

Internationalization of New-Zealand based Social Enterprise:
An Exploratory Study

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Abstract:

International social enterprises (ISEs) have both high social and economic value as they have the power to tackle major social and environmental challenges at a global level. These enterprises make use of innovative business models to bring about a positive social change by supporting marginalized groups, empowering communities, and promoting sustainable development. This exploratory study focuses on analysing the process through which social enterprises in New Zealand internationalise. In particular, the study aims to explore the issues faced by these social enterprises during the process of internationalization. By providing an in-depth analysis of the experiences of social enterprises in New Zealand, this research aims to offer valuable insights into the complexities of international business expansion. The objective of this research was to address the gaps identified in previous studies concerning social enterprise internationalization, by examining their relevance in the context of the New Zealand social enterprise sector. To achieve this, interviews were conducted with three New Zealand -based social enterprises that had expanded beyond their local borders. Through the adoption of an exploratory approach, a comprehensive understanding was gained regarding how social enterprises based in New Zealand undergo the process of internationalization. The research has confirmed several critical factors that impact the process of internationalizing social enterprises. These factors comprise the selection of stakeholders during cross-border expansion, the pivotal role of networking for social entrepreneurs in the expansion process, the possibility of mission drift, the significance of economic networks, and the critical role of government support during the early stages of internationalization, which was found to be particularly crucial in the New Zealand context. This makes several theoretical implications, as it lays the groundwork for a comprehensive framework that explains how social enterprises can successfully expand their operations beyond national borders. Moreover, this research has practical significance for social enterprise managers, who can benefit from the effective strategies and tools identified in this study to manage the risks associated with the process of internationalization. Additionally, policy makers can use the findings of this research to provide ongoing support to social enterprises that are expanding their reach across borders.

Attestation of Authorship:

I affirm that this submission is entirely my original work and that, to the best of my knowledge and belief, it does not contain any material that has been previously published or written by anyone else, except for those explicitly acknowledged in the acknowledgements section. Moreover, I confirm that no significant part of this work has been submitted for the award of any other degree or diploma in a university or any other institution of higher learning.

Syed Afaf Irfan.

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Auckland University of Technology Ethics Committee.

Prior to conducting interviews for this study, approval was obtained from the Auckland University of Technology Ethics Committee (AUTECH) through an application (AUTECH 22/60) that included a detailed plan for managing various ethical concerns. The application was approved on July 6th, 2022. Throughout the study, several measures were implemented to ensure that ethical and moral standards were upheld. Participants were provided with a written overview of the research in the form of a participant information sheet (found in Appendix III) and were also given a phone call to discuss the study in detail. Consent was obtained from all participants through a consent form (found in Appendix IV).

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Chapter 1.

1.1 Introduction:

This chapter outlines the study, and its aims, and commences with Section 1.2, which provides an overview of the study and introduces social enterprises and their internationalization processes. Subsequently, section 1.3 elucidates the importance of studying social enterprise and underscores the significance of their internationalization in the broader social and economic contexts. Finally, in Section 1.4, the chapter describes the research design and structure.

1.2 Overview:

Social Enterprises (SEs) are sustainable ventures that combine business objectives with a focus on social impact (Hosseini & Zaidini, 2019; Battilana & Lee, 2014; Ebrashi, 2013). Unlike charities, which prioritize social value over profits, SEs aim to create social value as their primary objective through business principles (Swanson & Zhang, 2010). Often referred to as Hybrid firms, SEs are viewed as innovative solutions to address the challenges of service delivery gaps left by governments and the private sector (Agapitova *et al.*, 2017). They also address institutional voids such as poverty, migration, unemployment, and demographic change (Barnard, 2019). SEs have gained significant scholarly interest due to their role in addressing neglected problems globally (Cho *et al.*, 2019).

Whilst most SEs address predominately local concerns, an increasing number are internationalising. The International Social Enterprise (ISE) is still an emerging concept and, according to Tukamushaba *et al.*, (2011), is defined as “The process of creatively discovering and exploiting social entrepreneurial opportunities overseas with the application of business expertise and market based skills, with innovation social goods and services, either with or without profit orientation, but with the pivotal objective of creating societal value rather than shareholder wealth in the overseas territories where the enterprise functions”. When a social enterprise expands across the border, it may face more complicated operational environment, such as difference in cultural, legal, economic, and social systems which does require a different strategic solution (Munoz, 2010). Research on ISE is particularly important because of the benefits that comes with internationalization of those firms in terms of social and economic impact on the development of sustainable and global well-being (Zahra *et al.*, 2014). The importance of this was flagged in a recent special issue of the Journal of World Business which explored the “research frontier on internationalization of social enterprises” and highlighted many gaps where the understanding of the internationalisation motives and processes of ISEs research are poorly and called for more qualitative research to help understand the issues and challenges faced by ISEs (Alon, Mersland, Musteen, and Randøy, 2020.)

This study aims to provide more insight into several of the processes around the internationalisation of ISEs identified in the literature, namely the motives and process of SEs internationalization, how entrepreneurs chose markets and address institutional voids, the role network influences, reciprocity, the social mission and perceived ease of

foreign market entry. The study will also be the first to examine this issue in the New Zealand context. This will shed light on how New Zealand based ISEs have responded to those challenges and evaluate the degree of effectiveness of those responses. The study has made contributions to the literature by further defining and refining the issues examined, and specifically to the New Zealand and Pacific context in the examination of New Zealand ISEs. This should be of interest to practitioners and policy makers and potentially contribute to their capabilities.

1.3 Importance of study:

Social enterprises such as financial institutions, cooperatives, schools, and hospitals have balanced financial logics for decades, if not centuries (Paton, 2003). However, recently there has been increased focus on these organisations which more explicitly simultaneously pursue both profit and a social mission, and their role within the economy and observed considerable number of entrepreneurs willing to venture with other organizations in order to address social issues/problems (Miller *et al.*, 2012, p. 616). These ventures, which are also referred as “hybrid organizations,” have been considered as increasing innovative solutions to global issues as they address the institutional voids of unemployment, poverty and migration and often acts a bridge to fulfil the service delivery gap associated with governments (Barnard, 2019).

Many Social enterprises are engaged in delivery of services and products across borders. These activities can be global, for example Grameen bank of Bangladesh, which has been engaged in cross-border delivery of services for decades (Wang, Alon & Kimble, 2015), and the Mowgli Foundation which is a non-profit organization that aims to support entrepreneurs and create positive social and economic change in communities worldwide, have recently started to transfer their successful business model across borders (Smith *et al.*, 2016). It is particularly important to develop an understanding around internationalization process of these social enterprises as policy makers are increasingly making an effort to adjust the legal framework to help and facilitate better accommodation of internationalization of those social enterprises (Brakman Reiser & Dean, 2017).

Furthermore, a better understanding the internationalization of social enterprises is important because it helps examine how they identify opportunities and challenges in expanding into new markets, enabling informed decisions and adaptation to local contexts, something which present particular challenges (Dacin *et al.*, 2010). It also helps policymakers and stakeholders create a supportive environment through policy development and resource allocation (Grunberg and Mair, 2017). In addition, internationalization generates knowledge and best practices for effective strategies in social enterprise expansion, promoting shared learning (Chell *et al.*, 2016). Finally, the study of internationalization contributes to the broader academic and policy debates on social enterprises' impact on society and the environment, providing insights into their operations and contributions to global goals (Mair and Martí, 2006)

Research on the internationalization of social enterprises is currently limited, despite the growing global expansion of these organizations in response to pressing social issues (Deloitte, 2018). Therefore, understanding the processes and drivers that lead social enterprises to internationalize is crucial. To address this knowledge gap, I conducted a

study focused on New Zealand -based social enterprises and aimed to contribute to the literature on the internationalization of these organizations. Through an examination of the experiences of these social enterprises, insights can be gained regarding the factors that propel their expansion into international markets.

1.4 Design/Plan of the Study:

This is an exploratory qualitative study that is based on several case studies of selected New Zealand -based Social Enterprises (ISEs) that have undergone internationalization. The research methodology employed in this study involved a thorough review of available secondary material and the conducting of semi-structured interviews with founders or managers of the selected ISEs. A total of three cases were examined in this study. As a consequence of the travel restrictions imposed due to the COVID-19 pandemic, priority was granted to the International Social enterprises (ISEs) situated in the Auckland region. Nonetheless, a few of the participants, whose cases were outside of Auckland, were interviewed through the virtual communication platform Zoom to accommodate the travel restrictions.

During the initial phase of this study, emphasis was placed on refining the literature review on Social Enterprises, particularly the process of their internationalization and the potential challenges they might face throughout this journey.

Chapter 2 of this study presents a comprehensive literature review that examines various behaviours and processes associated with social enterprise and discusses research agendas. This literature review serves as the foundation for the research questions which are outlined at the end of the chapter.

Chapter 3 of this study details the research approach used to investigate the research questions that were identified in the literature review chapter. The study adopted a qualitative research methodology, and the data collection and analysis processes are described in this chapter. In the second phase of the study, three appropriate New Zealand-based ISEs were selected, and interviews were conducted with their owners or senior managers who held the responsibility for the decision-making and implementation of international expansion. Primary data was collected through these interviews, and thematic analysis was employed to analyse the results. The findings were then linked back to the literature review and the research questions.

Chapter 4 of this study presents the findings from the data analysis. The aim of this chapter is to group the data into different themes that are linked to the research questions, allowing us to develop an understanding of qualitative analysis. This chapter includes an overview of the case firms used for the interviews and profiles of the participants. It also sheds light on the findings for each research question, organized according to the themes identified in the literature review. The relevant data from the interviews is identified and connected to the research questions. Overall, Chapter 4 offers a comprehensive analysis of the data collected from the interviews, providing insights into contextualized data collected against identified research questions.

Chapter 5 provides the conclusions of the study, presenting a detailed discussion of the key themes that emerged in relation to the research questions. In addition to this, the chapter also highlights the limitations of the study and proposes areas for future

research, summarises key contributions to theory, and offers suggestions for practitioners and policy makers. By summarizing the main findings of the research and relating them to the research questions, this chapter provides a comprehensive overview of the insights gained from the study.

Chapter 2.

Literature Review:

2.1 Introduction:

Entrepreneurship is a multidimensional phenomenon that holds significant importance at individual, familial, community, national, and international levels due to its potential impact on well-being and prosperity (Sanchez, 2011). The study of entrepreneurship has a long-standing history and has been explored from various disciplinary perspectives. In this chapter, the discussion on entrepreneurship commences with section 2.2, which focuses on the definition of entrepreneurship and its relevance to New Zealand, followed by an in-depth examination of social entrepreneurship in section 2.3. Furthermore, section 2.4 presents an overview of the literature related to social enterprises, while section 2.5 delves into the emergence of social enterprises as a field of study. The global implications of social enterprise are discussed in section 2.6, which identifies seven themes pertinent to the internationalization of social enterprise. Section 2.7 identifies the research questions arising from the previously identified themes by highlighting the gaps that exist within the current literature.

2.2 Entrepreneurship:

Earlier definitions of entrepreneurship were primarily focused on the establishment of new businesses involving high risk, the identification of opportunities, and the pursuit of profit (Bennett, 2006; Gartner, 1990). The diversity in the definition of entrepreneurship has been extensively researched and includes various inclusions and exclusions within the domain of entrepreneurship (Howorth *et al.*, 2005; Alegre *et al.*, 2017; Audretsch *et al.*, 2015; Dato-on & Kalakay, 2016). As a field of inquiry, entrepreneurship is distinctive from other fields because it is studied from multiple disciplinary perspectives: Scholars in economics, psychology, management, business, and other fields have contributed to the definition of entrepreneurship by utilizing ontological paradigms underlying their respective disciplines, which has resulted in diverse conceptualizations of entrepreneurship (Lindgren & Packendorff, 2009). While some scholars link entrepreneurship to the individual traits of the entrepreneur, providing a functionalistic approach (Olaison, 2014), others emphasize the entrepreneurial process over the individualistic perspective, which is referred to as the processual approach (Olaison, 2014).

Entrepreneurship is widely acknowledged as a crucial factor in the economic and social advancement of nations, particularly in the global context. According to Nolan (2003), entrepreneurship has a significant impact on the prosperity and satisfaction of individuals, communities, and countries, as it boosts motivation and productivity, leading to increased employment opportunities.

