitation (Kontinen and Ojala, 2011b, Mainela et al., 2014, Sasi and Arenius, 2008, Lorentz and Ghauri, 2010).

Also, the different tactics used by the entrepreneurs to draw public attention to their products have been explored. These tactics ranged from advertisements via print, electronic, mass media, social networks to the use of agents, marketing companies and even word of mouth through friends and family members. As the firms are small and they controlled little resources, their ability to adequately finance marketing was limited. However, the firms leveraged their internal resources to implement marketing as best they could. This illustrates the significance of networks for the marketing strategies of the firms (Coviello and Munro, 1995a, Hitt et al., 2001).

Finally, the opportunity exploitation process involved sales/distribution as the cases directed efforts towards receiving economic returns for their investments. Expectedly, the industry context dictated the paths of sales/distribution. The film producers employed the industry distribution mechanisms which include cinemas, DVD, online and cable TV while the food exporters distributed through agents and subsidiaries. However, internal resources of the firms determined how and which sales/distribution approach they used. For example, through informational support by networks, case B secured a government grant fund that was used to finance cinema, DVD, online and cable TV distribution. In contrast, case C did not have the informational support that could have helped them to gain government grant funding. This reason may have been a major factor behind the firm's subsequent inability to finance cinema distribution in the US.

As we can see in sum, the key activity of opportunity exploitation has been dissected. This dissection led to the identification of the sub-activities that are carried out to convert opportunities into tangible market benefits. As a result, we have gained an understanding of how production, shipment, marketing and sales/distribution were carried out by the entrepreneurs. The findings support opportunity exploitation literature which describes exploitation as actions aimed at converting opportunities into tangible economic benefits (Zahra et al., 2005, Westhead, 2008, Oviatt and McDougall, 2005a). Furthermore, the findings have uncovered and explained the firm-level resources facilitating opportunity exploitation. It seems that opportunity exploitation is enhanced when there is a confluence of several firm-level resources: network ties, relevant prior knowledge, and certain personality traits. The nature and configuration of network ties can determine the amount of informational, financial or physical support that may be accessed and used during opportunity exploitation. Also, relevant prior knowledge helped the capacity of entrepreneurs when completing certain exploitation activities. As a result, cases that possessed prior knowledge of one exploitation activity or the other outperformed cases that lacked similar experience (Zolfaghari et al., 2013, Barney, 1991).

Lastly, research into emerging economies has typically emphasized the significance of networks for the entrepreneurial firm (Peng, 2003, Peng and Zhou, 2005, Zhou et al., 2007). Scholars argue that networks are a powerful tool for entrepreneurs (Dubini and Aldrich, 1991). The findings of this section illustrate the powerful force of social and business networks to facilitate the exploitation of an international opportunity. These critical networks in the opportunity exploitation process included: (1) professional networks made up of marketers and distributors, and clearing agents (2) social networks comprised of family members and friends. Thus the findings of this section have explained and demonstrated how the physical, financial and informational support of networks advances the process of international opportunity exploitation (Coviello, 2006, Styles et al., 2006a, Ellis and Pecotich, 2001, Coviello and Munro, 1995a, Johanson et al., 1988, Oviatt and McDougall, 2005b).

7.2.4 Summary

In sum, section 7.2 has explored and dissected the entire IE process. Entrepreneurs executed series of mini-events that converged and led to the recognition, development, and exploitation of opportunities. Within the key activity of opportunity recognition, the entrepreneurs scanned their environments, sought new information and conducted trial and errors. The entrepreneurs also set up new organizations, sourced funds, and hired works to develop the opportunities. Finally, the entrepreneurs executed the mini events of production, shipment of goods, marketing and production to commercialize or exploit those opportunities.

Also, as the entrepreneurs are inherently resource constrained and unfamiliar with the host market environment, they relied on their internal resources and competencies (namely network ties, personality traits, and prior knowledge) when recognizing, developing and exploiting international opportunities. This raises the important point that the IE process is largely associated with the accumulation and utilization of resources to meet strategic objectives.

7.3 RO 2: To examine the formal institutional conditions influencing the processes of IE from emerging economies to developed economies

This research objective explores the nexus of International Entrepreneurial behavior and formal institutions by examining the embeddedness of formal institutions in the processes of IE. Formal institutions exist to guide and structure human interactions (North, 1990b), and this includes actions and strategies of International Entrepreneurs. Research suggests that behavior of entrepreneurs and their firms is influenced by the operations and appropriateness of formal institutions in their country. For instance, market entry and exit are regulated by the legal framework and bankruptcy laws while contracts regulate firm development (Welter and Smallbone, 2011). As a result, this research has primarily found that the processes of IE occur within an institutional context and therefore the IE process is deeply embedded in institutional contexts.

Examining the embeddedness of formal institutions in the IE process necessarily entails understanding the nature of the institutional effect, the forces that underpin this effect of formal institutions as well as the ways by which firms react to institutional effects. Hence, this section will examine: (1) the enabling and constraining impacts of formal institutions on the IE process, and (2) entrepreneurial response to formal institutions.

7.3.1 The enabling and constraining impacts of home and host market institutions

The findings of this study showed that both home and host formal institutions simultaneously enable the IE process through adding legitimacy, reducing transaction costs, risks, and uncertainties while also constraining it. According to NIE theory, well-developed institutions enable firms to operate businesses more efficiently by creating enabling market incentives and facilitating access to capital. On the other hand, weak institutions create higher transaction costs and make market-based exchanges less efficient (North, 1990b, North, 1994, Peiris et al., 2012, Puffer et al., 2010, Busenitz et al., 2000). As such, by creating, defining and limiting entrepreneurial opportunities, formal institutions profoundly affect entrepreneurial activity (Dana, 1987, Manolova et al., 2008, Aldrich and Fiol, 1994, Shapero and Sokol, 1982, Hwang and Powell, 2005, Gnyawali and Fogel, 1994, Peng et al., 2008). In the words of Welter and Smallbone (2011):

- *"Just as a stable, predictable, and efficiently operating regulatory regime can facilitate the development of productive entrepreneurship through reducing transactions costs … so can a deficient legal infrastructure, which includes implementation gaps, a lack of judges, ….. constrain it. This especially applies where institutional voids allow for arbitrary discretionary actions by officials, thus fostering rent-seeking, corruption, and noncompliant or defiant behavior of entrepreneurs"* (Welter and Smallbone, 2011).

In the context of this study, the findings showed that deficient formal institutions in the home market constituted a barrier which affected the IE process while stable and efficient host formal institutions also impacted the process in particular ways. As indeed the cross-case analysis showed, the Nigerian home market is characterized by institutional voids (Arewa, 2012, Onifade, 2010) typical of emerging economies. This condition fostered a culture of indiscretion on the part of government officials thus encouraging weak enforcement of rules, corruption, rent-seeking, and non-compliance by entrepreneurs and other actors. Consequently, this condition limited and constrained the strategic choices open to firms in Nigeria and exposed them to high risks (Peng, 2003, Khanna and Palepu, 2000, Ramamurti, 2004). For example, weak enforcement of contract and IP rights posed grave risks and caused discouragement for the firms in this study (see cross-case analysis). This had implications for the opportunity recognition process as firms then began to look outwards for international opportunities where they may find favorable institutions to support rather than impede their activities. The US developed economy context, on the other hand, is characterized by advanced institutional frameworks that support the market through well-defined and enforced regulations such as property rules, contracts, and financial markets. This institutional context is well supportive of entrepreneurship as argued above and it attracted the Nigerian entrepreneurs towards opportunities in the US (Arewa, 2012).

Based on the above, home and host market institutions both affected opportunity recognition. Weak home IP rights and contract enforcement made entrepreneurship highly risky and therefore less attractive, which gave entrepreneurs the incentive to seek better functioning institutional environments abroad. As the findings showed, domestic growth in Nigeria was crippled which left entrepreneurs feeling disenchanted and consequently receptive towards outward international opportunities. The entrepreneurs would find in the US, better-functioning IP rights and contract enforcement which eliminates or reduce risks as well as guarantee the security of firm’s investments (Mathias et al., 2015, Eggertson, 1990). Thus, inefficient home formal institutions pushed the firms towards international opportunities while the more efficient host formal institutions pulled them outwards. Indeed, Tracey and Phillips (2011) suggested that absence of sanctions to enforce property right laws can discourage entrepreneurs and deter them from committing resources into business ventures. On the other hand, however, well-enforced institutions encourage entrepreneurs to pursue productive entrepreneurship (Mathias et al., 2015).

The finding empirically supports the studies by Yamakawa et al. (2008) and Wright et al. (2005b) who made a conceptual proposition urging for more studies to look at emerging economy firms moving to developed economies. The finding has also explained the specific firm-level resources like prior knowledge, which emerging economy firms leverage to recognize international opportunities. Institutions are the source of the prior knowledge that entrepreneurs utilize to perceive the value of moving to the developed market context (i.e. recognition of opportunity). They (institutions) embody the set of expectations that determines acceptable behavior in the society (Webb et al., 2010, Suchman, 1995). Through offering rewards such as reduction of transaction costs, easier access to funds and legitimacy, institutions encourage desirable actions and outcomes (Webb et al., 2010, DiMaggio and Powell, 1983). As such, entrepreneurs striving to conform to institutions so as to benefit from potential rewards are accumulating valuable knowledge. This prior knowledge related to functions of institutions proved critical for opportunity recognition. Firms leveraged their knowledge of institutional functions to understand that prevailing institutional voids of their home market constituted impediments and they reacted by adopting an outward international focus.

Next, the findings showed that the favorable institutional environment of the US impacted the IE process beyond opportunity recognition. For example, firms established a degree of legitimacy through complying with regulations such as company registration, contracts, permits, and inspections in the US. The firms completed these tasks with minimal stress both in terms of time and money which meant ease of entry into the developed market. This facilitated a level of legitimacy allowing firms to transact business and interact with various partners like marketers and distributors in the US. However, these outcomes had implications for both opportunity development and exploitation. Compliance with company registration and contracts expedited setting up new organizations and hiring workers while permits and inspections aided production and sales activities respectively. This demonstrates that formal institutions acted to support the IE process through lending legitimacy, reducing uncertainties and providing enabling market support (Webb et al., 2010, DiMaggio and Powell, 1983).

Further analysis, however, showed that contrary to what the firms might have anticipated initially, the US institutional environment also posed barriers for the IE process. Results suggest that the degree of difference between the home and host country formal institutions in terms of the level of uncertainty avoidance, the strength of IP rights and contract enforcement impacted the IE process. The literature describes this milieu as institutional distance (Kostova and Zaheer, 1999, Khanna and Palepu, 1997, Webb et al., 2010, Xu and Shenkar, 2002). It seems that the Nigerian entrepreneurs in this study faced significant knowledge gaps when they entered the new market. This was because the firms did not fully understand the US financing environment and the institutional mechanisms surrounding it. Neither did they fully comprehend the highly institutionalized marketing and distribution systems of the US. The situation resulted partly because the firms relied heavily on information of weak networks and maybe failed to have stronger contact networks such as formal partnerships which could have offered stronger market contributions, especially legitimacy to manage institutional pressures throughout the recognition and exploitation stages.

In sum, the findings draw attention to how the firm’s inability to adjust and manage this institutional distance underlies the firm’s difficulties. The implication is that weak firm-level competencies of these emerging economies firms can pose significant challenges and risks when internationalizing into developed economies. Lastly, the finding has shed light on how firm-level resources account for the effects of institutional distance in the context of emerging economy to developed economy entrepreneurship. For example, it is evident through the analysis above that possession of requisite knowledge helped the firms to handle and manage host market institutional barriers.

7.3.2 Summary

This section examined the enabling and constraining impacts of formal institutions on the IE process. By adding legitimacy, reducing transaction costs, risks, and uncertainties on the one hand and limiting the strategic choices open to entrepreneurs on the other, institutions simultaneously enabled and constrained the IE process. Weak formal institutions of the home emerging economy gave impetus to international opportunity recognition by pushing the firms outwards while the better functioning institutional environment of the developed economy attracted and pulled them inward.

7.3.3 Entrepreneurial response to formal institutions

Institutionalist scholars (Goodrick and Salancik, 1996, Oliver, 1991, Suchman, 1995) argue, it is not just that institutions will support or impede entrepreneurial behavior but rather what is interesting is the creative and strategic response to institutional pressures that entrepreneurs exhibit. The above section has explained the enabling and constraining impacts of formal institutions on the IE process. Hence, in this section, the study aims to understand the response of entrepreneurs to the pressures of institutions. Although a few studies have discussed strategic response to institutional pressure (Oliver, 1991, Welter and Smallbone, 2011), there is relatively little empirical evidence showing us in the emerging economy context, how entrepreneurial response to formal institutions typically plays out. This dimension can potentially add richness and depth to our understanding of the institutional embeddedness of IE.

The analysis in this study revealed that firms respond to the influence of institutions in two major ways. These are (i) response to institutions through skipping steps, overlaps, and iteration of sub-activities, (ii) response to institutions through selecting and alternating between available resources as well as generating new resources.

7.3.3.1 Response to institutions through skipping steps, overlaps, and iteration of sub-activities

The findings of this study reveal that, due to the force of institutions, the IE process is neither deterministic nor necessarily linear. Indeed, formal institutions not only enable the IE process, but they also constrain it through limiting the strategic options open to entrepreneurs. Consequently, where institutions constrain a particular strategy or option, the entrepreneur's circumstances may push him to respond through iteration, overlap or skipping sub-activities of the IE process.

For example, during the exploitation phase, case B unexpectedly encountered industry rules which dictated that film producers cannot directly market their films. Instead, they must outsource the marketing of their film to recognized marketing companies in the film industry. However, the firm did not possess sufficient funds to pay the marketing companies. Hence, due to this institutionalized industry rule, the firm had to repeat sourcing of funds activity to mobilize the required funds (see cross-case for details). This indicates it is institutions that forced the iteration of sourcing funds activity.

Furthermore, consistent with Cunneen et al. (2007) who stated that "no one step of the entrepreneurial process is likely to be entirely completed before other steps begin" (p. 98), institutions forced the entrepreneurs to execute multiple sub-activities concurrently. For example, the need to quickly find an alternative business after a government ban pushed case D out of business forced the firm to scan the environment and seek new information at the same time. Combining the two sub-activities allowed for quicker and more reliable identification of the new opportunity (see cross-case chapter for details). Existing studies have suggested that prior knowledge needs to be augmented with new information for recognition to be triggered (Kaish and Gilad, 1991, Li, 2013). These studies, however, fall short of linking institutions to the motivations that lead entrepreneurs to combine scanning and seeking new information activities. This finding suggests that the institutional environment can very well push entrepreneurs to execute concurrent activities leading to recognition, development or exploitation.

Also, the above finding validates a small number of entrepreneurial process researchers (Low and MacMillan, 1988, Cunneen et al., 2007) who argue that sub-activities of the entrepreneurial process do not necessarily occur in sequence. At the same time, the finding follows previous conceptualizations (Peiris et al., 2012, McDougall and Oviatt, 2003, Oviatt and McDougall, 2005a) in challenging the incremental internationalization or Uppsala model (Johanson and Vahlne, 1977c) which have been described as rather too deterministic (Melin, 1992a). The Uppsala model conceptualizes internationalization as occurring incrementally whereby firms pursue learning to reduce risks and maximize profits. Firms begin as local following which they commence selling to international markets through agents. Firms then establish foreign subsidiaries before eventually setting up production plants in the foreign market (Johanson and Vahlne, 1977a).

Lastly, the findings have shown that firm-level resources especially the experience of the entrepreneur can enable firms to by-pass incremental stages (Oviatt and McDougall, 1994a). In fact, building up knowledge incrementally is no longer necessary in today's globalized world where quick and cheap information is readily available (Peiris et al., 2012). Therefore, although the IE process appears to have a structure in the sense that firms will recognise international opportunities, then marshal resources and implement strategies that lead to market outcomes (Zacharakis, 1997, Oviatt and McDougall, 1994a), this is by no means an overly structured process (Cunneen et al., 2007). In other words, sometimes, the IE process fails to follow a linear path (Low and McMillan, 1988). In supporting these assumptions, the findings of this study reveal that due to the force of institutions, the IE process is neither deterministic nor necessarily linear (Morris et al., 2012, Audretsch and Peña-Legazkue, 2012).

7.3.3.2 Response to institutions through selecting and alternating between available resources as well as generating new resources

As the findings of this study revealed, institutions can limit the options available to entrepreneurs and by so doing, block the accumulation and utilization of resources for opportunity recognition, development and exploitation. When this occurs, the firms are forced to react by selecting and alternating between their internal resources as well as generating new resources to move forward with the IE process.

Indeed, as the cross-case showed, institutions encouraged the application of some resources while discouraging the use of others (Oyson and Whittaker, 2010). This condition forced the firms to react by selecting and alternating between their internal resources in order to meet their objectives. For example, during the opportunity recognition phase, firms selected new information of networks and their prior knowledge to facilitate activities such as scanning of the environment, seeking new information and trials. The analysis showed that institutional conditions triggered the decision to select some resources.

Similarly, due to inherent resource constraints that limit their ability to conform to institutional demands, sometimes the firms are unable to successfully execute international strategies (Hitt et al., 2005, Uhlenbruck et al., 2003). Consequently, the entrepreneurs acted to improve their capabilities/competencies through generating new resources (Zhu et al., 2006). In other words, institutions forced the entrepreneurs to generate new resources as a means of complementing existing resources. For example, during opportunity exploitation, case A acquired training on food production techniques, packaging, and labeling. This newly generated resource (i.e., knowledge of packaging and labeling) enhanced the production capacity of the firm which helped them to become more competitive in the market.

In sum, institutions forced the entrepreneurs to not only select and alternate between their internal resources, but also to generate new resources (Sarasvathy, 2001b) in order to meet objectives. Given that the successful execution of process activities is associated with resource position of firms (Haber and Reichel, 2007), the firms needed to continuously accumulate resources.

7.3.3.3 Implications for Oliver's framework of strategic response to institutional processes

The findings of section 7.3.3 (i.e., entrepreneurial response to the influence of institutions) hold implications for Oliver's framework of strategic responses to institutional processes. According to Oliver (1991), firms respond to institutions through strategic actions such as evasion, manipulation, acquiescence, defiance, and avoidance. This study identified that firms deal with institutional processes through (i) skipping steps, overlaps, and iteration of sub-activities (ii) selecting and alternating between available resources as well as generating new resources. However, these response tactics equally indicate evasion, manipulation, defiance or avoidance strategies as the case may be.

Findings showed that consistent with Oliver (1991), the entrepreneurs acted to acquiesce, evade, and avoid institutional pressure. The entrepreneurs engaged in 'acquiesce' response by simply complying with the demands of institutions. For example, while setting up new organizations, all the cases opted to comply with the formal rule of company registration. Similarly, during the hiring step of the process, all cases complied with formal dictates of US labor rules by signing contracts with hired workers. It seems the firms had compared the costs of complying versus the cost of non-compliance and decided that it was more worthwhile to comply and gain legitimacy rather than risk penalties and de-legitimization. This underscores the rationality of the entrepreneurs showing in effect that they weighed the cost of complying versus non-compliance and then acted accordingly (Oliver, 1991).

Also, the entrepreneurs engaged in 'avoidance' response in other instances. For example, when the firms approached commercial banks to seek finance, they faced the condition that borrowers must pledge collateral of 300 percent the value of loan amount. As the firms did not possess such collateral, they avoided this rather harsh institutional condition and opted for alternative financing. Cases A, B, and C approached development banks where collateral requirements are perceived to be less rigid. This avoidance strategy was achieved through selecting and alternating between the alertness of the entrepreneurs, networks information that facilitated the pursuit of development bank funding and prior knowledge of sourcing funds.

In sum, as we can see, Oliver's strategic responses to institutions including evasion, avoidance, acquiescence, and defiance can be said to have manifested through skipping steps, iterations and overlaps of sub-activities as well as selecting/alternating and generating new resources. In a recent study, Sutter et al. (2013) linked resources controlled by firms with their ability to strategically resist the pressure of institutions (Oliver, 1991, Pfeffer and Salancik, 1978). This research finding extends their work by using both resource factors and entrepreneurial strategies to explain the response of the entrepreneurs to institutions.

7.3.4 Summary

Section 7.4 examined entrepreneurial responses to institutions. The institutional environment created unexpected obstacles which forced the entrepreneurs to respond by changing, altering and re-altering their course. This led to understanding that when facing the pressure of institutions, the entrepreneurs act to skip, iterate and overlap steps of the IE process, or they select/alternate between available resources and or generate new resources.

7.4 Contingency factors influencing the relationship between formal institutions and the IE process

The above sections 7.3 illustrates the influence of institutions on the IE process through demonstrating their enabling/constraining impacts as well as the responses triggered by those impacts. Further analysis revealed that institutional impact on IE does not occur in a vacuum. Rather, this impact is contingent upon a number of factors. Hence, this section aims to understand and explain the contingency factors that negotiate the relationship between formal institutions and the processes of IE. Through this lens, we stand to gain deeper insight into why institutions will affect firms differently. Four factors influencing the relationship between formal institutions and the IE process have been identified, and they are (i) the uniqueness of individual firm-level resources, (ii) the industry context (iii) informal institutions, and (iv) firm’s liability of smallness and foreignness.