Studies conducted in New Zealand have highlighted several recommendations to promote entrepreneurial activities, as seen in reports such as the Global Entrepreneurship Monitor by Fredrick and Chittock (2005) and Growing an Innovative New Zealand by Clark (2002). Due to its diverse nature, entrepreneurship can be

integrated into different disciplines, reflecting its multifaceted nature. As the wider entrepreneurship discipline covers a wide range of theoretical basis and levels of analysis, this research is located within the area of social entrepreneurship. This area of the literature is distinguished by a narrower focus on entrepreneurs and organisations which pursue social objectives as a major driver.

2.3 Social Entrepreneurship:

Social entrepreneurship is a nascent field in New Zealand and has yet to gain wider recognition in the community, as noted in previous studies (Kaplan, 2013; Strategic Group on Social Enterprise and Social Finance (SGSESF), 2016). Mair *et al.* (2006) suggested that social entrepreneurship has emerged as a new field of research, drawing upon a variety of previous research studies.

Several studies have explored the use of business strategies to achieve organizational goals in the non-profit sector (Dees *et al.*, 2002). Similarly, some studies have investigated ways to generate profits from the non-profit sector (Roper & Cheeny, 2005). The related concept of social corporate responsibility and its connection with social issues management has been examined in the context of large multinational corporations (Peredo & McLean, 2006). However, limited research has focused specifically on social enterprises as a distinct type of organization, with their unique needs, operations, and opportunities (Murphy *et al.*, 2006). Social entrepreneurship has gained increasing attention in the entrepreneurship field, with studies recognizing the significant value created by social actors (Mair & Marti, 2006), and the potential impact of social enterprises on economic development (Luke & Chu, 2013).

Research on social entrepreneurship is relatively limited due to the newness of the concept, which was first introduced in the late 1990s. Scholars like Dees (1998) were among the pioneers to distinguish social entrepreneurship from traditional entrepreneurship, with the definition and conceptualization being a major topic of discussion (Mair & Marti, 2006). Peredo and McLean (2006) explored the balance between non-profit and for-profit activities of social entrepreneurs, resulting in the definition being divided into two building blocks: "social" and "entrepreneurship." Weerawardena and Sullivan Mort (2006) further examined the differences between non-profit and for-profit social enterprises. Additionally, studies have explored the personal attributes of social entrepreneurs (Jiao, 2011) and those who have expanded internationally (Marshall, 2011). Some research studies have focused on the key role of the social entrepreneur, with cognitive and personal abilities being identified as influential components in the process of social entrepreneurship (Simms & Robinson, 2008).

Austin *et al.* (2006) have defined social entrepreneurship as an innovative entrepreneurial activity that aims to create social value. According to Luke & Chu (2013), social entrepreneurs utilize their market-based skills and profit-oriented mindset to identify and address social issues through seizing market opportunities. Additionally, Leadbeater's (1997) study highlights that social entrepreneurs operate at the intersection of non-profit, public, and private sectors. Figure 2b provides further clarification on the definition and dimensions of social entrepreneurship. Noruzi *et al.* (2010) define social

entrepreneurs as groups or organizations that address challenges in various fields such as human rights, fair-trade, health, and education.

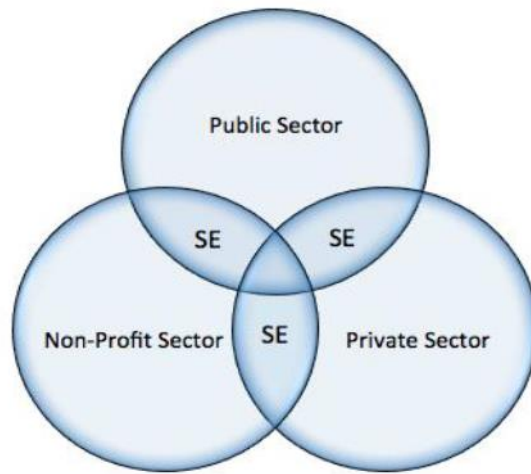


Figure 2b: Diagram of SE adopted from Leadbeater (1997).

According to Martin and Osberg (2007), social entrepreneurship involves a three-step process. Firstly, social entrepreneurs recognize an unjust and persistent equilibrium that marginalizes a particular market segment with low economic and political power, and who are unable to bring about transformation independently. In the second step, social entrepreneurs identify an opportunity within this equilibrium and develop a solution to address the societal challenge. Finally, social entrepreneurs work towards establishing a new and stable equilibrium that alleviates the distress faced by the marginalized market segment. This process leads to social and economic transformation.

2.4 Social Enterprise:

Weerawardena & Sullivan Mort (2006) defined a social enterprise as an organization in which social entrepreneurs operate. Micheline & Fiorentino (2012) described social enterprise as a private, autonomous entrepreneurial organization that provides goods or services that benefit the community. Dees & Anderson (2003) defined social enterprise as an organization designed to achieve a social purpose, regardless of whether it operates in a for-profit or not-for-profit financial setting.

Social enterprises are organizations that operate with both social and business objectives, seeking to achieve financial and social goals simultaneously (Battilana, 2018). This is distinct from Corporate Social Responsibility (CSR), which reflects stakeholders' expectations of firms' social performance (Pisani *et al.*, 2017). A true social enterprise places CSR at the core of its business model and strategy, making it a primary and strategic component (Vilanova, Lozano & Arenas, 2009). Furthermore, social enterprises must be financially independent and sustainable, rather than relying on donations (Battilana & Dorado, 2010). To achieve this, they may price their goods and services at standard market rates or slightly below to maintain viability and generate cash flow for growth and expansion (Smith *et al.*, 2013).

The definition of social enterprise raises two issues that must be considered, the first one being the meaning of "social" which varies for different authors. Dees (1998) suggests that an organization can be considered completely social even if it solely focuses on generating profit. On the other hand, Mair & Marti (2006) argue that social can mean having an altruistic motivation to work for the benefit of underprivileged people, but it can also be a reason for personal fulfilment, which is less altruistic. This variation in conceptualization results in different forms of social enterprise, some of which prioritize social goals over economic goals (Peredo & McLean, 2006), while others prioritize the greater profit of society as a whole over individual profit (Tan *et al.*, 2005).

The second issue to consider is the potential conflict that can arise due to the simultaneous pursuit of economic and social goals outside of the social enterprise. For example, a microfinance bank in Bolivia faced challenges when deciding which clients to grant loans to, as they had to balance two sets of loan criteria, one with lower standards for underprivileged individuals and another with regular commercial banking standards (Battilana & Dorado, 2010). This conflict is common in social enterprises, which operate with two different logics or norms, and needs to be managed to maintain stakeholder support and essential resources for the organization's existence (Greenwood *et al.*, 2011). According to Battilana and Lee (2014), managing this conflict is crucial for the social enterprise to justify its existence. To ensure the sustainability of the social enterprise, social entrepreneurs should clearly define the social benefits they seek to provide, as concluded in a study by Yunus *et al.* (2010).

2.5 Emergence of SE/Background of field:

Doherty (2018) conducted a thematic review of the Social Enterprise Journal (SEJ) from its inception in 2005 until 2017. This study focused on the development and impact of the journal, which was the first academic journal founded to explore the field of social enterprise and publish work on its definition, critical perspectives, performance management, and international differences. In the early years of SEJ, there was a focus on understanding and developing a conceptual framework for social enterprise governance and performance management, based mainly on case studies from the United Kingdom and lacking critical analysis. By 2010, the SEJ had established itself internationally, and issues were being addressed around the global aspects of social enterprise. By 2013, the SEJ was strongly established and recognized as one of the best journals in its field. The European network EMES, which focuses on social economy and civil society research, asked SEJ to support a special issue on global perspectives on current research in social enterprise. The SEJ has become a major player in the wider business and entrepreneurship field and was recognized by Stewart & Cotton (2013) as a top-performing journal among new entrepreneurship journals over a five-year period.

Granados *et al.* (2011) conducted a study to examine the intellectual structure and academic maturity of the field of social enterprise and social entrepreneurship. The study revealed a significant increase in scholarly investigation of the field by 2011, as compared to the 1990s, which was aided by international research and greater collaboration. The research also highlighted the internationalization of social entrepreneurship and its geographical spread over the years. The study identified two

groups in the field - a European group led by the UK and an American group led by the USA - which reflected different approaches to studying social enterprise (Hoogendoorn *et al.*, 2010). However, multinational authors aimed to bring these two approaches together and contribute to overcoming the conceptual barriers associated with social enterprise and social entrepreneurship literature (Teasdale, 2010). Despite the progress made in the field, the study suggests that there is still a need to formulate a common vocabulary that is shared and understood by scholars, allowing for comparisons among studies.

Over the last decade, the field of international social entrepreneurship has gained increasing attention and has been established as its own separate domain of enquiry. Researchers and practitioners have recognized the potential of international social enterprises (ISEs) to address global social and environmental challenges and contribute to sustainable development (Austin, Stevenson, & Wei-Skillern, 2006; Mair & Marti, 2006).

However, despite this growing interest, there are still many research gaps that need to be addressed in the field of international social entrepreneurship. One such gap is the lack of understanding of how ISEs internationalize. While some studies have examined the internationalization strategies of new forms of entrepreneurial firms (e.g., Oviatt & McDougall, 1994), there is limited research on the internationalization of social enterprises (Wry, Lounsbury, & Glynn, 2011).

International social enterprises play a crucial role in addressing social and environmental challenges and are significant as they contribute to the attainment of the United Nations Sustainable Development Goals (SDGs), especially in low- and middle-income countries (LMICs). They offer creative solutions to address pressing issues related to social welfare and environmental protection, while simultaneously fostering economic growth and job creation. The economic, social, and environmental benefits provided by international social enterprises are fundamental to achieving sustainable development (Mair & Marti, 2006).

2.6 Internationalization of Social Enterprise:

According to Tukamushaba, Orobia, and George's (2011) study, the definition of international social enterprise involves the identification and utilization of opportunities for social entrepreneurship abroad, through the application of market skills and business expertise to develop innovative social goods and services. This process is carried out with or without the intention of making a profit, but with a focus on creating social value, rather than solely maximizing shareholder wealth.

Munoz (2010) provides an additional definition of international social enterprise, which characterizes it as a dynamic process initiated by individuals who are mission-oriented, proactive, and willing to take risks in order to bring about societal reforms on an international scale. These definitions suggest that international social enterprise can take the form of either for-profit or not-for-profit ventures, as described by Tukamushaba *et al.* (2011), and that social entrepreneurs engaging in this type of enterprise possess certain personal qualities, including proactivity, risk-taking, and a sense of mission.

Marshall (2011) further supports this idea by identifying two types of international social enterprise: for-profit and not-for-profit.

2.6.1 Internationalization behaviour of ISE:

Several studies have explored the internationalization behavior of ISE, including the research by Yang and Wu (2014), which investigates the internationalization process for both for-profit and not-for-profit social enterprises. The study focuses on three key aspects of ISE internationalization: product preferences, modes of operation, and expansion strategies. The authors propose that for-profit and not-for-profit social enterprises tend to use different strategies when expanding operations overseas.

Using case studies of two social enterprises, the study suggests that the operational mode for not-for-profit ISE focuses on delivering goods or aid in various forms through a one-way approach, as they are less motivated to search for and engage with profitable markets (Alon *et al.*, 2020). In contrast, for-profit social enterprises operate differently, engaging in two-way product/service transactions between countries.

Regarding product selection in the internationalization process of social enterprises, for-profit social enterprises prioritize products that fulfil the criteria of demand and supply, while not-for-profit social enterprises are more likely to select products that address identified social needs in the foreign country.

Expansion strategies also differ between not-for-profit and for-profit social enterprises. Not-for-profit ISEs are likely to expand in foreign countries with similar social needs, while for-profit ISEs are more likely to expand their operations to countries that match the chosen product and cultural similarity.

Although the study by Yang & Wu (2014) sheds light on the internationalization behaviours and modes of ISE, it also highlights some gaps in our understanding of this phenomenon. Specifically, there is a need for further research to explore the functional operations of ISE, such as how they manage international marketing and human resources, and what factors drive these activities. Additionally, there is a need to investigate how ISE manage stakeholders in different countries and what factors influence the prioritization of certain stakeholders over others. These areas represent a promising avenue for future research on ISE internationalization.