7.4.1 The uniqueness of individual firm-level resources

Firm-level resources are exclusive to individual firms since they are not perfectly imitable or substitutable (Barney, 1991). Due to this, firms can leverage their internal resources to gain a competitive edge in the market (Zolfaghari et al., 2013). Firms pursue strategic objectives through accumulating and utilizing particular firm competencies such that it leads to favorable outcomes (Castanias and Helfat, 2001, Andersson and Evers, 2015). Thus, given the aforementioned, firms that are endowed with more internal resources were able to navigate their way around institutional obstacles through leveraging those resources and they can take advantage of institutions better than firms that possess relatively lower firm-level resources (Ardichvili et al., 2003).

The cross-case analysis has already established that the entrepreneurs move the process of IE forward through the accumulation and utilization of firm-level resources which include (but are not limited to) prior knowledge, network ties and personality traits of the entrepreneur. Further analysis also established that this accumulation and utilization of firm resources is shaped fundamentally by institutions (North, 1990b). It seems, therefore that the recognition, development and exploitation of opportunities is subject to rules of the game which can encourage or impede (Oliver, 1991, Powell and

DiMaggio, 2012) the accumulation and utilization of particular firm-level resources. Consequently, it can be suggested that 'the impact of institutions as well as how firms react to institutions is dependent on the firm's individual resources which are unique.

This study showed that possession of requisite firm-level resources enabled the firms to respond to their institutional environment while pursuing international opportunities. Where firms lacked sufficient resources to meet the requirement of a particular rule of the game, they are usually impeded – in which case they must consider the alternative course of action which their current resources can permit. For example, when sourcing for funds, knowledge, and experience of financing international productions, facilitated access to development bank funds for case B. As the firm possessed this valuable resource, they understood the eligibility criteria for bank loans which led them to sign an international distributorship agreement. In contrast, case C had no such prior knowledge and, consequently, failed to secure international distribution agreements which would have helped the firm to meet credit conditionality of their bank (see cross-case chapter for details). Thus, the uniqueness of their individual firm-level resources meant the two firms experienced different degree of impacts of the bank's credit conditionality. This discernment into the nexus of firm-level resources and institutions answers recent calls by scholars (Hitt et al., 2007, Shepherd, 2011, Kiss et al., 2012, Lim et al., 2015) who advocate a multi-level approach to understanding how contextual factors impede or encourage the selection of resources for entrepreneurship.

In sum, this interpretation of the data suggests that the degree of institutional impact as well as how the firms respond to institutions is a function of their individual firm-level resources. This indicates that due to resource positions, firms are likely to have different and varying experiences of institutional impacts.

7.4.2 The industry context

Indeed, the relationship between the processes of IE and industry context occurs within an institutional context (Zolfaghari et al., 2013). The industry dimension can provide insights as to why formal institutions may support one firm but not another or impede a particular process activity while enabling another activity and vice versa. Existing studies have suggested that industry factors can both facilitate and constrain the activities of entrepreneurs (Laurell et al., 2013, Andersson and Wictor, 2003). For example, Barnes et al. (2006) found that lack of cooperation partners impeded the export marketing activities of SMEs operating in healthcare markets. However, we know relatively little about how the industry of a firm can influence its relationship with formal institutions.

This section argues that industry context can determine whether a formal institution enables or constrains a particular IE process behavior. We see, for example, that international opportunity recognition was both constrained and enabled by institutions due to industry context. In Nigeria, filmmakers struggled to access resources to implement their strategies due to the presence of institutional voids (Arewa, 2012) which typically characterize emerging economy settings (Bruton et al., 2010). This condition discouraged the firms and left them little option but to look for alternative environments abroad where they may find supportive institutional frameworks. Case C was initially making films in Nigeria before she decided to move abroad due to inadequate home institutional support. Upon entering the US host environment, the firm encountered better and supportive institutional settings. However, cases A and D from the food export industry cannot substitute their home market for the better-functioning market abroad as long as they wish to remain exporters. This is because of the nature of their industry. In the exports industry, home and host formal institutions like contracts, permits, and inspections must function interdependently and sometimes in synergy, unlike in the film industry where entrepreneurs can afford to operate in one institutional domain rather than both. Thus, while favorable host formal institutions are beneficial to food exporters, and they attracted and pulled the firms outwards, these host institutions do not substitute for home market institutions nor do they wither away their impacts.

In light of the above, industry context can explain the different paths by which institutional voids lead firms to recognize international opportunities in developed markets. Firms from the film industry were attracted by the prospect of escaping their home institutions and substituting them with better functioning institutions in the US. On the other hand, firms in the food export sector were attracted outwards by the prospects of lowering costs and or gaining legitimacy – but substitution of their home institutions. Extant research thus far has failed to explain that these variations occur as a result of the differences in industry contexts. Although some studies have examined the role of industry context in small firm internationalization (Belso-Martínez, 2006, Laurell et al., 2013, Andersson and Wictor, 2003), the findings of this section help improve our understanding of the role of industry context as a moderator of the impact of formal institutions. Thus, how firms interpret and react to the impact of institutions can very well depend on the industry of their operations.

7.4.3 Informal institutions

Informal institutions can also influence the relationship between formal institutions and the processes of IE. Previous studies suggest that inadequacy of formal institutions leads to a reliance on informal institutions particularly in emerging economies (Boisot and Child, 1996, Mccarthy and Puffer, 2008, Ahlstrom and Bruton, 2006). Thus informal institutions impact on how individuals and organizations relate to formal institutions. However, surprisingly, existing studies offer little empirical evidence demonstrating how informal institutions interfere in the relationship between formal institutions and IE.

The findings of this study showed that in the home market, a culture of informality bred non-compliance to company registration. This condition severely affected the IE process of the firms. In the Nigerian film industry where informality is prevalent, most businesses did not normally register, sign contracts or keep proper records. The habit became institutionalized over the years, and it discouraged banks and private investors from lending to companies in that industry. It was due to this pervasive practice in their industry that cases B and C were denied private investor financing even though the firms themselves ascribe to formality (see cross-case chapter for details). Apparently, the institutionalized norm of informality in the Nigerian film industry forced financiers including banks and private investors to refrain from financing the firms in the industry because of legitimacy concerns. Thus, informal institutions can pose or constitute obstacles to the ability of entrepreneurs to take advantage of formal institutions (Minniti, 2008). This finding supports scholarly arguments that suggest informal institutions can discourage productive entrepreneurship through channeling the activities of entrepreneurs away from legitimate and formal behaviors (Mathias, 2015).

However, informal institutions have also yielded positive effects while interceding between the IE process and formal institutions. For example, networks served as a hub for obtaining valuable information that was used to recognize international opportunities. In the course of passing information, networks educated the entrepreneurs about the suitability and favourability of the host market formal institutions. As such, the perception of entrepreneurs regarding the attractiveness of the host market institutional environment mostly emanated from their networks (see the cross-case analysis for details). The result thus demonstrates that networks through informational support facilitated international opportunity recognition indirectly by educating the entrepreneurs about the conduciveness of the host formal institutions for entrepreneurship (Johanson and Mattsson, 2015). The finding is consistent with prior studies that suggest networks are key determinants of international opportunity recognition (Kontinen and Ojala, 2011b, Mainela et al., 2014, Sasi and Arenius, 2008, Lorentz and Ghauri, 2010).

Nevertheless, this study questions the extent to which networks actually aided the IE process, beyond opportunity recognition. Some of the difficulties that were faced during opportunity development and exploitation stemmed from the inability of the cases to overcome major institutional constraints. This may be attributed to the strength of the network ties these Nigerian entrepreneurs had established. As these ties were mostly weak, the level of support was limited. Thus, as explained above, firms approached US banks and attempted mainstream marketing and distribution without really having full knowledge of the institutional demands. This in part, resulted in failure to access bank loans and the inability to penetrate the mainstream distribution structure of the US. Hence, this weak network support led to unproductive outcomes for the IE process.

7.4.4 Firm’s liability of smallness and foreignness

This study also identified the liability of smallness and foreignness as factors that influenced the relationship between institutions and the IE process. The finding provides deeper insights into the emerging economy context in which the accumulation and utilization of firm-level resources for recognizing, developing and exploiting international opportunities occurs. As the findings showed, the Nigerian entrepreneurs began with inadequate or meager resources. They are typically small by size and the fact that they possess limited finances, expertise, and workforce (Musteen et al., 2010). Also, the firms are not known to other companies and stakeholders particularly in the host market. These inherent constraints negotiated the extent of institutional impact on the firms as well as how they responded to institutions.

The study showed how institutions majorly compounded the liability of smallness and foreignness of the firms and hence dictated their response. For example, due to a low financial status, the firms experienced devastating consequences when institutional obstacles blocked access to external finance. Similarly, lack of familiarity with the host institutional environment constrained mobilization of resources. The firms faced a degree of institutional resistance when they initially entered the foreign market which led to significant challenges through the opportunity development phase. For example, these Nigerian firms approached US banks to seek loans ranging between $1 – 2 million. The firms assumed that on the strength of their product's market potential, the banks should be able to fund their products. Due to this misplaced expectation, the firms conveniently overlooked the fact that they had no established revenue streams in the US or indeed the private assets to pledge as collateral. As a result, it was only after committing resources to their international ventures that the firms realized bank financing might not be accessible because of their circumstances. This error in judgment suggests low managerial competency which can be associated with the liability of size.

In response, the entrepreneurs adopted several tactics to gain legitimacy: changing production content, producing an occasional film suitable for US viewers, providing educating seminars to shift negative perceptions, selecting US actors receptive to African culture, and vertical integration within distribution. This creative response allowed for the successful accumulation and utilization of firm-level resources to overcome the constraints (Brazeal and Herbert, 1999, Kirzner, 1999, Ward, 2004, Baron and Tang, 2011). The finding supports the arguments of scholars that the IE process is not a question of a rational and planned behavior, but a pragmatic approach to the pursuit and exploitation of business opportunities (Wach and Wehrmann, 2014, Sarasvathy, 2001a, Oyson and Whittaker, 2010). Also, the finding lends support to entrepreneurial bricolage literature (Baker and Nelson, 2005, Senyard et al., 2009, Senyard et al., 2010, Phillips and Tracey, 2007) which emphasizes the creative application of available resources to overcome constraints and achieve strategic objectives.

7.4.5 Summary

In summary, this section showed that institutional influence on the IE process does not occur in a vacuum. Rather there is usually a confluence of factors, including the uniqueness of individual firm-level resources, the industry context, informal institutions and firm's liability of size and foreignness that are effectively negotiating how formal institutions affect the IE process. As such, the effect of institutions on the process of IE is dependent on any or a combination of these factors.

7.5 Chapter conclusion

With the aid of the literature and key theoretical constructs, the present chapter has examined and explained how entrepreneurial activity from emerging economies to developed economies involves many sub-activities and processes to achieve opportunity identification, development, and exploitation. Moreover, this process is significantly supported through resource acquisition and development (Lim et al., 2015). Due to resource constraints and unfamiliarity with the foreign environment, the entrepreneurs leveraged their internal resources to recognize, develop and exploit international opportunities. This raises the important point that the process of IE occurs through the creative accumulation and utilization of firm-level resources.

Furthermore, this chapter showed how the process of IE is heavily shaped by the institutional conditions of the international entrepreneur's host and home markets. Home institutions constrained IE through limiting the strategic choices of the entrepreneurs such that they became exposed to risks or unable to implement certain strategies. On the other hand, host institutions facilitated IE by enabling access to resources, reducing risks and lending legitimacy. This indicates that opportunity recognition was triggered as a result of weak home institutions pushing the firms outward while the better functioning host institutional environment of the developed economy attracts them inward.

Finally, higher analysis and interpretation of the data revealed that the influence of institutions is contingent upon a number of factors. These factors include the uniqueness of individual firm-level resources, the industry context, informal institutions and firm’s liability of size and foreignness. Thus, owing to contingencies within and outside the firm, it can be suggested that institutional influence on entrepreneurs and their firms is dynamic.

Chapter Eight: Contributions and conclusions of the study

Chapter seven provided a discussion of findings in this study. This chapter sums up the study by highlighting the contributions. Accordingly, the chapter begins with a recap of the research gaps, which is then followed by a discussion of the empirical and theoretical contributions. Thereafter, the chapter provides methodological, managerial and policy contributions of the study. Finally, the chapter concludes with limitations and directions for future studies.

8.1 Introduction

The present study is amongst the first to examine the processes of International Entrepreneurship of emerging economy firms. Hence, the study provides a number of contributions empirically, theoretically and methodologically. The purpose of this final chapter, therefore, is to present, amongst other things, the contributions of the study. These will then be followed by potential managerial and policy implications of the study. Finally, the chapter outlines the limitations of the study and provides directions for future research.

International Entrepreneurship research has surged tremendously over the last few decades (Keupp and Gassmann, 2009, Peiris et al., 2012). In this period, theoretical, empirical and practitioner interests have risen exponentially (Yamakawa et al., 2008). Despite much scholarly interest, however, there are gaps in this literature. Hence, the motive behind this study is to fill critical knowledge gaps and make contributions to IE research. Firstly, several years after some emerging economy scholars (Yamakawa et al., 2008, Wright et al., 2005b, Meyer and Peng, 2005, Ramamurti, 2004) alerted us that research has neglected emerging economy small firms entering developed economies, the emerging-to-developed-economy research domain remains largely unexplored. Consequently, our understanding of market entry in the context of emerging to developed economies remains quite limited.

Secondly, even though ‘entrepreneurial opportunities’ are central to the notion of entrepreneurship (Shane and Venkataraman, 2000a), few studies have applied the ‘opportunity’ perspective to examine the processes of IE (Mainela et al., 2014, Oyson III and Whittaker, 2015). The few studies that applied this dimension (Ardichvili and Cardozo, 2000, Baron and Ensley, 2006, Kontinen and Ojala, 2011b) tend to focus on portions of the ‘process’ rather than the entire process itself (Moroz and Hindle, 2012). In particular, current studies of IE processes concentrate on the initial stage of the process (i.e., international opportunity recognition, identification or discovery). Evidently, IE process researchers have not attempted to dissect the overall process and study its sub-components or sub-activities. As a result, there exists little understanding of IE process variables, or indeed how international opportunities are spotted, pursued and executed (Zahra et al., 2005).

Third, owing to its potency for explaining the effects of contextual factors, the institutional theory is particularly favoured for the examination of IE in emerging economies (Bruton et al., 2010, Peng et al., 2008). Despite this, however, very few empirical studies have attempted to link institutional factors explicitly with entrepreneurship ‘process’ behaviours. As a result, there remains an unfilled gap at the intersection of IE processes and formal institutional conditions, especially in the context of emerging economy firms entering developed economies.

Overall, the above-stated gaps limit our understanding of IE, particularly in emerging economies and should, therefore, be addressed. Filling these gaps can improve our understanding of what emerging economy entrepreneurs do to take advantage of international opportunities, how they do it and the contexts in which they do it. **Thus, in consideration of these research**

gaps, the present study has gone some way towards explaining the key activities and sub-activities involved in the process of IE (RO1) as well as the formal institutional conditions influencing the process of IE from emerging to developed economies (RO2).

8.2 Empirical contributions

The present study has contributed empirically to the field of International Entrepreneurship (IE). This has been achieved by understanding the process of IE in the context of emerging economy firms and understanding how the institutional system facilitates or constrains IE. Consequently, this section reflects the empirical contributions drawn from the two research objectives in this study: (i) to explore the key activities and sub-activities involved in processes of IE from emerging economies to developed economies, and (ii) to examine the institutional conditions influencing the processes of IE from emerging to developed economies.

RESEARCH OBJECTIVE ONE

This research objective aimed to *explore the key activities and sub-activities involved in the process of IE from emerging economies to developed economies.* As a result of the analysis conducted, which dissected the IE process and addressed distinct elements, the study makes the following contributions.

Firstly, over recent decades, IE scholars have sought to understand why and how entrepreneurship occurs across national borders (Johanson and Vahlne, 2006, Oviatt and McDougall, 2005a, Zahra et al., 2005, Gurau, 2002, Berry and Brock, 2004, Baker et al., 2005, Gemser et al., 2004). This need to understand the internationalisation behaviour of firms has triggered research in three areas: process-based internationalisation (Johanson and Vahlne, 1977, Cavusgil, 1980, Bilkey and Tesar, 1977, Bell, 1995), the drivers of internationalisation (Zucchella and Scabini, 2007, Westhead et al., 2001) and mediating factors influencing internationalisation (Andersson et al., 2004, Bloodgood et al., 1996). The process perspective has been considered vital because of its simplicity and understandable nature (Peiris et al., 2012). However, extant IE literature to date has given little attention to the ‘process’ perspective.

Indeed current understanding of the IE process is largely conceptual (Mainela et al., 2014, Mathews and Zander, 2007, Johanson and Vahlne, 2009, Oyson III and Whittaker, 2015), theoretical (Zahra et al., 2005, Oviatt and McDougall, 1999, Oviatt and Patricia Phillips, 2005, Corbett, 2005) or focuses on specific portions of the IE process (Ardichvili and Cardozo, 2000, Baron and Ensley, 2006, Kontinen and Ojala, 2011b). Thus, given these shortcomings, the present study has examined the entire IE process. Although based on a small number of case studies, this study shows how the emerging market firms recognize, develop and exploit international opportunities in the developed market**. Consequently, this study is the first to empirically examine the entire process of International Entrepreneurship of emerging economy firms through a phase by phase process approach.** This dissection of the IE process allowed not just the identification of specific sub-activities of the process (e.g., scanning, sourcing funds, production or marketing), but also the mechanisms by which these actions are implemented and importantly why. Beyond the conceptual paper of Cunneen et al. (2007), no previous study has applied this much rigor towards exploring the sub-activities of the entrepreneurial process.

Secondly, research on IE is mostly dominated by the spatial context pertaining to developed towards emerging economy internationalisation. Except for a few studies on outward internationalisation of emerging economy firms (Yiu et al., 2007, Yamakawa et al., 2008), little research exists around the internationalisation of emerging economy firms into developed economies. Hence, as a contribution to the literature, this study has examined the processes of IE from emerging to developed economies through case studies of Nigerian firms internationalising into the US. As a result, the findings of this study suggest that despite resource constraints and environmental uncertainties, these emerging economy entrepreneurs recognised and exploited opportunities in the developed economy. This finding specifically extends Yamakawa et al. (2008) and Wright et al. (2005b) who have called for more research to address emerging economy IE.

Although based on a small number of case studies, the findings of this study tentatively build on the conceptual arguments of Yamakawa et al. (2008) in the following ways. First, the study empirically supports their conceptual argument that weak institutions push emerging economy firms outwards and that those firms are attracted or 'pulled' inwards by the relatively better-functioning institutional framework of developed economies. This indicates that institutions act as the push and pull factors that lead the Nigerian entrepreneurs to internationalise into the US developed market. Adding to the work of Yamakawa et al. (2008), this study suggests emerging market entrepreneurs cannot simply compensate for domestic institutional barriers via new market entry into developed markets. Although requiring further research, it can be suggested that the mode of entry, how firms manage institutional distance post-entry and manage resources post-entry influences dependency on home market institutions.

Third, both SME internationalisation and entrepreneurship process researchers have debated over how entrepreneurs initiate internationalisation and proceed with internationalisation (Melin, 1992, Cunneen et al., 2007, Johanson and Vahlne, 1977). Given this, this study challenges the assumptions of incremental internationalisation when providing evidence showing how the IE process is not deterministic but bi-directional. These findings tentatively indicate that although firms will recognise international opportunities, then marshal resources and implement strategies that lead to market outcomes; it is by no means an overly structured process. Sometimes, due to external forces like institutions, the IE process fails to follow a linear path fully. Consequently, the study has provided empirical support to previous conceptualisations that describe the entrepreneurial process as disruptive and iterative (Van de Ven and Huber, 1990, Gibb and Ritchie, 1982, Cunneen et al., 2007).

This study also extends the literature by showing that institutions are the reason why the IE process is disruptive and iterative. Findings showed that when firms encounter institutional roadblocks in the process of recognizing, developing or exploiting entrepreneurial opportunities, they are forced to respond in certain ways which may include repeating, skipping or running parallel sub-activities. However, this study tentatively suggests that the ability to iterate, skip or run parallel sub-activities in response to institutions is contingent upon the firm-level resources of the firm itself. This requires further research, however.

Lastly, prior studies appear to emphasise the strategies used in internationalisation as opposed to the process by which the internationalisation strategies are developed and executed. Extant studies have largely overlooked the internal and external environmental contexts in which international strategies are conceived and implemented (Zahra et al., 2005). Hence, this study has contributed by empirically analyzing firm-level resources that facilitate the IE process, as well as the formal institutional context as it affects how international opportunities are recognized, developed and exploited.