2.6.2 Internationalization processes of ISE:

Alon *et al.* (2020) edited a special issue titled "The research frontier on internationalization on social enterprises," which examines the applicability of traditional International Business (IB) literature theories to the internationalization process of Social for-profit enterprises. The special issue reviewed five articles, highlighting promising future areas of research for the internationalization of social for-profit enterprises. Four themes from the international business literature are examined, which are relevant to the internationalization of social for-profit enterprises, including drivers for internationalization, the process of internationalization, organization of multinational firms, and the consequences of internationalization on economic and social outcomes. Alon *et al.* (2020) suggest that existing IB frameworks may not be

entirely applicable to the processes and procedures of SE internationalization, and adjustments to current frameworks may be required for their application to SEs. Furthermore, their study indicates that research on SEs is limited, partly due to the lack of large-scale datasets, particularly those containing information from multiple countries. While there is some data available in the microfinance global sector, more extensive datasets on SEs need to be collected.

The study of Alon *et al.* (ibid. 2020) also recommends exploring how managers/owners of social enterprises utilize their cognitive abilities to identify and evaluate cross-border opportunities, and the role of technology in pursuing such opportunities. Veronica *et al.* (2020) argue that the passion and aspirations of social entrepreneurs act as drivers for social change and catalysts for SEs to internationalize, especially when government support is available. In New Zealand, social enterprises operate across various industries, with some serving locally, while others have a regional or national focus. Despite the presence of a few New Zealand-based social enterprises focusing on international causes, Grant (2008) and Kaplan (2013) suggest that the concept of social enterprise is still in its early stages and is considered under-resourced, lacking clear identity and recognition. However, according to a report by the Department of Internal Affairs (2013a), some social enterprises in New Zealand do focus on international causes and eventually enter the international market. Therefore, there is a need to investigate the role of technology in how managers/owners of SEs identify and evaluate social opportunities for cross-border expansion in the New Zealand context.

2.6.3 Internationalization of social Hybrid firm/Scaling strategies:

In a research study conducted by Bauwens *et al.* (2020), three case studies of renewable energy enterprises were examined to investigate the scaling strategies employed by social hybrid enterprises. The study analyzed the relationship between the organizational mission at the time of founding and the scaling strategies utilized by the enterprises. Additionally, the authors considered the orientation of the enterprises' interests, such as mutual interest (related to members of the organization) and general interest (related to the public interest), in relation to their growth strategies. The study found that social hybrid organizations with mutual interest as part of their mission tend to use "scale-up" growth strategies, which involve significant control over expanded growth operations, such as franchising ventures. In contrast, social hybrid organizations with general interest tend to focus on "scale-out" growth strategies, which involve staying local but offering diverse services to the selected local target segment, or "scale-deep" growth strategies, which involve improving the current systems and processes of the enterprise to enhance the impact on members of the enterprise or the beneficiaries.

The study by Bauwens *et al.* (2020) highlights the crucial role of the founder's mission in determining the scaling strategies used by social hybrid enterprises to achieve growth. The study also examines how the interests and logics of social hybrid enterprises impact their scaling strategies. However, the study leaves open the question of how the evolution of the enterprise's mission is related to scaling strategies, particularly with regards to avoiding "mission drift," which is suggested by Ometto *et al.* (2019). Therefore, investigating the reverse relationship between scaling strategies and mission evolution is an important area for future research.

2.6.4 Influence of Economic Networks:

Angulo-Ruiz *et al.* (2020) conducted an important study on the internationalization of social hybrid enterprises using a dataset of small and medium-sized privately owned social hybrid enterprises in Canada. The study proposed certain boundary conditions for the internationalization of social hybrid firms, using the attention-based view as a theoretical framework and considering the role of networks, government support, and institutional isomorphism in the internationalization process. The study's findings suggest that economic network ties, such as those with suppliers, customers, and intermediaries, as well as institutional isomorphism, are likely to encourage social hybrid firms to internationalize. In contrast, social networks, such as those with friends and family, and government support are more likely to reduce the likelihood of social hybrid enterprises to internationalize.

The existing literature on the internationalization of enterprises recognizes networks as crucial for building capabilities and expanding globally (Jones *et al.*, 2011). The findings of Angulo-Ruiz *et al.*'s (2020) study align with this literature regarding the significance of economic networks for social hybrid enterprises in the internationalization process. However, the study diverges from the literature by arguing that social networks are more useful for providing locally embedded advice, making internationalization less valuable for social hybrid enterprises. The study recommends further investigation into the interplay between local economic networks and international economic networks and their impact on the internationalization process of social hybrid enterprises.

2.6.5 Concept of Reciprocity in International Social Enterprises:

In the recent literature, the focus has shifted towards exploring the role of social mission reciprocity in the internationalization of social enterprises (SEs). Evans *et al.* (2019) conducted a study that examined the impact of reciprocity on the internationalization process of small SEs with strong social missions, using the Uppsala model of internationalization. The study proposed that a strong social orientation of an SE is crucial during internationalization, as it encourages reciprocal exchange with foreign stakeholders and facilitates the process of internationalization while reducing obstacles. Based on theoretical arguments, Evans *et al.* (2019) provided evidence that a strong social mission of an SE is an effective tool to overcome difficulties such as inadequate information on the foreign market and lack of public support during the internationalization process. Their study also emphasized the need to adapt reciprocal exchanges to meet the cultural norms of the foreign market. Positive reciprocity generated by the SE's strong social mission to local stakeholders can overcome other underlying challenges that arise during internationalization.

The study of Evans *et al.* (2019) provides valuable insights into the application of the Uppsala Model of internationalization (Forsgren, 2016) in the context of SEs.

According to the U-model, organizations tend to internationalize gradually and partially in response to the lack of knowledge about foreign markets. However, the authors argue that this may not be as relevant for SEs since they can establish reciprocal relationships with foreign stakeholders, enabling them to bypass the incremental process. Therefore, the study sheds light on the potential limitations of the Uppsala Model in the SE context and highlights the importance of social mission reciprocity in facilitating internationalization.

A limitation of Evan *et al.*'s (2019) study is its focus on positive reciprocity, which raises an important question for future research. The study assumes that the actions of social enterprises are always perceived positively by local stakeholders; however, this may not always be the case. For example, AFRIPads, a social enterprise in Uganda that produces reusable and affordable sanitary pads to empower women's education and employment, may face opposition from conservative members of society who view such actions as a violation of cultural norms regarding women's roles. This can lead to negative reciprocity, an aspect that is currently unexplored in the literature. Thus, Evan *et al.* (2019) have called for further research to investigate the potential antecedents and outcomes of negative reciprocity in the internationalization process of social enterprises.

2.6.6 Institutional voids:

Markets in developing economies face several challenges, and one of the major concerns is the inability to create employment opportunities and achieve developmental goals effectively (Behrman, 1999). These issues are primarily attributed to the presence of "institutional voids," which refers to the absence of institutions necessary for the smooth functioning of markets (Khanna & Palepu, 2005). Although institutional voids are present in every country, they have a greater impact on shaping and restricting the economic growth of developing countries, according to Khanna & Palepu (2005).

The literature has recently focused on the dynamics of SE internationalization in foreign countries with institutional voids. Gupta *et al.* (2015) conducted a study to provide insights into the key capabilities required for an SE to operate in poverty and institutional voids. The study suggests that in order for an SE to achieve both financial results and social impact in the world's poorest regions, innovative ideas and solutions are necessary.

The inductive theory approach followed by Gupta *et al.* (2015) led to the development of a model that identifies five critical capabilities essential for the success of social enterprises in the context of institutional voids and resource scarcity. These capabilities include understanding the context, creating innovative products/services or market/infrastructure, establishing connections with stakeholders, engaging in education and capacity building, and building trust. The study also highlights how social enterprises employ hybridity as a mechanism to achieve both financial goals and social impact, thereby overcoming resource scarcity and institutional voids.

The study of Gupta *et al.* (2015), however, has some limitations. For instance, the number of case studies utilized was relatively small, and the semi-structured interviews were restricted to co-founders of these organizations, which might limit the generalizability of the findings. Therefore, it is recommended to test the theoretical

framework with more diverse data to gain a better understanding of the dynamics of SE internationalization in the context of institutional voids. Furthermore, the study emphasizes the need for further investigation of how social entrepreneur/managers leverage bridging institutional voids while SEs are undergoing the internationalization process.

2.6.7 Role of Government:

Veronica *et al.* (2020) conducted a study on the role of government support in the internationalization process of SEs in China, using case studies of five international social enterprises. The study revealed that the international development of SEs in China aligns with the behavioural theory of prevalence, relevance, urgency, accessibility, and radicalness proposed by Zahra *et al.* (2008). The government played a significant role in supporting the international growth of SEs, driven by their social mission. However, the study found that this support was limited to the initial stages of the social enterprises, and social entrepreneurs had to rely on external networks for their SEs to continue growing internationally. These networks included collaborations with universities for knowledge gathering, as well as collaborations with MNEs to compensate for the lack of resources.

Furthermore, it should be noted that the research by Veronica *et al.* (2020) has its limitations, such as being limited to a single geographic area (China) and having a small sample size of case studies, which may affect its generalizability. Nonetheless, the study provides valuable insights into the role of government support in the internationalization of SEs, which can serve as a starting point for investigating the challenges faced by social enterprises in New Zealand. Therefore, it is crucial to explore how the New Zealand government addresses the process of SE internationalization and whether the findings from Veronica *et al.* (2020) are applicable in the New Zealand context.

Table 2.1 provides an overview of the research gaps in the field of internationalization of social enterprises, as identified by the literature review. It serves as a starting point for the research to address these gaps and contribute to the existing literature.

Table 2.1: Research gaps and unknowns in ISE research.

<i>Internationalization behavior of SE</i>	
How does strategic focus of different ISEs differ in functional areas such as international marketing, international human resource development and what are the factors behind those?	(Yang & Wu, 2014)
How ISEs manage the varying requirements from stakeholders in different countries and why they prioritize certain stakeholders?	(Yang & Wu, 2014)
<i>Reciprocity of SE:</i>	
What can be the possible antecedents as well as outcomes for negative reciprocity while a social Enterprise internationalizes?	(Evans <i>et al.</i> , 2019)
How social aspect of SE's mission contributes to the ease of success in foreign market?	(Evans <i>et al.</i> , 2019)
<i>Internationalization of Social Hybrid Enterprises:</i>	
How does internationalization impact the social mission of Social Hybrid Enterprise and whether internationalization constitutes a large and growing part of the business?	(Angulo-Ruiz <i>et al.</i> , 2020)
How does the economic networks influence the internationalization of social hybrid Enterprise (Local economic networks verses international economic networks)?	(Angulo-Ruiz <i>et al.</i> , 2020)
How legal structure of the firm influence the internationalization of SHE (Social Hybrid Enterprise)?	(Bauwens <i>et al.</i> , 2019)
How are the resource requirements of hybrid organizations satisfied, and to what extent does hybridity influence innovative resource exploitation?	(Doherty <i>et al.</i> , 2014)
How do hybrid organizations successfully pursue conflicting objectives and secure competitive advantage?	(Doherty <i>et al.</i> , 2014)
How the organizational mission evolves together with the scaling strategy, without witnessing a mission drift?	(Bauwens <i>et al.</i> , 2019)
<i>Government support in the process of internationalization of SEs</i>	
Does the government assume a central role in the development of international social enterprise?	(Veronica <i>et al.</i> , 2020)
<i>Internationalization processes</i>	
How does entrepreneurs/managers of SEs use their cognitive qualities to frame, identify and evaluate the social opportunities across the borders?	(Alon <i>et al.</i> , 2020)
How SEs navigate the ambiguity related to the performance outcomes of internationalization? (Given that the perception of success and failure of SE is different from that of Traditional firm)	(Alon <i>et al.</i> , 2020)
<i>Institutional Voids</i>	
What are the dynamics of internationalization of SEs that operate in the country of institutional voids?	(Gupta <i>et al.</i> , 2015)

2.7 Research Questions:

The aim of this study is to explore various aspects of the internationalization process of New Zealand-based social enterprises. Based on identified gaps in the literature, the study seeks to examine key areas of international social entrepreneurship in an exploratory and open manner to contribute towards theory development.

Following the table 2c of research gaps from the previous section, below is the list research questions.

(i) Internationalization behaviour of SE (Yang & Wu, 2014)

The first research theme, drawn from the study by Yang and Wu (2014), pertains to the underdeveloped area of selecting and prioritizing stakeholders during the process of internationalization of social enterprises. This raises the following research question:

(a) How ISEs manage the varying requirements from stakeholders in different countries and why they prioritize certain stakeholders? (Yang & Wu, 2014).