8.2.1 Opportunity recognition

Opportunity recognition is central to the process of entrepreneurship (Shane and Venkataraman, 2000a) and international entrepreneurship (Oyson III and Whittaker, 2015, Mainela et al., 2014). A central theme in this literature involves the factors or antecedents that drive international entrepreneurs to identify opportunities, notably prior knowledge (Ardichvili et al., 2003, Shane and Venkataraman, 2000a, Venkataraman, 1997), network ties (Kontinen and Ojala, 2011b, Ellis, 2008, Ozgen and Baron, 2007) and cognitive factors

(Zahra et al., 2005, Shane and Venkataraman, 2000a, Lumpkin and Lichtenstein, 2005). Most studies tend to emphasise the importance of cognitive factors over and above other factors (Zahra et al., 2005, Butler et al., 2010, Sommer and Haug, 2011, Autio et al., 2011, Milanov et al., 2014, Oyson III and Whittaker, 2015). However, this is surprising considering that we stand to achieve a more holistic understanding of international opportunity recognition by considering a variety of antecedents rather than cognition alone (Kontinen and Ojala, 2011b). Thus, extending the discussions on international opportunity recognition, specifically the work of Kontinen and Ojala (2011b), this study has revealed how network ties, prior knowledge, and cognitive factors converge to shape the process of opportunity recognition. Although requiring further research, this study suggests that a confluence of antecedents shapes opportunity recognition rather than any single antecedent. Prior knowledge was essential to the scanning process and networks facilitated access to new information while personality traits had an impact in the judgment of entrepreneurs during trial and error. Together these three factors shaped the recognition process.

At the same time, research has barely examined the nexus between institutions and international opportunity recognition. However, this study provides insights into institutional effects on international opportunity recognition behaviour in emerging economies. Findings have shown how the dual perceptions of the home and host market institutional environments acted to trigger international opportunity recognition. Nigerian entrepreneurs perceived their weak home institutional environment as rather unconducive to entrepreneurship while at the same time they realised that better-functioning institutions of the US could provide an alternative environment for their businesses to thrive and prosper. However, it is the confluence of certain antecedent factors such as prior knowledge, informational support of networks and personality traits which allowed entrepreneurs to arrive at this intuition. This finding supports the contention that international opportunity recognition cannot be understood without appreciating the firm-level and environmental antecedents in addition to cognitive factors (Peiris et al., 2012, Ardichvili et al., 2003).

Finally, the 'discovery' camp of entrepreneurship research (Shane and Venkataraman, 2000a) argues that opportunity recognition happens through inference as a result of prior knowledge possessed by the entrepreneur. This view de-emphasizes the role of purposeful search in opportunity recognition claiming that search for opportunities can be rather passive (Shane, 2012). The present study, however, challenges this view by empirically demonstrating that deliberate and purposeful search significantly leads to recognition of international opportunities. Three out of the four cases in this study identified opportunities through deliberate and purposeful search. This is consistent with the argument of Butler et al. (2010) who contended that "the notion of the accidental entrepreneur is not a viable one, especially in the context of international entrepreneurship" (p. 128).

8.2.2 Opportunity development

Opportunity development in entrepreneurship is largely concerned with the steps that entrepreneurs take to position entrepreneurial opportunities for eventual commercialisation (Cunneen et al., 2007, Ardichvili et al., 2003, Oyson and Whittaker, 2010). However, current understanding of international opportunity development is rather limited and indeed mostly conceptual. As such, this study has provided two contributions to this previously neglected aspect of the IE process. First, the study empirically supports the conceptual notion of opportunity development (Ardichvili et al., 2003) and the new firm founding literature (Reynolds et al., 2000) by providing evidence around how international entrepreneurs enact opportunity development. In this respect, this study provides insights into how firms source funds, set up new organisations and hire workers as well as the intricacies involved in these processes.

Similarly, this study provides insights into how entrepreneurs leverage their prior knowledge, network ties, and personality traits to implement setting up of new organisations, sourcing of funds and hiring of workers. Second, this study extends the opportunity development field by empirically demonstrating the institutional embeddedness of development activities. The findings suggest home and host market institutions simultaneously act to enable and constrain behaviours related to setting up new organisations, sourcing funds and hiring of workers thus leading entrepreneurs to respond in strategic ways to meet objectives.

8.2.3 Opportunity exploitation

International opportunity exploitation is understood as constituting strategic and interrelated actions aimed at converting the international opportunity into tangible market outcomes (Zahra et al., 2005, Dunning, 2012, Knight, 2001, Coviello and Munro, 1995). Yet, the few studies of international opportunity exploitation tend to be conceptual or theoretical (Mainela et al., 2014). However, this empirical study found that firms leverage their firm-level resources to enact strategic measures that lead to the successful realisation of market outcomes. The findings indicate how international entrepreneurs have to leverage their prior knowledge, network ties, and personality traits to achieve targeted objectives in production, shipment, marketing, and distribution respectively.

While research has considered the nexus of international opportunity exploitation and institutions (Kostova and Zaheer, 1999, Khanna and Palepu, 1997, Webb et al., 2010, Xu and Shenkar, 2002), most prior works are mainly concerned with developed market multinationals. However, and extending the literature, this study reveals how institutional environments significantly enable and constrain opportunity exploitation for emerging economy international entrepreneurs.

IE and internationalisation studies emphasise the significance of networks in the process of opportunity exploitation (Vasilchenko and Morrish, 2011, Ellis, 2011, Musteen et al., 2010, Coviello, 2006, Styles et al., 2006, Oviatt and McDougall, 2005b). Although based on case study evidence, this study confirms the established assumption that networks support international opportunity exploitation through facilitating access to tangible and intangible resources including finances, legitimacy, and crucial information. However, despite their important contribution to the opportunity exploitation process, networks in this study could not help firms to overcome legitimacy concerns of investors who refrain from financing Nigerian firms (see cross-case analysis). Networks who served as a link between the firms and private investors were confident that US investors would finance the Nigerian firms given the potential for huge profits. However, the private investors declined to fund the firms, citing legitimacy concerns. This suggests that the same competency constraints which justify the need for networks in IE also work negatively to affect the strength of network ties developed. The implication here is that the benefits of network ties within IE appear to depend much on the quality of those networks, rather than their existence per se. This requires further research, however.

8.2.4 Firm-level resources facilitating international opportunity recognition, development, and exploitation

Although IE has been described as being associated with the accumulation and utilisation of particular resources (Haber and Reichel, 2007), extant IE research has failed to explain adequately how entrepreneurs leverage their resources to achieve opportunity recognition and exploitation (Peiris et al., 2012). This empirical study showed how the lack of resources and unfamiliarity with the host environment constrained entrepreneurial internationalisation and limited the strategic choices of firms. As a result, the entrepreneurs had to improvise by using their creativity, prior knowledge, and network support to carry out and sustain IE activities.

Accordingly, the findings of this study empirically validate adaptive capabilities (Lu et al., 2010) and entrepreneurial bricolage (Baker et al., 2005, Senyard et al., 2009, Senyard et al., 2010, Phillips and Tracey, 2007) literature. These streams of work emphasise the creative allocation, coordination, and recombination of available resources to achieve strategic objectives. Furthermore, the finding is consistent with Sarasvathy (2001) effectuation theory which attempts to explain why entrepreneurs do what they do and how. The results allow us to reasonably apply effectuation theory to understand antecedents to internationalisation in the following ways: (1) Who I am – personality traits, (2) What I know – prior knowledge, and (3) Who I know – network ties (Sarasvathy, 2001). Indeed the entrepreneurs in this study began with these three categories of means which they creatively applied to fashion possible effects that led to the execution of IE activities. Thus, in summary, this study indicates that entrepreneurship is not about rational or planned behaviour, but the ability to improvise and to be pragmatic (Wach and Wehrmann, 2014, Sarasvathy, 2001, Oyson and Whittaker, 2010).

RESEARCH OBJECTIVE TWO

This research objective aimed to *examine the institutional conditions influencing the processes of IE from emerging to developed economies*. As a result of the analysis relating to institutions and the IE process, the study makes the following contributions.

8.2.5 The enabling and constraining impacts of formal institutions

This study shows that institutions constitute major external conditions for driving the process of international entrepreneurship. Scholars of entrepreneurship and SME internationalisation have argued on how institutions matter to strategies and actions of entrepreneurs in developed and emerging economies (Bruton et al., 2010, Peng et al., 2008, Kalantaridis and Fletcher, 2012, Acs et al., 2008, Bengoa and Sanchez-Robles, 2003, Luo et al., 2010, Trevino et al., 2008). However, this literature has either been conceptual or focused on multinationals from developed countries and, in a few cases, multinationals and state-owned enterprises from emerging economies (Child et al., 1996, Fornes and Butt-Philip, 2009, Hoskisson et al., 2000, Peng et al., 2008, Wright et al., 2005b, Yeung, 2002). Thus, this study extends the IE and internationalisation literature through examining the international entrepreneurial process of small emerging market firms via institutional theory.

As the first empirical study to investigate how formal institutions influence the international entrepreneurial process, this study shows how two sets (home and host market) of formal institutions simultaneously enable and constrain the recognition, development, and exploitation of international opportunities. These institutional factors examined in this study include procedural regulations (i.e., company registrations, contracts & credit policies), IP regulations (i.e., copyright laws & censorships), trade barriers (i.e., inspections & permits) and incentive policies (i.e., government incentive policies). Moreover, this study found that the effects of these institutions include: (1) limiting and constraining the strategic choices open to firms such that they become exposed to high risks or unable to implement certain strategies, (2) facilitating access to resources, reducing risks and lending legitimacy, and (3) eliciting certain behaviour or strategies in response to those effects of institutions.

8.2.6 Contingency factors influencing the relationship between formal institutions and the IE process.

The resource endowment of entrepreneurial firms at various levels plays a role in their behaviour (Yamakawa et al., 2008). Also, interactions with their industry sector as well as informal norms in their environment can shape the ways that firms respond to institutions (Zolfaghari et al., 2013). However, the findings of this study suggest that the relationship between the IE process and contingency factors is embedded in an institutional context. Thus due to a variety of contingencies, an institutional condition may enable one entrepreneur while at the same time constraining another. Accordingly, this study contributes to extending the field by empirically showing and demonstrating how factors such as resource endowment, industry context, informal institutions and liability of smallness/foreignness influence the impact of formal institutions on the IE process.

Secondly, the IE literature contends how institutional voids stimulate emerging market firms to favour and recognise international opportunities (Yamakawa et al., 2008, Webb et al., 2010). The present study provides support to this contention when showing how favourable institutional conditions of the US host market pulled the Nigerian firms outwards. However, the study extends the literature by challenging the generalised assumption that firms under institutional voids recognise international opportunities as a means to escape their hostile home institutions. This general assumption overlooks the fact that ability to substitute home institutions with host institutions is dependent on some contingency factors such as the industry context. As the findings showed, the film producers were attracted outwards by the prospects of substituting weak home institutions for stronger host institutions. However, food exporters cannot substitute their home institutions with host institutions due to the nature of their industry. Naturally, food exports entail simultaneous interactions with home and host market institutions. This indicates that the food exporters were not pushed outwards by the prospect of substituting home institutions, but rather the opportunity to reduce transaction costs and attain legitimacy conferred by the host market.