(ii) Internationalization processes (Alon *et al.*, 2020).

The second area of research was drawn from Alon *et al.*'s (2020) study on internationalization processes. Alon *et al.* noted a gap in the literature concerning the cognitive abilities of social enterprise owners/managers in identifying and framing opportunities across borders to expand their operations while maintaining their social mission. This leads us to our second research question as stated below.

(b) How does entrepreneurs/managers of SEs in New Zealand use their cognitive qualities to frame, identify and evaluate the social opportunities across the borders and what is the role of technology in this process?

(iii) Internationalization of Social Hybrid Enterprises/ Mission drift (Bauwens *et al.*, 2020).

Bauwens *et al.* (2020) revealed that social enterprises can use various scaling strategies, including "Scale-up," where the parent social enterprise maintains control over expansion, and "Scale-out," where the parent social enterprise remains local but provides diverse services to a selected segment across borders. Additionally, the study highlighted the challenge of expanding social enterprises without compromising their stated social mission. Thus, our third research question is formulated as follows:

(c) How the organizational mission evolves together with the scaling strategy, without witnessing a mission drift?

(iv) Internationalization of Social Hybrid Enterprises/ Influence of Economic networks (Angulo-Ruiz *et al.*, 2020).

Angulo-Ruiz *et al.*, (2020) investigated the role of economic networks in the internationalization process of social enterprise and found that these networks play a crucial role in building capabilities necessary for cross-border expansion. Moreover, the study suggested an interesting research avenue related to the influence of economic networks on the internationalization process of social enterprise. This leads us to our next research question, which is:

(d) How does the economic networks influence the internationalization of social hybrid Enterprise (Local economic networks verses international economic networks)?

(v) Institutional Voids (Gupta *et al.*, 2015)

Institutional Voids are defined as the “The absence of institutions which helps the markets to operate effectively” (Khanna & Palepu, 2005). A study by Gupta *et al.*, (2015) highlighted the key capabilities for a social enterprise to succeed while operating the country of institutional voids. One of the areas of research identified in the study of Gupta *et al.*, (2015) was the role of social entrepreneurs in accepting the challenge of institutional voids and trying to leverage or bridge the limitation while going through the process of internationalization. This initiates our next research question as,

(e) What is the role of social entrepreneurs/Managers in bridging the institutional voids while SE is going through the process of internationalization?

(vi) Government support in the process of internationalization of SEs (Veronica *et al.*, 2020).

The final theme in the internationalization process of social enterprise was derived from the study of Veronica *et al.* (2020), conducted in China, which highlighted the role of government support in the initial stages of SE internationalization. However, the study also suggested that such support declined in the later stages of internationalization. This finding sparked our interest to investigate the nature and extent of government support for New Zealand -based social enterprises, leading us to our final research question.

(f) Does the government assume a central role in the development of international social enterprise?

Chapter 3:

Methodology:

3.1. Introduction:

The present chapter provides a detailed account of the research design used to investigate the research questions identified in the literature review. The chapter begins with an overview of the constructivist-interpretivist research paradigm, which underpins the study and shapes the research approach, as discussed in section 3.2. Section 3.3 elaborates on the research approach employed in the study, which is exploratory and qualitative in nature.

Section 3.4 provides a comprehensive description of the data samples used in the study. This section discusses different types of samplings such as purposive sampling and convenience sampling, as well as the criteria used to select cases and participants. The purpose of this section is to ensure that the data collected are representative and appropriate for the research questions being investigated.

Section 3.5 expands on the process of data collection, which involved several techniques, including semi-structured interviews, observation, and documentation as field notes. This section provides a detailed description of how these methods were applied, and the measures taken to ensure data quality and accuracy.

In addition, section 3.6 focuses on the analysis of the collected data, which involved the use of thematic analysis. This section explains the process of analyzing the data, the methods used, and the criteria applied to ensure rigor and reliability in the analysis.

Finally, section 3.7 concludes the chapter by addressing ethical considerations related to the study, such as the privacy and confidentiality of the participants and the organization. This section highlights the measures taken to protect the privacy and confidentiality of the participants and the organization, and the ethical guidelines followed throughout the research process.

3.2 Research paradigm/Design:

Because of the large number of research gaps which require an understanding of the motivations and cognitive processes of the entrepreneurs, this research employed a constructivist-interpretivist paradigm to examine the internationalization of New Zealand based social enterprises (Denzin & Lincoln, 1994). This paradigm states that there are multiple realities of the world exists and these realities are socially constructed by the individual within the world (Crotty, 1998). In constructivist-interpretivist paradigm, individual experiences are subjectively interpreted in order to gain knowledge (Schwandt, 1994). This paradigm was sought be appropriate for the study as the intention of this study was to make sense of all the participant's experiences of Internationalization of social enterprise. The constructivist paradigm is also considered to be suitable for the field of internationalization of social enterprise as the topic itself is context-specific; meaning the phenomenon can be only understood through the lens of those who are practically involved (participants) (Bryman & Bell, 2007, p.18). The

interpretive perspective allowed us to gauge the subjective meaning of the topic through social constructs such as shared meanings, tools, documents, and various other artefacts (Klein and Myers, 1999). As a limitation of the interpretive approach, bias was observed to be inherent as the researcher couldn't remove oneself or lose objectivity from the context of research (Cohen, Manion and Morrison, 2000). Awareness of this limitation was acknowledged, and the findings were crosschecked with range of data sources such as documentation, observation and quotations from the interviews.

Various research approaches are considered to be suitable for the constructivist-interpretivist paradigm. A qualitative, exploratory approach was used for researching the topic which was considered to be the most suitable for the study. The following section expands explaining this rationale.

3.3 Research approach:

According to Patton (1990), there are different approaches and methods of research used for specific studies depending on available information and the nature of research problem. In the field of entrepreneurship, qualitative research is usually preferred over the quantitative and one of the reasons is the small number of populations which makes identification harder (Neergard, 2007). Quantitative approaches also limit the deep understanding of research problem. (Creswell, 2007). In the given research, quantitative approaches are considered to be less appropriate for mainly two reasons. Firstly, the number of New Zealand based social enterprises which has gone international are very limited. Secondly, the purpose of study is to draw deep, and in-depth analysis of the challenges faced by the New Zealand based social enterprise are desired (Denzin, 1970) which makes qualitative approach more suitable for the study.

According to Morse & Richards (2002), the qualitative approach is mostly used for the purpose of developing and understanding the meaning from participants lived experiences and their own interpretations of these experiences. This study encouraged the participants to share their own experiences along with analyses and interpretation of those experiences to establish the relationship between the factors that influence the process of internationalization of New Zealand based social enterprises.

Allan (1991) noted in the study that qualitative approaches require an open and receptive mind in order to understand and comprehend new lines of enquiry. Exploratory research also delves into new lines of enquiry which are usually unknown and is usually used when the topics are in their early stages of development (Babbie, 1989). Lincoln & Guba (1985) stated that in order to develop new explanations of a research problem, the investigation needs to be conducted with minimum prior expectations and in this study the researcher has attempted to minimize any influence of the literature during the analyses of collected data.

Sometimes the qualitative approach can be criticised as it can be based on subjective interpretations. However, a systematic and long approach taken to investigate a research problem is not necessarily a limitation of the study (Allan, 1991). The use of thematic analysis and semi-structured interviews were employed to contribute to the systematic approach in this study and is explained in section 2.4 and 2.5 respectively.

3.4 Data Samples.

Sampling was used to identify the organizations and individuals who could, by analysis, deepen the understanding of challenges faced by a social enterprise while going through the process of internationalization. The study does not seek to identify any individual manager or businesses. This risk will be mitigated, and security and confidentiality will be strictly implemented in this research.

The organization chosen for the purpose of the study are New Zealand based social enterprises which have expanded overseas in terms of their operation to support a social cause. The criteria for potential organization in the list of samples was,

- (i) The organization must be social hybrid organization.
- (ii) The social hybrid organization must be New Zealand based.
- (iii) The social hybrid organization has internationalized i.e., extending their operations overseas.

Indicated by Padgett (1998) purposive sampling is commonly used in the qualitative research that involves a limited number of participants. In purposive sampling the researcher has a choice to choose the participants/respondents that they think are most appropriate in terms of certain characteristics. This study employees purposive sampling as an appropriate sample was needed to obtain deep insight (Bryman & Bell, 2007). The quality of data was required to be rich as compared to the quantity; therefore, the above-mentioned criteria was used to shortlist the potential organizations using purposive sampling. According to criteria described above, a list of New Zealand based social enterprises was created who has either fully or partially expanded their operation across the border. After creating a list, relevant in-depth information has been gathered using the sources which were available publicly. SEs which had internationalised were added to the sample list and contacted. According to the willingness of shortlisted organization to participate in the study, convenience sampling was used to select the organizations which are easily accessible and available (Bryman & Bell, 2007), and because of the disruptions caused by the COVID pandemic those in Auckland or who were able to participate by Zoom were prioritised for the final selection.

3.5 Data Collection/Interviews:

In this study, three participants were interviewed from three different social enterprises which are New Zealand based. These participants are either the founder/Owner of the social enterprise or the managers responsible for the process of internationalization of those social enterprise. The interview was conducted in regard to the key themes and constructs identified in the chapter of literature review.

Interviews are one of the methods of data collection used in qualitative research (Rubin & Rubin, 2005) where the researcher wants to gain an in-sight of reflective and deep description of experiences of participants (Johnson, 2002). Robson (1993) states that in an exploratory research in-depth interviews can provide the researcher with new insights which may not be expected before the data collection process. In this study, the primary method of data collection was in-depth, semi structured interviews and these

interviews were conducted with participants in one-to-one situation along with researcher.

The contents of semi-structured interviews consist of planned questions; however, they also allow some degree of improvisation and flexibility during the interview process (Fontana & Frey, 2000). The element of flexibility includes omitting certain questions, inclusion of additional questions in order to explore and investigate the research problem. The interview guide was used which contained potential interview questions in order to ensure that key themes and research topics are covered (see appendix 1: Sample interview Questions).

According to the guidelines provided by Bryman & Bell (2007), the interview guide contained questions appropriately ordered, the language used in the questions is appropriate to the participants and recording of the factsheet information to provide a context to the information gathered. However, in this study researcher didn't try and over prepare the guide in order to allow the ideas which are unexplored to emerge, which is in line with the study of Myer & Newman (2007).

3.5.1 Interview Process:

The participants/organizations which were selected as result of sampling were shortlisted. The shortlisted participants were approached electronically (by email) and some by a phone call. The participants were introduced with purpose and nature of the research. This was done through sending a participant information sheet (See Appendix 2) to the participants and identified whether they are willing to participate in the study. A consent form (See Appendix 3) was used for them to sign and return to the researcher. After that the interviews were arranged with the convenience of both researcher and participants. An average length of an interview was an hour.

During the interview process, the data was collected through recording of the digital recording of the interview, which was transcribed into script and use of observations and recording the key insights of the interview as a field note. The non-verbal and mental notes were also recorded by researcher and written down during and after the interview which is in line with the study of Burgess (1984) which notes that recording tapes are not the substitute for note taking in an interview process. Field notes are important to record different emotions of the participants during the answering a question on particular phenomena.

3.5.1a Observation:

According to Marshall & Rossman (1989), observation is defined as “the systematic description of behaviours, events and artefacts in a social setting which is chosen for study”. Trochim (2000) states that the findings resulted from observational research tends to be stronger in terms of validity because it facilitates the deep gathering of information with regards to the phenomena under consideration. Various journal articles and textbooks have classified observation as a method of data collection (Williamson, 2000; Powell & Connaway, 2004). In this study, the observation was also used as method of data collection. As Williamson (2000) reasoned that observation can be used as one of the methods to collect data in the research that employs interviews,

observations were used to explore the unspoken areas and aspects of the interviews within certain environments resulting in enhancement of subject under study.

Observation was limited to the context of interviews with the participants only and was supported briefly by communication with the participants before the interviews. The limited role of observation justifies its use as a data collection method rather than being used a research method as noted by Williamson (2000). Field notes were used along with observation as valuable source to create an understanding of the participants individual experiences, in line with the study of Waddington (1994).

3.5.1b Documentation (Literature Review):

According to the Morse & Richards (2002), a literature review allows the researcher to understand the theoretical underpinnings of the subject and provide an overview of the gaps in the current knowledge, thus building an argument for further research. In line with the study of Morse & Richards (2002), this study also used multiple sources of existing texts for data collection mainly journal articles and textbooks and magazines and newspapers. The data was publicly available which was obtained electronically and resources from AUT such as databases and library. Gephart & Pitter (1995) suggested in their study that documents and sources used to construct the literature review is partial representation of the subject under consideration thus literature review was used to compare the existing pattern and gaps in this study while observation and interviews were mainly used to explore the emergent themes.

3.6 Data Analysis:

This section will identify the techniques of data analysis that increase the credibility of the study and for this reason, thematic analysis was used a primary method of data analysis in this exploratory research. Thematic analysis is considered as the standard method of data analysis in the field of qualitative research and according to Braun & Clarke (2006), "it is the process of identifying, analysing and reporting patterns (themes) within the data". Mays *et al.*, (2005) noted in their book that thematic analysis can be applied to almost all the circumstances and is adaptable to various kinds of information such as interviews and journal articles. Thematic analysis can be used to analyse large amount of data gathered as a result of in-depth interviews in order to facilitate the separation of individual theme from that of participants (Braun & Clarke, 2006). These were some of the reasons that justifies the use of thematic analysis for the study.

The guiding framework for the thematic analysis was taken from the study of Braun & Clarke (2006) and is stated below,

- (i) Studying the data (reading and understanding).
- (ii) Generating codes.
- (iii) Matching themes with generated codes.
- (iv) Relating existing literature and theory to the themes.
- (v) Analysing themes and reinforcement of their interpretations with existing theory.

- (vi) Noting down (writing up) the findings.

Thematic analysis helped in addressing the research questions and drawing relevant conclusions in order to develop body of knowledge with regards to the challenges faced by New Zealand based social enterprise while they internationalize. The themes identified in the analysis facilitates the development of the blueprint of the framework that can interest policy makers and strategy developers relevant to the field of social entrepreneurship.

3.7 Ethics:

Cohen *et al.*, (2000) defined ethics as a consideration of moral issues embedded in the research. As this study involves human aspect in the form of interviews, there was a need to address the social obligations with regards to those who were affected and involved in the research. A review of ethical considerations was conducted which indicated the protection of safety and dignity of the participants involved (AUT, 2010c; Bryman & Bell, 2007). While developing this research, there were number of issues which were considered. They include informed consent, protection of privacy, confidentiality breaches and any social or physical damage caused by the topic under consideration.

To ensure that ethical standards were maintained, the study obtained approval from the Auckland University of Technology Ethics Committee (AUTECH) prior to conducting interviews. The application (AUTECH 22/60) included a plan for addressing ethical concerns and was approved on July 6th, 2022. Throughout the study, several measures were implemented to uphold ethical and moral conduct. Participants were given both written and oral information about the research, provided through a participant information sheet (located in Appendix III) and a phone call, respectively. All participants provided their consent by completing a consent form (located in Appendix IV). A final copy of the study was shared with all participants.

The interviews were only conducted after the information participant sheet were read and understood and consent form was signed. The participant information sheet and consent form were in-accordance with AUTECH's ethical principles (2010a) and included the following,

- (i) Informing participants about the research including its purpose, procedure and requirement.
- (ii) Voluntary participation and they can withdraw from the study at any time.
- (iii) Risk involved.
- (iv) Use of recording device (digital or tape recorder).
- (v) The protection of their privacy and confidentiality through using the code names.

Chapter 4:

Findings:

4.1 Introduction:

The current chapter presents the results obtained from the interviews conducted with owners/managers of social enterprises in New Zealand. The chapter is divided into several sections, with section 4.2 providing a brief introduction to each case firm and its respective respondent. It contains information on the nature of the case firms and their industry of operation, as well as the time of internationalization.

Section 4.3 describes the process used to analyze the interview transcripts, including the use of thematic analysis. This section provides insights into the methodology employed to identify common themes across the interviews and analyze the data accordingly.

Subsequently, sections 4.4 through 4.9 present the findings for each research question, organized into themes identified in the literature review. These sections provide an in-depth analysis of the data collected from the interviews, offering contextualized information related to the research questions.

Overall, this chapter presents a comprehensive analysis of the data collected from the interviews, providing valuable insights into the experiences and perspectives of social enterprise owners/managers in New Zealand. The results are presented in an organized and structured manner, offering a detailed understanding of the themes that emerged from the interviews in relation to the research questions. Following are the questions which were identified in the chapter of literature review i.e.

- How ISEs manage the varying requirements from stakeholders in different countries and why they prioritize certain stakeholders? (Yang & Wu, 2014).
- How does entrepreneurs/managers of SEs in New Zealand use their cognitive qualities to frame, identify and evaluate the social opportunities across the borders and what is the role of technology in this process? (Alon *et al.*, 2020).
- How the organizational mission evolves together with the scaling strategy, without witnessing a mission drift? (Bauwens *et al.*, 2020).
- How does the economic networks influence the internationalization of social hybrid Enterprise (Local economic networks verses international economic networks)? (Angulo-Ruiz *et al.*, 2020).

- What is the role of social entrepreneurs/Managers in bridging the institutional voids while SE is going through the process of internationalization? (Gupta *et al.*, 2015).
- Does the government assume a central role in the development of international social enterprise? (Veronica *et al.*, 2020).

4.2 Case firms:

The study focuses on social enterprises based in New Zealand that have expanded their operations internationally to support a social cause. The sample selection criteria require that the organizations:

- (i) Be social hybrid organizations.
- (ii) Be based in New Zealand.
- (iii) Have extended their operations overseas.

Convenience sampling was used according to the willingness of shortlisted organizations (Bryman & Bell, 2007) and following organizations were interviewed for the purpose of collecting data.

4.2.1 Organization A:

Established in 2016 as a clothing brand in Auckland. Organization A is a social enterprise that focuses on transparency, circularity, regeneration, and inclusion. Their primary goal is to have a positive, regenerative impact on the environment, and they believe in a system that benefits all stakeholders, not just shareholders.

The brand experienced rapid commercial success, with another major clothing brand purchasing their debut collection just six months after launch. Other wholesale platforms quickly followed, and their pieces were even worn by famous personalities like Meghan Markle and Gigi Hadid. Additionally, the owner/founder was nominated for the prestigious LVMH prize.

In 2020, Organization A expanded their reach internationally, launching in Australia and establishing some of their production operations in Bangladesh. Their core values of transparency, circularity, regeneration, and inclusion were emphasized in their marketing slogan. During our research, we had the privilege of interviewing the owner/founder of the organization and gathering valuable data to address the research questions identified in the previous chapter.

4.2.2 Organization B.

Since the establishment in 1973 in New Zealand, Organization B has been a social enterprise dedicated to promoting fairness in global trade. They partner with small-scale food and craft producers from different parts of the world, working with them to support their livelihoods and promote sustainable practices. At the same time, the aim is to educate consumers in New Zealand about the importance of fair trade, encouraging

them to join the organization B in creating a world where fairness in trade is a fundamental value.

For over 48 years, Organization B has been a leading wholesaler of exquisite crafts and organic food products to numerous Kiwi businesses. They have created what they describe as a close-knit family of fair-trade businesses that prioritize the welfare of people above all else. They believe in the importance of knowing who makes their products and ensuring that they are treated with dignity and respect. Their fair trade whānau consists of like-minded Kiwi businesses that share common values and are committed to promoting fairness in global trade.

They currently obtain their products, which are made by hand, organic, and ethically traded, from 59 different organizations that they work with in various regions such as Africa, Asia, Latin America, Palestine, and the Pacific. An interview was conducted with one of the senior managers involved in the international coordination process within the organization.

4.2.3 Organization C.

Specializing in men's garments, Organization C is a social hybrid organization that is fully owned and operated in New Zealand. They meticulously choose and acquire premium-quality environmentally friendly materials from recognized suppliers, ensuring that only the finest items are used in crafting their collection with greater focus on sustainability.

Organization C started their operations in 2017 with the goal to create high-quality urban wear using sustainable materials, all while keeping their prices competitive in the market. They take pride in our environmentally friendly manufacturing and crafting processes.

They have expanded their operations in 2020 across the border and launched some of their manufacturing processes in Pakistan. An interview was conducted with one of the co-owners of organization C to delve into the possibilities of international expansion while considering their social agenda centred around "sustainability."

4.3 Transcript Analysis.

Thematic analysis was used to analyse the transcripts of three interviews and field notes. Each interview question was linked to relevant information to develop codes. After coding all data, codes with similar meanings were grouped together, resulting in six themes that represented each research question. This method was in line with the approach used in the study of Braun and Clarke (2006) for thematic analysis.

Braun and Clarke (2006) offer a systematic approach to thematic analysis, which was employed in this study. This approach enables the identification and comprehension of recurring patterns or themes within qualitative data, aligning them with the patterns identified in the literature review. By following this process, the analysis ensures an accurate representation of the data and enhances the clarity of the themes through appropriate naming. The final report presents these identified themes, supported by pertinent quotes or examples, thereby providing a comprehensive overview of the findings. Thematic analysis, guided by Braun and Clarke's framework, is a valuable

method for effectively analyzing qualitative data and revealing the key themes that emerge from interview discussions.

This chapters highlights the finding of the study in six different research questions explored in the interview process. These are supported by the quotations of the participants which legitimize the findings. This process allows us to synthesize the themes along with qualitative understanding of analysis.

Three participants were interviewed named as participant 1, participant 2 and participant 3 from Organization A, organization B and organization C respectively. As the criteria set out in the chapter of Methodology, these participants are either the founder/Owner of the social enterprise or the managers responsible for the process of internationalization of those social enterprise. The findings emerged from those interviews are as follows.

4.4 Research Question 1: (Internationalization behaviour)

How ISEs manage the varying requirements from stakeholders in different countries and why they prioritize certain stakeholders? (Yang & Wu, 2014).

This question was identified from the study of Yang and Wu (2014) and there are two main findings under this research question. These are explained as follows,

4.4.1 Products/Service transactions between the countries:

According to the study conducted by Yang and Wu (2014), for-profit ISEs tend to focus on transactions of products or services across countries, whereas not-for-profit ISEs are primarily involved in one- way delivery of aid across countries.

In our study, all the case firms identified as for-profit social organizations based in New Zealand, were found to have expanded their operations across borders. During this process, they focused on transactions that not only generated financial profit but also aligned with their social mission. As one of the participants mentioned,

“I think that if you want to build a large company that really makes a difference, you have to go global”. (Participant 1, organization A)

Another participant suggested,

“Massive gap in the quality of leather products – Source the material from country X. Already a big leather industry”. (Participant 3, organization C)

The quotes imply that for-profit ISEs prioritize engaging in transactions that would allow them to expand their operations across borders and generate financial gain, while also adhering to their social mission and values. This finding aligns with the first proposition of Yang and Wu's (2014) study, which posits that for-profit ISEs primarily engage in bi-directional transactions across countries.

4.4.2. Selecting and Prioritizing stakeholders:

Our first research question, which was based on the gap identified by Yang and Wu (2014), was related to the stakeholder prioritization of ISEs during internationalization. Consistent with the findings of our study, all the participants highlighted that their

organizations prioritize stakeholders who share the same values and goals towards their social mission. One of the participants quoted,

“We follow a strict selection criterion for our suppliers such as we only select suppliers that align with the values of (Organization C). We look at suppliers that share the same goals in terms of reducing their carbon footprints and sustainable products” (Participant 3, organization C).

Another participant quoted,

“We have specific supplier code of conduct for our manufacturing supply chain and that really determines the types of partners that we work want to work with”. (Participant 1, organization A).

Third participant answered the same question as,

“So, the criteria is basically that in fair trade principles of the world fair Trade” Organization.” (Participant 2, organization B).

Based on these quotes, it appears that some New Zealand -based ISEs prioritize partnering with stakeholders who share their social mission and values when expanding internationally.

4.5. Research question 2: (Internationalization processes)

How does entrepreneurs/managers of SEs in New Zealand use their cognitive qualities to frame, identify and evaluate the social opportunities across the borders and what is the role of technology in this process? (Alon *et al.*, 2020).

Following are some quotes noted in the interview.

“Country X has a large consumer of Meat industry; we specifically want to use the by-products from the meat industry that meet our standards and ensure no waste is incurred.” (Participant 3, organization C).

“Different geographical regions have different natural resources and different flavour profiles to their food products.” (Participant 2, organization B).