8.3 Theoretical contributions

This study contributes to the theoretical domain of IE in several ways. The field of IE to date has relied on economic and behavioural theories to illuminate major issues of IE. Specifically, the resource-based view

(McDougall et al., 1994, Bloodgood et al., 1996), network perspective (Kontinen and Ojala, 2011b, Oviatt et al., 1995) and dynamic capabilities (Knudsen and Madsen, 2002, Weerawardena et al., 2007) have been the dominant perspectives used in examining IE (Young et al., 2003, Peiris et al., 2012). Notwithstanding the significant contributions of these works, the IE literature has underappreciated the role of the external and institutional environment on IE behaviours, outcomes, and processes (Young et al., 2003). Despite recent calls for greater use of institutional theory within IE (Bruton et al., 2010), application of institutional theory within IE remains scant. As such, the most novel contribution of this study relates to the examination of IE via an institutional framework through New Institutional Economics (NIE). This work suggests the process of IE is heavily shaped by the institutional conditions of the international entrepreneur's host and home markets. However, the author would encourage more systematic and detailed studies to further investigate the application of NIE to the IE process.

Secondly, this study shows how the institutional environment is crucial for the ability of firms to leverage internal resources and enact strategies that make them competitive in the foreign market. Thus, this study validates the major theoretical assumption of NIE, which argues that institutions act to 'facilitate and constrain economic behaviour' (North 1990, p. 4). At the same time, this study highlights a major limitation of NIE for research on IE in emerging economies. Although NIE emphasizes conformity to institutional norms, this study reveals the strong role of human agency (entrepreneurs) for coping with institutions. Consistent with the work of Oliver (1991) and Suchman (1995), the research showed that because of their inherent resource constraints emerging economy entrepreneurs have to enact different and multiple responses to formal institutions, including non-conforming responses. This may encourage IE researchers in future research to consider the neo-institutional or sociological strands of institutional theory (Greenwood et al., 2008, Scott 1995). These perspectives of institutional theory allow more scope for human agency and recognise that entrepreneurs are not "passive pawns" within the institutional environment (Scott, 1995).

Finally, the study extends IE research by using the process perspective to examine the internationalisation of small firms from emerging economies. It seems that extant IE research attaches greater attention to the content of IE activities rather than the process by which these activities are conceived and implemented (Zahra and George, 2002, Mainela et al., 2014, Oyson III and Whittaker, 2015, Moroz and Hindle, 2012, Chandra et al., 2012). As such, while there is a consensus that IE involves the recognition, evaluation, and exploitation of international opportunities (Oviatt and McDougall, 2005a), it is not very clear what the details of these behaviours individually constitute (Butler et al., 2010). This study showed how internal challenges along with a challenging domestic environment pushed the entrepreneurs to leverage their firm-level resources (such as creativity, prior knowledge, and networks) to carry out and sustain IE activities. Hence, by showing how a variety of firm resources interact with process activities to determine outcomes in the IE process, this study enhances our understanding of what international entrepreneurs do, how they do it and the context in which they do it.

8.4 Managerial and policy contribution

There are significant managerial and policy implications that can be derived from this study. Firstly, the empirical findings of the study challenge emerging economy SMEs to improve their managerial capabilities for enhanced international competitiveness (Ibeh, 2003, Reuber and Fischer, 1997). This study dissected the IE process into minute sub-activities by identifying and illustrating the specific managerial decisions and actions that lead to the recognition, development, and exploitation of international opportunities. For example, opportunity recognition happened through scanning of the environment, seeking new information and trial and error. Therefore, aspiring international entrepreneurs and managers can benefit from the rich experiences of the case firms by adopting their managerial decisions and actions as a blueprint or conceptual guide.

Secondly, this study tasks emerging economy SMEs to strengthen their resources and competencies as a core means of managing their liabilities of smallness and foreignness (Eden and Miller, 2004, Zaheer, 1995). The firms in this study faced resource shortages and uncertainties in the host country. Notwithstanding these limitations, the firms creatively leveraged their internal competencies to enter and compete in the US developed market. For example, despite acute resource shortage that slowed down opportunity commercialisation, the entrepreneurs tapped their network resources to gain support that enabled marketing and sales/distribution to continue unabated. Accordingly, emerging economy firms interested in internationalising to developed economies can study and adopt the improvisation techniques of the entrepreneurs which facilitated the recognition, development, and exploitation of international opportunities.

From the policy implications perspective, this study can be useful for the design or review of regulatory policies related to entrepreneurship and IE in Nigeria. Given that the study examined the Nigerian institutional framework as it affects IE, there is scope to unpick deficient institutional arrangements for possible review or redesign to make them function better. For example, across the cases, eligibility criteria for accessing government incentives were perceived as cumbersome which impeded keen participation of entrepreneurs. In addressing this problem, it should be understood that the entrepreneurs probably have no technical knowledge of regulatory and policies issues. As such, they may not appreciate the contextual conditions that force regulators to apply so-called rigorous criteria. Given this, policymakers can act to reverse the negative perceptions of entrepreneurs by providing them with one-on-one support to guide them through application processes. Accordingly, this study recommends that a dedicated 'know your eligibility' helpdesk be set up at every government institution that administers incentive schemes. The helpdesk should be manned by experts who will provide detailed information and personalised support to help applicants meet conditions of eligibility.

Also, bottlenecks related to seeking permits, inspections and company registrations impeded internationalisation by provoking costly delays for entrepreneurs. The problem appears to be caused by inefficiencies which manifest through the lack of prompt and timely discharge of functions by the relevant government agencies and departments. Hence, this study recommends the following measures: First, the operational guidelines of relevant regulatory agencies should be revised to incorporate specific timelines within which particular services must be rendered to a client. For example, the new guideline should mandate the Nigerian pre-shipment inspection agency to carry out inspections and provide certificates of clearance within twenty-four hours, provided the exporter has completed the correct documents and paid the required fees. Also, subject to proper documentation and payment of fees, Nigeria's food regulator (NAFDAC) should be required to provide the applicant with the approval documents inside forty-eight hours. Similarly, the Corporate Affairs Commission should be mandated to register a company and deliver the certificate of incorporation within forty-eight hours, provided the applicant has completed the correct documents and paid the required fees.

Secondly, policymakers should consider introducing more managerial resources and incentive driven processes to encourage efficiency by public workers. To this extent, electronic payment systems and computer-based documentation should be standardised across the board. On the other hand, a system-based appraisal system should be introduced to monitor and appraise the output of workers on the basis of individual cases attended and dispatched. These recommendations, if implemented, will not only erode the bottlenecks that are significantly delaying entrepreneurs but will also complement the federal government policy drive on "ease of doing business" in Nigeria.

Furthermore, this study showed how the culture of corruption and weak institutional enforcement emboldened individuals and firms to bridge business obligations for selfish gain. The situation exposed entrepreneurs to financial risks as trading partners conveniently abandoned transactional promises. Consequently, the judiciary and law enforcement agents should be called upon to take responsibility and ensure that the rules of the game are strictly enforced. The strict enforcement of contract regulations will create a level playing field that facilitates entrepreneurship and at the same time compliments the anti-corruption agenda of the federal government.

Also, a major challenge faced by the firms in this study related to the lack of capital financing by commercial banks. This problem challenged the firms in numerous ways and denied them certain strategic choices (Zhu et al., 2006). Currently, the Central Bank of Nigeria (CBN) has launched initiatives that aim to provide funding to SMEs. Some of these initiatives include the anchor borrowers programme, the commercial agriculture credit scheme and the micro, small and medium enterprises development fund. However, while these initiatives are commendable, there is still much scope for improvement. As such policymakers should include a new policy in the 'Banks and Other Financial Institutions Act' (BOFI) that will provide the option for banks to introduce a third-party insurance company in a loan agreement. For a fee (that will be borne by the borrower), the insurance company will take the risk off the bank by standing as a guarantor for the borrower. It will then be the prerogative of the insurance company, as the bearer of the financial risk, to monitor the borrower's activities and ensure that the borrowed funds are utilised appropriately and judiciously. This course of action will eliminate the need for small firms to pledge collateral while keeping them in check and ensuring that they apply the funds in productive business activities.

Finally, the findings of this study showed that the emerging economy small scale entrepreneur lacks the knowledge to internationalize successfully into developed markets. As such, the Nigerian Export Promotion Council (NEPC) should set up a dedicated 'SME internationalization development centre' in each and every State of the federation. The new centres should target the provision of non-financial support to SMEs such as sensitization workshops and assistance to help entrepreneurs develop networks and relationships in desired foreign markets.

8.5 Limitations of the study

This research study is not without limitations. First, the study was carried out using a limited sample size. However, given that the study is not intended to achieve statistical generalisation, but rather analytical generalisation, such limited sample size is acceptable since theoretical saturation is attained (Yin, 1994). As this study is focused on the ‘entrepreneurial process,' an enormous amount of data relevant to understanding this process in each of the cases was gathered and analyzed. This level of depth of analysis that was carried out certainly compensates for the limited size of the sample.

Additionally, even though cases were selected through a rigorous purposive sampling process, there can be potential for some bias. The respondents could harbour some bias as they may rationalise a particular interaction with institutions or a sub-activity they conducted based on the favourable or unfavourable effect it had on them. This is despite the best efforts of this researcher to: (i) sample only those firms that had been in international operations for at least the past two years, (ii) sample firms that have offices in both home and host market, (iii) use triangulation of data sources through supplementary interviews with industry experts and institutional actors as well as documents. However, these measures, to a great extent, controlled for potential bias of the cases.

Also, the researcher’s bias may influence the interpretation of findings. This was however controlled by devising a coding framework which emanated from the interview data and was then strictly applied. Since it was the codes that yielded the themes used in arriving at findings, efforts were made to ensure that the researcher did not attempt to understand and interpret what respondents mean at the level of coding.

8.6 Directions for future research

This study opens up some avenues and directions for future research. First, the conceptualised IE process that emerged from the findings of RQ1(a) depicting the key activities and sub-activities of the IE process can be subjected to further tests. Additional activities and sub-activities can be factored into subsequent studies to present a more robust illustration of the IE process.

Secondly, this study examined a range of antecedents to the IE process. They include, at the level of entrepreneur – (personality traits), the firm – (network ties and prior knowledge), and the environment – (formal institutions). However, these factors are by no means exhaustive. The typically complex nature of the entrepreneurship habitat makes it difficult to account for all the factors that can play a role in the IE process (Oyson and Whittaker, 2010). Therefore, future studies can add and incorporate other factors in their analysis of antecedents to IE as this will enrich their findings.