The research aimed to explore how New Zealand -based ISEs expand internationally and why they choose certain countries over others. The responses from the participants align with the research conducted by Zahra, Gedajlovic, Neubaum, and Shulman (2009), indicating that social entrepreneurs rely on their cognitive abilities to identify and pursue social opportunities beyond national borders by mobilizing the required resources. The participants cited specific reasons for selecting a country, such as a large consumer base in the meat industry or the unique natural resources and flavour profiles of different regions.

The quotes from our participants suggest that the owners/managers of New Zealand -based ISEs were able to recognize and leverage social opportunities across borders while staying true to their social mission. For instance, Organization C's mission of sustainability was reflected in their decision to select a country with a large meat industry and use their by-products to prevent waste. Similarly, Organization B's commitment to fair trade was evident in their consideration of geographical regions

with unique natural resources and flavour profiles. Therefore, we can conclude that these ISEs' international business model aligns with their owners' vision of identifying and pursuing opportunities across countries to achieve their social mission. This finding supports the research of Zahra *et al.* (2009) that highlights social entrepreneurs' cognitive abilities to identify and pursue social opportunities across borders.

4.6. Research Question 3: (Mission Drift)

How the organizational mission evolves together with the scaling strategy, without witnessing a mission drift? (Bauwens *et al.*, 2020).

Participants in our study emphasized the importance of managing the risk of mission drift associated with scaling strategies. One participant from Organization C highlighted the significance of investing in HR systems and processes to ensure that the organization's values are reaffirmed and shared by its employees:

"You invest in HR systems and Processes and people to ensure that our values are reaffirmed and ensure that they hold on to the same vision as us". (Participant 3, Organization C)

Similarly, another participant from Organization A emphasized the importance of building the team and business in the right way to safeguard the founding mission and values:

"You're building the team and the business in the right way and hopefully I'll have the right people around me though also sharing, you know, the founding mission and values". (Participant 1, Organization A)

Another participant from Organization B acknowledged that managing the risk of mission drift is a challenge for any business and that social enterprises need to be particularly adept at understanding the social impact they want to create and measuring whether they are still achieving it after making changes in their business:

"I guess it's a risk for any business as it's an added complexity for social enterprises who have to be really good at understanding the social impact they want to create, and measuring whether they are still creating it when they create changes in their business". (Participant 2, Organization B)

Overall, the responses from the participants suggest that managing the risk of mission drift is a crucial consideration for New Zealand-based ISEs as they expand internationally. Investing in human resources and building a team with shared values are some ways in which these ISEs can manage this risk. The aforementioned results are consistent with the research carried out by Ometto and colleagues in 2019, which also emphasized the importance of organizational culture and human resource management in preserving mission coherence while scaling up.

Ometto *et al.* (2019) posited that social enterprises are prone to mission drift when scaling up, leading to employee pressure. They suggested two strategies to mitigate this risk and manage mission drift: "structural underpinning" and "emotional celebration." The former involves formalizing positions to provide attention to various structural components, while the latter entails acknowledging employee achievements through celebratory events and rituals to bolster emotional commitment. According to Ometto *et al.* (2019), implementation of these strategies can mitigate mission drift risk during the

scaling up process for social enterprises. Our study found that New Zealand -based ISEs recognize the potential for mission drift when expanding globally, consistent with Ometto *et al.* (2019) findings. Our participants emphasized that investing in human resources is a crucial strategy for managing the risk of mission drift when scaling up.

4.7 Research question 4: (Economic Networks)

How does the economic networks influence the internationalization of social hybrid Enterprise (Local economic networks verses international economic networks)? (Angulo-Ruiz *et al.*, 2020).

The inspiration for this research area came from Angulo-Ruiz *et al.*'s (2020) study, which explored the factors that influence the internationalization of social hybrid firms. The study highlighted the role of economic networks as one of the important underlying factors in the process of expanding overseas. It suggested that existing economic networks increase the chances of social hybrid firms to internationalize as they tend to leverage these economic network ties.

Our fourth research question aimed to explore the role of economic networks in the internationalization process of New Zealand based ISEs. The participants were asked about the involvement of any external economic network that played a significant role in their overseas expansion. While the majority of the participants did not indicate any influence of economic networks, there was one participant who reported the importance of leveraging economic network ties during the internationalization process.

The response is as follows,

“Connecting with international partners and I would say throughout existing networks, you know, that slowly open sort of more doors to different suppliers and relationships”. (Participant 1, Organization A)

The statement provided by a participant from Organization A aligns with the findings of Angulo-Ruiz *et al.* (2020), which emphasize the significance of existing economic networks in identifying and pursuing opportunities in international markets.

Although other participants did not remember receiving any support or encouragement from their current economic networks to expand their operations overseas, they demonstrated a strong understanding of the opportunities that aligned with their social objectives, which ultimately became a driving force for their expansion. This finding is consistent with the previous research question that highlighted the cognitive abilities of social entrepreneurs to identify and capitalize on social opportunities across borders, as discussed in the study by Alon *et al.* (2020).

4.8 Research question 5 (Role of entrepreneur in bridging the institutional voids)

What is the role of social entrepreneurs/Managers in bridging the institutional voids while SE is going through the process of internationalization? (Gupta *et al.*, 2015).

The basis for this research question stemmed from Gupta *et al.*'s (2015) study, which aimed to pinpoint the crucial capabilities that a social enterprise needs to thrive in the face of extreme poverty. Their research resulted in a proposed model consisting of five key capabilities that social enterprises can utilize to conquer the challenge of institutional voids and extreme poverty while generating financial returns.

Our fifth research question aimed to explore whether New Zealand -based International Social Enterprises (ISEs) operate in countries with a higher risk of institutional voids and, if so, how they manage this challenge.

All participants in the study reported that the New Zealand -based ISEs selected for the research operate in countries where the risk of institutional voids is high such as Africa, Pakistan and Bangladesh. While none of them had experienced any disruption in their operations due to the effects of institutional voids, such as political instability, they confirmed their readiness to handle any unforeseen circumstances and provide support to their partners in case of any adverse events. The following are some of the quotes from the participants:

“If due to any reason our suppliers are unable to meet the contract obligation, our vendor support team engages with them and offer any support, if we can overcome the issues”. (Participant 3, Organization C).

Another participant quoted,

“I would probably say like supporting our partners and working with them rather than just say it's risky for the business and pulling out.” (Participant 1, Organization A).

The quotes indicate that New Zealand -based social enterprises have established a strong rapport or “Connections” with their stakeholders across countries, providing reassurance of their presence in the event of any unavoidable circumstances. This ability to comprehend the local situation gives them a better chance of successfully operating their businesses across countries. As stated by one of the participants:

“It's just about being understanding of their local situation.” (Participant 2, Organization C)

This finding is in line with Gupta *et al.*'s (2015) study, which highlighted the crucial capability of "cultivating connections" with various stakeholders for the success of social enterprises in challenging environments. Among all the other key capabilities, "cultivating connections" is an essential capability identified in New Zealand -based ISEs operating across borders, particularly in countries with a high risk of institutional voids.

4.9. Research question 6: (Role of Government)

Does the government assume a central role in the development of international social enterprise? (Veronica *et al.*, 2020).

The basis for this research question was Veronica *et al.*'s (2020) study, which examined the role of government in supporting the internationalization of social enterprises in any form. The study focused on five social enterprises operating in a Chinese city that had undergone internationalization and evaluated the role of the Chinese government in facilitating the internationalization process.

Our sixth research question aimed to investigate the role of the New Zealand government in supporting the selected New Zealand -based ISEs as they shifted at least some of their operations overseas. The participants were queried about any assistance provided by the government during this process.

Following are some of the responses from the participants,

“MBIE (Ministry of Business, Innovation and Employment) has some excellent tools and resources available on their website which was good starting point. it assisted with gathering minimum requirements for consumer protection New Zealand.” (Participant 3, Organization C).

Another participant quoted,

“We were getting government funding then (to provide capacity building funds for our trading partners) so I’m not sure how many years it had been going for and we probably stopped getting government funding in about 2015”. (Participant 2, Organization B).

The participant from Organization C quoted the importance of initial support by adding,

“For the start, these tools (MBIE) were very important as it put us on the right track.” (Participant 3, Organization C)

The quotes suggest that the organizations received some form of initial support from the government to commence their operations overseas. However, this support diminished over time, which is consistent with the findings of Veronica *et al.*'s (2020) study.

Veronica *et al.*'s (2020) study highlights that government support is primarily limited to the initial stages of growth, and for further development of ISEs, entrepreneurial skills and networks play a crucial role. Our findings were consistent with this, as the New Zealand -based ISEs initially utilized the available public platforms for support and later relied on capitalizing on opportunities overseas to ensure the smooth running of their offshore operations, as noted by Alon *et al.* (2020).

Chapter 5:

Discussion and Conclusion:

5.1 Introduction.

This chapter presents a detailed discussion of the research findings obtained from analysing quotes provided by research participants in response to the research questions. The focus of this study is on New Zealand -based social enterprises and their process of internationalization. The aim of this research was to consolidate the gaps identified in various studies related to social enterprise internationalization and apply them to the context of the New Zealand social enterprise sector. This study is the first of its kind to investigate the internationalization strategies of New Zealand -based Impact-driven Social Enterprises (ISEs). Specifically, the aim was to comprehend the processes and factors that prompted these organizations to venture into international markets. This research was conducted with the objective of contributing to the limited literature on the internationalization of social enterprises and offering valuable insights for ISEs seeking to extend their impact beyond the borders of New Zealand. Therefore, this study is unique in that it focuses specifically on the experiences of New Zealand ISEs and their internationalization efforts.

This study has facilitated the development of a comprehensive understanding of the processes associated with the internationalization of social enterprises based in New Zealand. By addressing the gaps identified in previous studies and analyzing their specific impact on social enterprises operating in New Zealand, valuable insights have been obtained. These processes include factors that influence the selection of stakeholders during cross-border expansion, the reliance of social entrepreneurs on their networking abilities during the expansion process, the risk of mission drift, the importance of economic networks, and the role of the government. The research provides a significant contribution to the examination of the internationalization of social enterprises, shedding light on important processes involved in this context.

The following is a summary of the key findings, organized by research question. Additionally, a reflection will be provided on how these findings contribute to existing theories concerning the internationalization of social enterprises based in New Zealand.

5.2 Discussion of the key themes identified alongside with answering research questions:

5.2.1 How ISEs manage the varying requirements from stakeholders in different countries and why they prioritize certain stakeholders? (Yang & Wu, 2014).

The research question examined in this study pertained to the internationalization behaviour of social enterprises, primarily referencing Yang and Wu's (2014) exploratory study on the internationalization processes of social enterprises. Their study focused on identifying differences in the internationalization behaviour of for-profit and not-for-profit social enterprises. One of their key propositions was that for-profit social enterprises tend to engage in two-way transactions as part of their internationalization process. This means that these enterprises expand their operations across borders in order to achieve financial benefits while still maintaining their social mission.

During the research, emphasis was placed on New Zealand-based social enterprises that were predominantly profit-driven. It was observed that these enterprises, as they expanded globally, engaged in bilateral transactions, allowing them to identify and capitalize on financial opportunities while maintaining their social objectives. In the preceding chapter, relevant quotes from the study participants were shared, affirming the conclusions drawn. These findings align with Yang and Wu's (2014) proposition regarding the involvement of for-profit social enterprises in two-way transactions during the internationalization process.

In addition to investigating the two-way transaction mode associated with for-profit social enterprises, the first research question focused on addressing a research gap identified in Yang and Wu's (2014) study. The objective was to explore how social enterprises based in New Zealand select and prioritize stakeholders as they operate on an international scale. Analysis of the interview transcripts revealed that these enterprises tend to give priority to stakeholders who share their social values and mission. The participant quotes presented in the previous chapter supported this finding. Consequently, it can be concluded that certain social enterprises based in New Zealand prioritize stakeholders who align with their social values and mission during the internationalization process. These findings contribute to the broader understanding of the international behaviour of social enterprises in New Zealand

5.2.2 How does entrepreneurs/managers of SEs in New Zealand use their cognitive qualities to frame, identify and evaluate the social opportunities across the borders and what is the role of technology in this process? (Alon *et al.*, 2020).

Our second research question was focused on the theme of international processes and was inspired by Alon *et al.*'s (2020) study. Their study identified various research frontiers related to how social enterprises internationalize. One of the frontiers, they suggested was the need to identify the cognitive qualities of social entrepreneurs that enable them to identify and evaluate potential social opportunities across borders, and effectively capitalize on them.

Our study provided an opportunity to investigate how social entrepreneurs or managers of New Zealand -based social enterprises frame opportunities to expand their operations overseas. Our analysis of the transcripts led us to conclude that the opportunity identification of New Zealand -based social entrepreneurs is heavily influenced by their social mission and its transformation into a business model.

Through a thorough examination of the interview transcripts, it was discovered that all participants in the study actively engaged in recognizing and capitalizing on social opportunities that aligned with their social values and mission. This particular observation is noteworthy in the context of social enterprises' internationalization processes and constitutes the second central theme of our research. Relevant quotes from the study participants, included in the previous chapter, provide additional support to this finding. Our study's findings align with the conclusion drawn by Zahra *et al.* (2009) that the business model of a social enterprise is based on the social entrepreneur's ability to identify social opportunities across borders.

5.2.3 How the organizational mission evolves together with the scaling strategy, without witnessing a mission drift? (Bauwens *et al.*, 2020).

Our third research question was derived from Bauwens *et al.* (2020) study, which focused on the theme of mission drift and its association with the expansion of social enterprises across borders. Specifically, the study of Bauwens *et al.* (2020) analyzed three social enterprises in the renewable energy industry and examined how their growth strategies impacted their founding mission.

As part of the research, an investigation was conducted on this phenomenon within social enterprises based in New Zealand. Participants were queried about their preparedness for mission drift as they expanded into new geographical territories and how they planned to mitigate the associated risks while scaling their operations. Upon analysis of interview transcripts with owners/managers of New Zealand based social enterprises, it was discovered that all participants recognized the potential risk of mission drift associated with expanding their operations internationally. They suggested that investing in their existing human resources could help mitigate this risk. In summary, this theme highlights that the individuals responsible for the management of New Zealand -based ISEs are cognizant of the potential for mission drift as they expand their operations overseas. They recognize that investing in their human resources can help mitigate this risk. Therefore, it can be concluded that the study suggests that these individuals are taking proactive steps to manage the risk of mission drift associated with international expansion. This finding aligns with the research of Ometto *et al.* (2019), who proposed that the additional pressures on human resources during expansion could contribute to mission drift in social organizations. Ometto *et al.* (2019) also recommended strategies such as structural underpinning and emotion celebration to minimize the risk of mission drift, which were briefly discussed in the previous chapter.

5.2.4 How do the economic networks influence the internationalization of social hybrid Enterprise (Local economic networks verses international economic networks)? (Angulo-Ruiz *et al.*, 2020).

This research question was derived from the study conducted by Angulo-Ruiz and colleagues (2020) which forms the basis for our next theme, the role of economic networks in the internationalization of social enterprises. The study examines the various factors that affect the internationalization of social hybrid organizations, with a particular emphasis on the role of existing economic networks. The study concludes that leveraging existing economic connections can increase the likelihood of social hybrid firms to expand internationally.

Our investigation explored the impact of existing economic networks on the international expansion of New Zealand -based ISEs. Upon analyzing interview transcripts, it became apparent that not all organizations relied heavily on economic networks for expansion. Instead, the primary driver for overseas expansion was framing opportunities in line with the social mission of the enterprise.

Based on this observation, it can be inferred that although the current economic networks have the potential to facilitate the overseas expansion of New Zealand-based ISEs, the absence of such networks does not necessarily discourage these enterprises from venturing into international markets. This finding is consistent with the study of Zahra *et al.* (2009), which suggests that social enterprises can still pursue cross-border opportunities aligned with their social mission, even in the absence of a robust economic network. Clearly there are still issues to research to understand in what

context networks are important, or to better understand what are the contributing factors which enable their value to be exploited by ISEs. In the New Zealand context, they did not appear to play a vital part, but this was with a small sample of firms.

5.2.5 What is the role of social entrepreneurs/Managers in bridging the institutional voids while SE is going through the process of internationalization? (Gupta *et al.*, 2015).

The fifth research question was derived from Gupta *et al.*'s (2015) study on social hybrid enterprises operating in extreme poverty. The study focused on two social enterprises in Africa, and through interviews, identified five key capabilities that social hybrid organizations must possess to operate successfully in challenging environments.

Our fifth research question aimed to explore whether the selected New Zealand based ISEs operate in countries with a high likelihood of institutional voids and, if so, how they successfully cope with this challenge while expanding and operating overseas. This research question focused on investigating the relevant strategies employed by New Zealand based ISEs to address institutional voids.

Through the analysis of data and transcripts, it was discovered that establishing connections with overseas partners is a key strategy employed by owners and managers of New Zealand-based ISEs to effectively operate within the framework of institutional voids. The entrepreneurs have successfully reassured their overseas partners that they will receive help and support in case of any unforeseen situation. The participants' quotations provided in the previous chapter illustrate that New Zealand social entrepreneurs are conscious of their local situation and are willing to offer assistance to their overseas partners. This confirms one of the key capabilities mentioned in Gupta *et al.*'s (2015) study, which is "Cultivating Connections". Our conclusion under this theme is that cultivating connections is one of the essential strategies employed by New Zealand based ISEs to operate in a challenging environment, which is consistent with the findings of Gupta *et al.* (2015).

5.2.6 Does the government assume a central role in the development of international social enterprise? (Veronica *et al.*, 2020).

The final research question in this study was inspired by Veronica *et al.*'s (2020) investigation of the central government's role in the internationalization of social enterprises in China. This inquiry guided our investigation of the role of government in facilitating the international expansion of New Zealand -based social enterprises, constituting the final theme of our research.

Through the analysis of data, it was discovered that New Zealand based social enterprises receive some form of support from the government during the initial stages of their internationalization process. Evidence provided by the participants in the previous chapter suggests that one of the selected social enterprises received financial assistance from the government to expand their operations and pursue their social mission overseas, although this support was discontinued in the last decade. Other participants mentioned the availability of guidelines to help them meet the initial requirements, but there was no significant indication of ongoing government support.

Our study has confirmed that the central government provides limited support in facilitating the internationalization process of New Zealand -based social enterprises. This support is basic and mostly limited to the initial stages of growth, which aligns with the findings of Veronica *et al.* (2020). However, it was also discovered that New Zealand-based ISEs possess the capability to leverage their cognitive abilities and entrepreneurial skills in order to identify social opportunities in other countries, establish hybrid business models, and operate with a notable degree of success. This finding is consistent with previous research conducted by Alon *et al.* (2020) and Zahra *et al.* (2006).

5.3 Final conclusion:

Social enterprises are important because they offer a flexible and innovative approaches to addressing complex social and environmental problems that traditional businesses and governments may not be equipped to handle. Additionally, they can create jobs and promote sustainable economic growth while generating positive social and environmental impact. The European Commission found that social enterprises employ over 11 million people in Europe and generate over €200 billion in annual revenue, demonstrating their potential to contribute to social inclusion and economic development. Social enterprises also drive innovation in business and social sectors by creating new business models and inspiring traditional businesses and governments to adopt more socially and environmentally responsible practices. Overall, social enterprises are a crucial part of the broader social and environmental movements due to their triple bottom line approach and focus on creating positive change (Mair and Martí, 2006; European Commission, 2017; Austin *et al.*, 2006).

Understanding the process of internationalization in social enterprises holds significant importance due to various reasons. Firstly, it allows for the identification of opportunities and challenges associated with expanding into new markets, enabling social enterprises to make informed decisions and adjust their strategies according to local contexts (Dacin *et al.*, 2010). Secondly, policymakers and stakeholders can use this understanding to create an enabling environment for social enterprises through the development of policies and the allocation of resources that promote cross-border collaboration and trade (Grunberg and Mair, 2017). Thirdly, internationalization helps in generating knowledge and best practices for effective strategies in social enterprise expansion, facilitating shared learning and development of more effective approaches (Chell *et al.*, 2016). Lastly, studying the internationalization of social enterprises contributes to the broader academic and policy debates on the role of social enterprises in creating positive social and environmental impact, providing insights into their operations and contributions towards global goals (Mair and Martí, 2006).

Our study has provided a detailed insight into the internationalization of social enterprises based in New Zealand. Gaps in prior research have been identified and their impact on social enterprises operating in New Zealand has been explored, leading to the development of a comprehensive understanding of the involved processes. Our findings highlight various factors that influence stakeholder selection, the crucial role of networking abilities for social entrepreneurs, the potential risk of mission drift, the significance of economic networks, and the impact of government support. Overall, the

research significantly contributes to the understanding of internationalization in social enterprises and sheds light on important processes involved in this context.

5.3.1 Implication for Theory:

This study presents a significant contribution to the current literature on the internationalization of social enterprises by bridging gaps in prior research. Through interviews conducted with social enterprises in New Zealand, several essential considerations were identified that social entrepreneurs should take into account when pursuing international expansion. One contribution was to synthesise together important processes critical to the successful internationalisation of ISEs together and examine their relevance in the New Zealand context. These include factors that influence stakeholder selection, the importance of networking skills, the risk of mission drift, the role of economic networks, and government involvement. Alon *et al.* (2020) argue that the current frameworks of International Business (IB) may not be entirely applicable to understanding the internationalization processes and procedures of Social Enterprises (SEs). They contend that to effectively analyse the complexities involved in SE internationalization, adjustments to existing frameworks are necessary. Our exploratory study serves as a foundational step towards developing a comprehensive framework that outlines the entire process of internationalization for social enterprises. The proposed framework aims to provide insights into the unique characteristics of SEs and the challenges they face in their internationalization journey, which can aid in the development of targeted strategies and policies to facilitate the growth and success of SEs on a global scale. Figure 5.1 provides a clear and informative representation of the internationalization processes of New Zealand-based social enterprises. These processes can be further explored in relation to existing internationalisation frameworks, such as the Upsalla model, where in the context of this study the importance of government support in the early stage of the establishment chain were found to be important, and the learning role of working with stakeholders and identifying opportunities was found to be of more importance than the role of existing economic networks. In particular the issues examined in this study are important for the learning process within the Upsalla model and support the idea that this process can be enhanced in terms of depth and speed because of the links between the ISE and their overseas partners, but this would require further study.

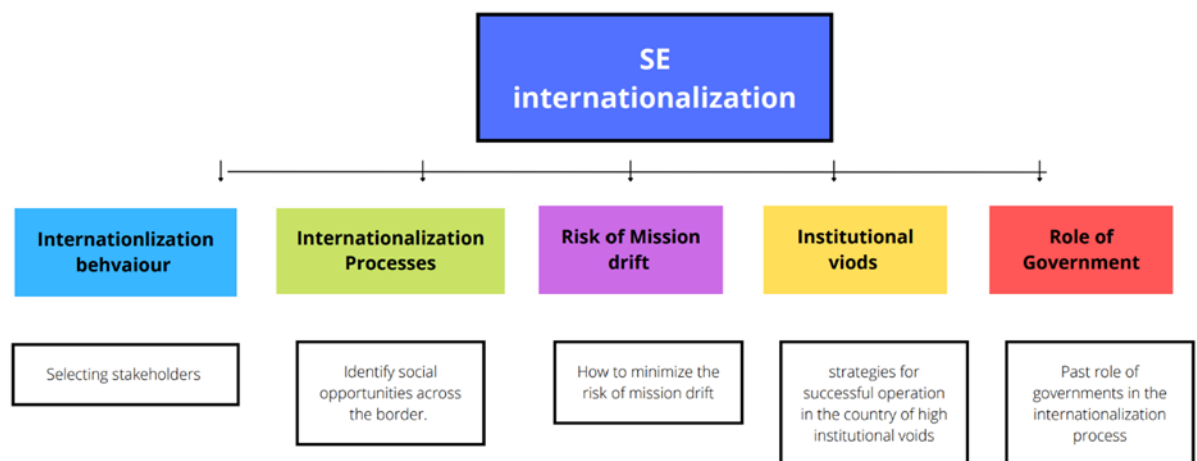


Figure 5.1 (Internationalization processes of Nz Based S.E)

5.3.2 Implication for Practice:

For social enterprise managers, there are two critical areas of consideration when expanding internationally: The first is the recognition and investment in human resources to minimize additional pressure on employees during the expansion process. As one of the participants in the interview quoted,

“You have to make sure that you recognize the most important resource of the organization which is the team around you, in one or another way”. (Participant 3, Organization C).