Third, this study investigated the influence of formal institutions on the processes of IE. The study was not designed to capture the influence of informal institutions. However, this does not mean that informal institutions do not impact the IE process. Indeed informal institutions can also, directly and indirectly, affect the IE process. Thus, future studies can be designed to incorporate the influence of both formal and informal institutions on the process of IE. Such an approach can potentially add depth to our insights of how institutions influence the IE process. North (1990) and Peng and Jiang (2010) argue that informal institutions such as conventions and social norms may act as substitutes for dysfunctional formal institutions. This is evident particularly in emerging markets which have institutional voids. Therefore, informal institutions stand to likely offer additional explanations as to how entrepreneurs in emerging markets adapt or respond to the inadequacy of formal institutions in their environment.

Fourth, this study does not attempt to explain all of the formal institutions that interact with the IE process as this would be rather too broad and extensive in a single Ph.D. thesis. The eight formal institutions examined in this thesis emerged from the consensus that they mattered most to the entrepreneurs that were interviewed. Hence, future studies interested in the influence of formal institutions on entrepreneurial behaviour can consider a more diverse set of formal institutions and include them in their analysis. This can potentially yield more insights into the influence of formal institutions on IE processes.

Fifth, the study examined the influence of formal institutions on the processes of IE from emerging to developed markets using the context of Nigerian firms internationalising in the US. This approach limited the countries examined to one single emerging market (Nigeria) and one single developed market (the US). As a result, there is an opportunity for future studies interested in IE from emerging to developed markets to incorporate multiple countries (Bruton et al., 2010) at both emerging and developed market levels for their analysis. No doubt, this will further advance the field of IE research in emerging economies.

Sixth, although this study applied an institutional theoretical perspective, there are significant implications for the resource-based view. The study established that through creatively selecting and alternating between available resources as well generating new resources, entrepreneurs convert their firm-level resources to recognize, develop and exploit international opportunities. As such, by demonstrating that IE is facilitated through resource mobilisation and acquisition, the study has shown the significance of RBV to IE (Brouthers et al., 2008, Westhead et al., 2001). Consequently, there may be merit to the calls by some scholars advocating for a multilevel theoretical approach that combines institutional theory and RBV to examine IE in emerging economies (Yamakawa et al., 2008, Zolfaghari et al., 2013). Future studies can, therefore, consider this double-pronged theoretical approach as it is likely to yield a more holistic understanding of IE in emerging economies.

Finally, this research briefly highlighted the problem of weak management of firm-level resources when resource impoverished emerging market firms seek to internationalise into developed economies. Moreover, this study found some evidence of firms upgrading their resources. In-depth and systematic research on these related issues would be useful. Is there a liability of management? How does the liability of management interact with the liability of foreignness? As with Ibeh (2003), this study calls for future research to examine how firms and government can work together to upgrade resource competencies of small African firms and other emerging economy firms. Do national governments in emerging economies have dedicated programmes for competency and skill development within the SME sector? If not, why not? What formal and informal institutional conditions facilitate and constrain this organisational process in the context of SMEs and new ventures? How does the process of IE affect the development of management competencies in African firms? How do management competencies shape, and how are they affected by, network initiation and development during emerging market to developed market internationalisation?

8.7 Final conclusion

In conclusion, this study was motivated by the need to improve the understanding of international entrepreneurship in emerging economies. Thus, the researcher conducted an in-depth case study of Nigerian firms internationalizing to the US aiming to investigate how divergent institutional conditions influence the processes of IE from emerging economies to developed economies.

The findings of the study depict how entrepreneurial activity from emerging economies to developed economies can involve many sub-activities and processes to achieve opportunity identification, development, and exploitation. This process which appears disruptive is significantly supported through resource acquisition and development. However, this process of IE is heavily shaped by the institutional conditions of the international entrepreneur's host and home markets. The institutional environment impeded growth and entrepreneurial aspirations while simultaneously facilitating access to resources, reducing risks and providing legitimacy to the firms. These simultaneous effects of institutions constrained strategic choices of the entrepreneurs and by so doing, shaped the means and processes by which they identify and execute international opportunities.

The major contributions of this thesis include the validation of New Institutional Economics (NIE) framework for the examination of IE processes and empirical evidence demonstrating the sub-activities and processes involved in international opportunity identification, development, and exploitation. Also, the study guides emerging economy managers and entrepreneurs to effectively manage their liabilities of smallness and foreignness. Lastly, the study provides a number of policy recommendations to aid the development of a conducive environment for entrepreneurship and IE to flourish in Nigeria.

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Appendix 1: Interview Protocol

Entrepreneur interview protocol

General aspects

- Introduction of the researcher, followed by presentation of the research subject and the main objectives.
- Explaining to the participant that the researcher is interested in understanding how rules, guidelines and procedures affect the activities of the firm.
- Reassurance of confidentiality and anonymity.

Background of the firm

- Tell me about yourself: age, sex, level of education, previous business experience
- Let us talk about your company: Year established, sector of business, ownership type, number of employees, annual turnover, and number of years since company started operating in the US.

Because you have created a business that operates abroad (in the US), I would like you to answer some questions related to how you achieved this.

The process

- Explain to me, what led you to start this business in the US?
  Probe details of the response: ask participant to break down the activities and describe the specifics. Use what, where, how, who and why questions.
- What are the things you did to make the business feasible?
  Probe details of the response: ask participant to break down the activities and describe specifics. Use what, where, how, who and why questions.
- How did you finance operations? Who helped you?
  Probe details of response – Use how and why questions

Institutional factors

- You have explained several activities of your firm, how does the working environment of both Nigeria and the US affect these activities. *Probe answers that relate to rules, government agencies, policies or financial institutions. Seek examples, then more probe – ask why questions?*
- What are the challenges you encountered in Nigeria and what are the challenges you encountered in the US?
  Probe response – what did the entrepreneurs do in response to challenges? Seek details – Use how and why questions.

Key personnel interview protocol

General aspects

- Introduction of the researcher, followed by presentation of the research subject and the main objectives.
- Explaining to the participant that the researcher is interested in understanding how rules, guidelines and procedures affect the activities of the firm.
- Reassurance of confidentiality and anonymity.

The process

- What led your firm to start the business in the US?
  Probe details of the response: Seek more clarifications.
- What did the company do/is doing to make internationalization feasible?
  Probe details of the response: ask participant to explain in details.
- How did your company finance its operations?
  Probe response – Use how and why questions

Institutional factors

- How does the working environment of both Nigeria and the US affect the activities of your company?
  Probe answers which relate to rules, government agencies, policies or financial institutions. Use how questions. Ask participant to cite instances.
- What are the challenges that this company encountered in Nigeria and what are the challenges it encountered in the US?
  Probe responses by asking participant to explain what the firm did in response to specific challenges.

Institutional actor interview protocol

General aspects

- Introduction of the researcher, followed by presentation of the research subject and the main objectives.
- Explaining to the participant that the researcher is interested in understanding how rules, guidelines and procedures affect the activities of internationalizing firms.
- Reassurance of confidentiality and anonymity.

Role of agency/organization

- Tell me about your agency: History, office location, roles and functions of agency, type of agency (public or private).
- What is your role in the organization
- How does the agency discharge its functions? Give me details about procedures and guidelines.
  Probe answers that relate to international entrepreneurs – ask how questions.
- Can you explain the challenges that entrepreneurs may face when they interact with agencies like your own?
  Probe response – ask how and why questions.

- In your understanding, what are the conditions that encourage small companies to internationalise?
  Probe response – Use why questions.

Experts/consultant interview protocol

<u>General aspects</u>

- Introduction of the researcher, followed by presentation of the research subject and the main objectives.
- Explaining to the participant that the researcher is interested in understanding how rules, guidelines and procedures affect the activities of internationalizing firms.
- Reassurance of confidentiality and anonymity.

<u>The IE process and institutions</u>

- Explain the general state of business entrepreneurship in Nigeria – prospects and challenges.
- What does it take for a small business in Nigeria to internationalise to a large economy (like the US). What are the conditioning factors?
  Probe response – ask how questions?
- How do Nigerian entrepreneurs identify real and viable opportunities in foreign countries?
  Probe response – ask for detailed descriptions
- What are the major challenges that these small companies face in Nigeria and in their host country?
  Probe answers that relate to institutions – Use how and why questions
- Explain how these challenges affect the activities of the internationalizing firms.
  Probe the connection between institutions and the process activities of internationalization

- Explain the ways that these small firms act overcome the challenges that they experience?
- How do these firms acquire resources especially finance for their foreign venture?

Appendix 2: Coding tables

Summary codes for the IE process

THEMES	Opportunity Recognition	Opportunity Development	Opportunity Exploitation
CODES	Seeking ideas through networks	Creatively applying resources	Leveraging the resources of networks
CODES	Searching places / attending trade fairs	Starting international branch	Implementing strategies and plans
CODES	Searching ideas from internet sources and magazines	Creating and establishing relationships	Committing resources
CODES	Experimenting with ideas	Searching for finance	Marketing and distribution strategies
CODES	Facing uncertainties		

Summary codes for institutional factors

THEMES	PROCEDURAL REGULATIONS	INTELLECTUAL PROPERTY REGULATIONS	TRADE BARRIERS	GOVERNMENT INCENTIVE POLICIES	CULTURE
CODES	Business guidelines and procedures	Impact of inadequate regimes	Impact of inadequate regimes	Supporting regimes for businesses	Forging ethnicity based relationships
CODES	Impact of inadequate regimes	Response to inadequate regimes	Response to inadequate regimes	Response to challenges of funding	Effects of corruption
CODES	Challenges of accessing funding	The effects of piracy	Effects of Government restrictions	Impact of inadequate regimes	Leveraging network connections
CODES	Response to challenges of funding	Influence of culture and perceptions		Response to inadequate regimes	Response to inadequate regimes
CODES		Response to negative perceptions			The impact of support from family and friends

Themes generated from codes

THEME 1	OPPORTUNITY RECOGNITION
THEME 2	OPPORTUNITY DEVELOPMENT
THEME 3	OPPORTUNITY EXPLOITATION
THEME 4	PROCEDURAL REGULATIONS
THEME 5	INTELLECTUAL PROPERTY REGULATIONS
THEME 6	TRADE BARRIERS
THEME 7	GOVERNMENT INCENTIVES POLICIES
THEME 8	CULTURE