According to Ometto *et al.*'s (2019) study, social enterprise human resources face additional pressure during international expansion, making it essential for managers to have strategies in place to manage this risk effectively.

Secondly, in countries with high institutional voids, managers must develop connections with local stakeholders, which is a crucial determinant of a social enterprise's success. Gupta *et al.*'s (2015) study emphasizes the importance of cultivating these connections to enable social enterprises to thrive in challenging environments. Thus, managers must understand the significance of building these local connections and invest time and resources in developing and maintaining them.

5.3.3 Implications for New Zealand policy makers:

The research highlights important implications for New Zealand policymakers regarding their role in supporting social enterprises during their internationalization journey. Our findings reveal that while the government currently offers a strong initial set of tools and some financial assistance, this support tends to diminish as social enterprises expand overseas.

To tackle this matter, it is recommended that policymakers not only enhance support for early-stage internationalization but also prioritize ongoing assistance for social enterprises even after they have expanded internationally. This support should extend beyond financial aid and encompass knowledge-sharing and risk-sharing initiatives designed for selected New Zealand social enterprises aiming to extend their operations beyond domestic borders.

5.4 Limitations and Future research:

This study utilized a qualitative approach to inquiry, which has certain limitations in terms of methodology. The use of convenience sampling, coupled with a relatively small sample size, may limit the ability to generalize findings beyond the context of New Zealand -based social enterprises. However, the primary objective of this study was to provide an in-depth examination of the factors and processes related to internationalization. As such, the limitation of generalizability may be mitigated to some extent.

The study used a qualitative approach, which may have some methodological limitations. For instance, the use of convenience sampling and a small sample size may limit the generalizability of the findings, even within the context of New Zealand -based social enterprises. Additionally, the limited use of observation may reduce the validity of the results. The study can also be criticized for not using random sampling, larger sample size, and multiple data collection methods to enhance the rigor of the findings.

As the study is exploratory in nature, it is possible that the exploration of research questions from the literature review may have influenced the analysis of data, which is another limitation of the study. However, the authors were aware of this limitation and took steps to mitigate any bias arising from their personal worldview.

In terms of future research, expanding the sample size could potentially uncover new themes related to the internationalization of social enterprises. Additionally, as previously stated in the implications for practice, further investigation into the role of government could lead to the development of a framework that social enterprises can use to acquire necessary information and knowledge to expand their operations confidently and appropriately across countries.

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Appendix I: Indicative interview Questions:

Indicative Questions.

The semi-structured interview frame has questions in sections which relate to the theoretical concepts being explored. The key reference to the theoretical perspective examined is linked to the literature review with the key reference.

Introductory questions

Can you tell me how your business developed, what its goals are, and what made you decide to internationalise?

1. Internationalization Behaviour of SE (Yang & Wu, 2014).

- Considering you operate overseas –
 - o How did you select the local stakeholders you work with?
 - o How do you manage varying requirement from different stakeholders and how do you prioritize certain stakeholders?

2. Internationalization Processes - This question reflects how entrepreneurs/ Managers of SEs in New Zealand use their cognitive ability to frame, identify and evaluate social opportunities across the border. (Alon *et al.*, 2020).

- Why have you chosen the particular country/ies you operate in? How can you achieve your social mission in this country?
- What was the role of technology (social media) in the process of selecting the specific country/ies?

3. Mission Drift (Bauwens *et al.*, 2020).

- Do you think that as you scale overseas your organisation might be prone to mission drift and lose its focus on your social goal?

4. Economic Networks (Angulo-Ruiz *et al.*, 2020).

- What was the role of economic networks, for example local chambers of commerce or supplier organisations, in the process of expanding overseas?


5. Role of entrepreneur in bridging the institutional voids (Gupta *et al.*, 2015).

- If there is lack of political stability or lack of security in the country you have internationalised to, and how did you cope with it?
- How did you cope with institutional voids, where there is a lack of functioning local institutions for example, where you operate overseas?

6. Role of Government, (Government can play a central role in the internationalization of SEs) (Veronica *et al.*, 2020).

- What was the role of New Zealand government in assisting your internationalisation?

Appendix II: Ethics Approval:



Auckland University of Technology Ethics Committee (AUTEC)

Auckland University of Technology
D-88, Private Bag 92006, Auckland 1142, NZ
T: +64 9 921 9999 ext. 8316
E: ethics@aut.ac.nz
www.aut.ac.nz/researchethics

6 July 2022
Simon Mowatt
Faculty of Business Economics and Law

Dear Simon

Re Ethics Application: **22/60 Internationalization of New- Zealand based Social Enterprise: An Exploratory Study**

Thank you for providing evidence as requested, which satisfies the points raised by the Auckland University of Technology Ethics Committee (AUTEC).

Your ethics application has been approved for three years until 6 July 2025.

Non-Standard Conditions of Approval

1. It is noted that there are still references to anonymity – this is not possible when conducting interviews. Please remove all references in the Information Sheet to anonymity and replace with confidentiality.
2. Please provide an assurance that data and consent forms will be stored separately. I.e. in a locked cabinet in different offices that are named e.g. in supervisors office in WF213 and in second supervisors office in WG 415
3. Please note that the consent form refers to audio recording not video conferencing so audio recording is what is being approved.

Non-standard conditions must be completed before commencing your study. Non-standard conditions do not need to be submitted to or reviewed by AUTEC before commencing your study.

Standard Conditions of Approval

1. The research is to be undertaken in accordance with the Auckland University of Technology Code of Conduct for Research and as approved by AUTEC in this application.
2. A progress report is due annually on the anniversary of the approval date, using the EA2 form.
3. A final report is due at the expiration of the approval period, or, upon completion of project, using the EA3 form.
4. Any amendments to the project must be approved by AUTEC prior to being implemented. Amendments can be requested using the EA2 form.
5. Any serious or unexpected adverse events must be reported to AUTEC Secretariat as a matter of priority.
6. Any unforeseen events that might affect continued ethical acceptability of the project should also be reported to the AUTEC Secretariat as a matter of priority.
7. It is your responsibility to ensure that the spelling and grammar of documents being provided to participants or external organisations is of a high standard and that all the dates on the documents are updated.
8. AUTEC grants ethical approval only. You are responsible for obtaining management approval for access for your research from any institution or organisation at which your research is being conducted and you need to meet all ethical, legal, public health, and locality obligations or requirements for the jurisdictions in which the research is being undertaken.

Please quote the application number and title on all future correspondence related to this project.

For any enquiries please contact ethics@aut.ac.nz. The forms mentioned above are available online through <http://www.aut.ac.nz/research/researchethics>

(This is a computer-generated letter for which no signature is required)

The AUTEC Secretariat
Auckland University of Technology Ethics Committee

Cc: Syedafafirfan@gmail.com

Appendix III: Participant information sheet

Participant Information Sheet

Date Information Sheet Produced:

3/12/2021

Project Title

Internationalization of New- Zealand based Social Enterprise: An Exploratory Study
An Invitation

Kia Ora. My name is Syed Afaf Irfan. I am writing a Master of Business Studies dissertation specialising in international business. As a part of completion of my degree, I am conducting research on internationalization of New Zealand based social enterprises and the challenges associated with the process of internationalization. Your organization was identified as one of the New Zealand social enterprises which expanded internationally (ISEs). As the senior manager/founder/owner of the enterprise, I invite you to participate in the research as you are in the ideal position to provide me with valuable first-hand information on the challenges your enterprises faced while going through the process of internationalization.

What is the purpose of this research?

This study explores the issues and challenges faced by New-Zealand based Social Enterprises as they go through the process of internationalization. This exploratory study conducted of interviews with selected New-Zealand based Social Enterprises which have expanded across international borders. This study explores the different barriers that impede internationalisation and contributes insights which may be helpful for future social organizations who wish to expand their operations internationally, for policy makers to understand the context and nature of challenges associated particularly with international expansion of social enterprise and contributes to our theoretical knowledge of how these organisations internationalise.

The findings of this research may be used for academic publications and presentations.

How was I identified and why am I being invited to participate in this research?

Your organization was identified as one of the New Zealand social enterprises which expanded internationally. As a manager/owner of the enterprise, I invite you to participate in the research as you are in the ideal position to provide me with valuable first-hand information on the challenges your enterprises faced while going through the process of internationalization.

How do I agree to participate in this research?

I am also attaching a consent form for you that will take couple of minutes to read, and gives y. Your participation in this research is voluntary (it is your choice) and whether or not you choose to participate the option to participate. Participation will neither advantage nor disadvantage you. You are able to withdraw from the study at any time until the end of data collection. If you choose to withdraw from the study, then you will be offered the choice between having any data that is identifiable as belonging to you

removed or allowing it to continue to be used. However, once the findings have been produced, removal of your data may not be possible.

What will happen in this research?

The study selecting appropriate New Zealand -Based ISEs and conduct interviews with the senior managers responsible for the decision and process of international expansion selection and operation. This would typically be the founders, managing directors or international managers. A recording of the interview will be made and transcribed. Information will be securely managed as outlined in the following section. The interview will be in person, unless further government COVID restrictions mean that it could be held online.

What are the discomforts and risks?

This study has minimal risks. The study does not seek to identify any individual manager or businesses. This risk will be mitigated, and security and confidentiality will be strictly implemented in this research.

How will these discomforts and risks be alleviated?

Security and confidentiality will be strictly implemented in this research. In terms of confidentiality, this research will not publish identifiable data, and therefore there will be no risk to the participants' privacy. Firms and interview participants will be referred to by a coded name. Data will be stored securely on AUT premises in a location separate from the consent forms.

Data will be stored following AUT practices, and only the primary researcher and supervisor will be able to access it.

What are the benefits?

The successful completion of the research will assist me obtaining my Master of Business degree. The study will also contribute to the literature by further defining and refining the issues examined, and specifically to the New Zealand and Pacific context in the examination of New Zealand ISEs. This should be of interest to practitioners and potentially contribute to their capabilities.

How will my privacy be protected?

In terms of confidentiality, this research will not publish identifiable data, and therefore there will be no risk to the participants' privacy. Firms and interview participants will be referred to by a coded name.

What are the costs of participating in this research?

Interviews will take an hour of Participant's time maximum.

What opportunity do I have to consider this invitation?

This information sheet will be provided well in advance before your participation, and you will have 4 weeks to consider your participation in the study.

Will I receive feedback on the results of this research?

A Short summary of the findings will be provided to the participants.

What do I do if I have concerns about this research?

Any concerns regarding the nature of this project should be notified in the first instance to the Project Supervisor, Simon Mowatt,

Simon.mowatt@aut.ac.New Zealand

09 921 9999 x5424

Concerns regarding the conduct of the research should be notified to the Executive Secretary of AUTECH, ethics@aut.ac.New Zealand , (+649) 921 9999 ext 6038.

Whom do I contact for further information about this research?

Please keep this Information Sheet and a copy of the Consent Form for your future reference. You are also able to contact the research team as follows:

Researcher Contact Details:

Syed Afaf Irfan

Syedafafirfan@gmail.com

Project Supervisor Contact Details:

Simon Mowatt,

Simon.mowatt@aut.ac.New Zealand

09 921 9999 x5424

Approved by the Auckland University of Technology Ethics Committee on type the date final ethics approval was granted, AUTECH Reference number type the reference number.

Appendix IV: Consent form:



Consent Form

For use when interviews are involved.

Project title: *Internationalization of New- Zealand based Social Enterprise: An Exploratory Study*

Project Supervisor: *Associate Professor Simon Mowatt*

Researcher: *Syed Afaf Irfan*

- I have read and understood the information provided about this research project in the Information Sheet dated dd mmm yyyy.
- I have had an opportunity to ask questions and to have them answered.
- I understand that notes will be taken during the interviews and that the interviews will also be audio-taped and transcribed.
- I understand that taking part in this study is voluntary (my choice) and that I may withdraw from the study at any time without being disadvantaged in any way.
- I understand that if I withdraw from the study then I will be offered the choice between having any data that is identifiable as belonging to me removed or allowing it to continue to be used. However, once the findings have been produced, removal of my data may not be possible.
- I agree to take part in this research.
- I wish to receive a summary of the research findings (please tick one): Yes No

Participant's signature:

Participant's name:

Participant's Contact Details (if appropriate):
.....
.....
.....
.....

Date:

Approved by the Auckland University of Technology Ethics Committee on type the date on which the final approval was granted AUTEK Reference number type the AUTEK reference number

Note: The Participant should retain a copy of this form.