Overall coding framework

LIST OF CODES	EMERGENT THEMES	THEMATIC AREAS
Seeking ideas through networks	OPPORTUNITY RECOGNITION	ENTREPRENEURIAL PROCESS
Searching places / attending trade fairs		
Searching ideas from internet sources and magazines		
Experimenting with ideas		
Facing uncertainties		
Creatively applying resources	OPPORTUNITY DEVELOPMENT	
Starting international branch		
Creating and establishing relationships		
Searching for finance		
Leveraging the resources of networks	OPPORTUNITY EXPLOITATION	
Implementing strategies and plans		
Committing resources		
Marketing and distribution strategies		
Business guidelines and procedures	PROCEDURAL REGULATIONS	FORMAL INSTITUTIONS
Impact of inadequate regimes		
Challenges of accessing funding		
Response to challenges of funding		
Impact of inadequate regimes	INTELLECTUAL PROPERTY REGULATIONS	
Response to inadequate regimes		
The effects of piracy		

Influence of culture and perceptions		
Response to negative perceptions		
Impact of inadequate regimes	TRADE BARRIERS	
Response to inadequate regimes		
Effects of Government restrictions		
Supporting regimes for businesses	GOVERNMENT INCENTIVES POLICIES	
Response to challenges of funding		
Impact of inadequate regimes		
Response to inadequate regimes		
Forging ethnicity based relationships	CULTURE	INFORMAL INSTITUTIONS
Effects of corruption		
Leveraging network connections		
The impact of support from family and friends		
Response to inadequate regimes		

Appendix 3: List of people interviewed

1 – Case interviews

S/N	Industry	Cases	Interviewees	Documents Obtained
1	Food export	A	• CEO • Director Public Relations • Director Operations • Production Manager	• Copy of Nigerian export supervision scheme • Pre-shipment inspection certificate Copy of Nigeria export proceeds form
2	Films	B	• CEO • Executive Director • Operations Manager • Company Editor	• Copy of proposed Nigerian film industry framework
3	Films	C	• CEO • Managing Director • Exports Director • Sales Manager	
4	Food exports	D	• CEO • Managing Director • Sales Manager • Production Manager	• Copies of bills of laden • Certificate of clean inspection

2 – Experts/consultants interviews

No	Institution	Interviewee	Focus	Documents Obtained
1	Brooklyn University (USA)	Professor (Expert on Nigerian films)	Films	
2	Bayero University Kano	Professor (Expert in International Entrepreneurship)	Internationalization of Nigerian firms to the US	
3	Bayero University Kano	Director – Centre for African Entrepreneurship	Food exports & Films	
4	3T Impex Trade Academy	Consultant	Food exports and Films	

3 – Institutional actor interviews

No	Institution	Interviewee	Focus of interview	Documents obtained
1	Lagos Chamber of Commerce	Director Research & Advocacy	Food exports & Films	-Lagos Chamber of Commerce website
2	Ministry of Trade and Commerce Kano	Deputy Director	Food exports & Films	
3	Nigerian Association of Chambers of Commerce (NACCIMA)	Director – Membership & Development Services	Food exports & Films	NACCIMA booklet & flyers
4	Nigerian Export Promotion Council	Director – Multilateral and Bilateral Trade Relations	Food exports & Films	-Export Expansion Grant booklet -Access export finance document -NEPC manual & booklet
5	Nigerian Export Promotion Council	Lagos Zonal Coordinator	Food exports and Films	-A guideline for Food exports to US -Food exports training held in US

6	Nigeria Customs Service	Deputy Controller Exports Seat	Food exports	-Procedure and documentation requirement for exports
7	Nigeria Customs Service	2 I C Query & amendment office	Food exports	Harnessing Nigeria's non-oil export potentials
8	Bank of Industry	Head of AGOA Resource Centre	Food exports	-Exporting from Nigeria to US
9	Nigeria Export Import Bank	Assistant Manager – Planning & strategy department	Food exports	-NEXIM bank publications – July, Sept & December 2013
10	Nigeria Export Import Bank	Requested anonymity	Food exports	
11	Nigeria Export Import Bank	Director – Technical Advisor to CEO	Films	-Facility for the creative arts and entertainment industry
12	Small & Medium Enterprise Development Agency of Nigeria	Manager Advocacy Officer	Food exports and Films	-SMEDAN website
13	Federal Ministry of Trade and Commerce	Requested Anonymity	Food exports & Films	-Ministry of Trade website

14	National Association of Movie Producers	National President	Films	
15	Film/Video Producers and Marketers Association of Nigeria	National President	Films	-Draft bill Motion Picture Company (MOPICON) -Code of ethics for movie industry
16	Association of Nollywood Core Producers	President	Films	
17	Houston International Trade Development Council	President	Nigeria – US Trade	
18	National Agency for Food and Drug Administration and Control (NAFDAC)	Deputy Director	Food exports	-NAFDAC website

19	Nigeria Film and Video Censorship board	Requested anonymity	Films	-Cinema operators & video retailer's handbook -NFVCB Enabling law (act 1993)
20	Nigeria Copyright Commission	Deputy Director	Films	-Nigerian copyright commission flyers
21	Nigeria Plant Quarantine Services	Requested anonymity	Food exports	-A copy of Phytosanitary cert
22	Nigeria Consulate in USA (Atlanta)	Nigeria Consul in Atlanta	Food exports & Films	
23	Nigeria Consulate in USA (Atlanta)	Nigerian Ambassador to US	Food exports & Films	
24	USAID	Projects Manager – Economic Department	Nigeria – Us Trade	- AGOA website -USAID Nigeria website
25	United States Embassy in Nigeria. Abuja	Deputy Economic Chief - Abuja	Nigeria – US Trade	- US Embassy Nigeria website -US Department of Trade website
26	Nigerian American Chamber of Commerce	Vice President	Food exports and Films	Corporate brochure

Appendix 4: List of emerging economy countries

Africa	**Asia**	**Central & Eastern Europe**	**Latin America**
Ghana Kenya Nigeria South Africa Swaziland Uganda Egypt	China Indonesia Malaysia Philippines Singapore South Korea Taiwan Thailand Vietnam Bahrain Oman United Arab Emirates Bangladesh India Sri Lanka	Armenia Azerbaijan Belarus Bulgaria Croatia Czech Republic Estonia Georgia Hungary Kazakhstan Kyrgyz Republic Latvia Lithuania Moldova Poland Romania Russia Slovak Republic Slovenia Turkey Ukraine Uzbekistan	Argentina Brazil Chile Colombia Costa Rica Jamaica Mexico Peru Venezuela

Source: Kiss et al., (2012)

Appendix 5: Introduction letter

BRADFORD
UNIVERSITY
School of Management

INTRODUCTION LETTER

Dear ....

RE: PhD RESEARCH IN INTERNATIONAL ENTREPRENEURSHIP

I am a Doctoral student in the School of Management Bradford University, United Kingdom, and am currently undertaking a research on Nigerian companies that carry out international operations in developed markets. The complex nature of this task means that the research is best served by interviewing and talking directly to people like you who are key actors in the entrepreneurship arena. Indeed your insights will contribute immensely to an objective understanding of the issues surrounding international entrepreneurship in Nigeria. With your kind permission therefore, I would like to hold an interview which will last approximately 45 minutes.

I would like to stress that this is a purely academic exercise and your responses will be handled with utmost confidentiality. Your identity or that of your Company will not be revealed except under your written request. Furthermore, findings will not be used for commercial purposes or for financial gains.

Thank you very much and I look forward to having a fruitful discussion with you.

Yours sincerely

Nuraddeen Sani Nuhu (10036640)

Supervisors

Professor Christos Kalantaridis

Dr Martin Owen

BRADFORD UNIVERSITY
12 JUN 2013
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Appendix 6: Consent form

BRADFORD
University School of Management

EQUIS | Association of MBAs

CONSENT FORM

Name of Researcher: **Nuraddeen Nuhu**

Title of Project: **International Entrepreneurship in Emerging Economies**

Thank you for considering being interviewed as part of this research project. I would be grateful if you would read through the following questions and indicate your response to each of them. The purpose of this is to ensure that you are fully aware of the purpose of this research and that you are willing to take part.

1. I have been informed about the purpose of the study and have had the opportunity to ask questions about it if I wished YES/NO ☐
2. I understand that I can withdraw from the study at any stage, without giving a reason and that my data will not be included in the research YES/NO ☐
3. I understand that I am free to choose not to answer a question without giving a reason why YES/NO ☐
4. I have been informed that the interview will be tape-recorded and I give my consent for this recording to be made. YES/NO ☐
5. I understand that extracts from the recording might be used in a publication at a later date. YES/NO ☐
6. I confirm that I have not been involved in a similar study in the past 6 months. YES/NO ☐
7. I understand that if extracts from the recording are used any identifying information about myself and my organisation will be removed and anonymity will be ensured. YES/NO ☐

I give my consent to take part in the research.

Participant
Signed ....
NAME IN BLOCK LETTERS ....
Date ....
Researcher
Signed ....
NAME IN BLOCK LETTERS ....
Date ....

BRADFORD UNIVERSITY 12 JUN 2013 SCHOOL OF MANAGEMENT

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Appendix 7: Information sheet

BRADFORD
University
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INFORMATION SHEET

Researcher Name: **Nuraddeen Nuhu**

Title of Project: **International Entrepreneurship in Emerging Economies**

You are being invited to take part in a research study. Before you decide, it is important for you to understand why the research is being done and what it will involve. Please take your time to read the following information carefully and discuss it with others if you wish. Ask me if there is anything that is not clear or if you would like more information. Take time to decide whether or not you wish to take part.

The purpose of the research, which is part of my doctoral thesis, is to explore how the divergent institutional conditions between Nigeria and United States facilitate or impair outward processes of International Entrepreneurship. In order to achieve this it became imperative that I talk to people who are directly involved and have considerable experience of the research phenomena. This is why I am carrying out the interviews.

You have been chosen because you are either an entrepreneur, an associate, institutional actor or an expert in the field. It is up to you to decide whether or not to take part. If you do decide to take part you will be given this information sheet to keep and asked to sign a consent form. If you decide to take part you are still free to withdraw at any time and without giving a reason. In the unlike event of distress being caused, you can take a short break or terminate the interview if you wish to do so.

All the information that is collected from you during this research will be kept secure and any identifying material, such as names and addresses will be removed in order to ensure your anonymity. It is anticipated that the research will be written up into a report which may be published at a later date. However, your anonymity will be ensured, including the anonymity of your quotes, and all the information I have collected about you will continue to be kept secure and confidential.

Please note that if you decide to withdraw your data from the study after participation you can do this within two weeks as after this period the researcher will have already written up the report.

If you require any further information about the research please contact me by email: nsnuhu@student.bradford.ac.uk

Thank you for reading this information sheet and taking part in this research.

BRADFORD UNIVERSITY SCHOOL OF MANAGEMENT
12 JUN 2013

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