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## International Entrepreneurship from Emerging to Developed Markets: an institutional perspective

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## INTERNATIONAL ENTREPRENEURSHIP FROM EMERGING TO DEVELOPED MARKETS: AN INSTITUTIONAL PERSPECTIVE

### INTRODUCTION

International entrepreneurship (IE) is defined as ‘the cognitive and behavioural processes associated with the creation and exchange of value through the identification and exploitation of opportunities that cross national borders’ (Peiris et al. 2012). The number of small and medium sized enterprises (SMEs) expanding from emerging to developed markets is growing (Gaur et al. 2014; Kujala and Tornross, 2018). Developed markets are attractive to emerging market (EM) entrepreneurs because they represent significant opportunities for growth (Bortoluzzi et al. 2018; Adomako et al., 2020; Yang and Wang, 2020), offer the potential to escape strong foreign competition domestically (Zhu et al. 2006, Fabian et al. 2009, Ahmad 2013) and the potential to escape dysfunctional home institutions (Wright et al. 2005, Yamakawa et al. 2008, Li and Deng 2017; Adomako et al., 2020; Wu and Deng, 2020).

This study investigates the institutional conditions shaping the IE process from emerging to developed markets. Institutions significantly shape entrepreneurial behaviour and strategy of internationalising EM firms (Wright et al. 2005; Deng and Zhang, 2018; Wu and Deng, 2020; Adomako et al., 2020). Although the institutional perspective is established as an approach to EM IE (e.g. Ahmed and Brennan, 2019; Vorley and Williams, 2016), very little consideration is given to the dual institutional environments that EM entrepreneurs are navigating as they venture internationally. These are the home and host country institutions where activities are enacted. They may be national, regional or local institutions (see for example Lang, Fink and Kibler, 2014; Zhang, Gao and Cho, 2017; Sadeghia, Nkongolo-Bakendab, Anderson and Dana, 2019). Indeed, since IE research has demonstrated that entrepreneurial actions are embedded in the socio-political environment where they take place (Bowen and DeClercq, 2008, Busenitz et al., 2000, Casper and Whitley, 2004, Jones et al., 2011, Spicer et al., 2000), where activities are across two domains of home and host countries, then understanding those institutional influences shaping IE across dual domains must be critical to explaining how the process evolves. With few exceptions (e.g. Drakopoulou Dodd, Wilson, Bhaird and Bisignano,

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4 2018; Yamakawa et al., 2008) very few studies adopt a dual institutional perspective to  
5 problems of IE. Moreover, we do not understand how home and host country institutions  
6 shape the IE stages as opportunities progress. By exploring the influence of home and  
7 host market institutions on IE activities across the stages from opportunity recognition to  
8 opportunity exploitation, we can make important contributions to IE, and in particular  
9 emerging to developed market IE where the chasm between institutional environments  
10 presents much greater challenges.  
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17 Institutions are defined as the rules of the game or humanly devised constraints  
18 that shape human interaction (North, 1990: 3). These are derived from formal rules such  
19 as regulatory structures, governmental agencies, laws, courts, professions, and informal  
20 rules such as societal and cultural practices that exert compliance pressures (DiMaggio &  
21 Powell, 1991; Bruton et al., 2010). Institutions are considered central to the process of  
22 international entrepreneurship (North 1990, Yamakawa et al. 2008, Bruton et al. 2009,  
23 Ahmed and Brennan 2019, Torkkeli et al. 2019). Thus, how EM entrepreneurs identify  
24 international opportunities, how they mobilize resources, and commercialise ideas will  
25 involve formal and informal institutions (Bruton et al., 2009; Dana and Ratten, 2017).  
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33 Most institutional research on EMs to date has focused on the relationship  
34 between institutions and small firm domestic growth (Peng, 1997; Peng and Heath, 1996;  
35 Williams and Vorley, 2015; Dileo and Pereiro, 2019), EM SME internationalisation such  
36 as the drivers and rationales for internationalisation (Yamakawa et al., 2008; Ketkar and  
37 Acs, 2013), the extent and speed of internationalization (Lamotte and Colovic, 2015;  
38 Muralidharan and Pathak, 2017; Yang and Wang, 2020); and resources (Zhu et al., 2006).  
39 Despite repeated calls for more research on EM IE (Kiss et al., 2012; Smallbone et al.  
40 2014, Meyer and Peng 2016, Paul and Benito 2018, Radulovich et al. 2018), research  
41 examining the EM IE process through an opportunity based approach remains relatively  
42 small (Volchek et al. 2013; Zaefarian et al., 2016; Dana and Ratten, 2017; Miocevic et  
43 al., 2018). Most studies remain conceptual, for example Li (2013) conceptually examined  
44 the link between home formal institutional transition and EM IE. Dana and Ratten's  
45 (2017) conceptual study focused on home market cultural influences on EM  
46 entrepreneurs' opportunity identification. What we do not understand is the evolving  
47 process, how opportunities progress and the influences of both home and host market  
48 institutional environments on shaping activities across those stages. Such studies are  
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4 needed because EM entrepreneurs are expanding in foreign markets, including expansion  
5 into developed markets through an institutionally driven entrepreneurial process (Ibeh et  
6 al., 2012).  
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10 Managerial and policy contributions can be enhanced through this holistic  
11 approach, in particular as we adopt an activity perspective to defining stages in the IE  
12 process. Although underrepresented in research, calls to explore the activity level are  
13 required to bring theory closer to practice (Vahlne and Johanson, 2020; Contractor, Foss,  
14 Kundu and Lahiri, 2019). Furthermore, we argue that our holistic approach across IE  
15 stages connects a growing body of fragmented work from scholars within the EM IE field,  
16 creating a fruitful agenda for future research. Our emphasis on African entrepreneurship  
17 (i.e. Nigeria) feeds into a particularly neglected region of study that now demonstrates  
18 success in emerging to developed market IE.  
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25 An important argument of our study relates to the thesis of “institutional  
26 escapism” (Witt and Lewin, 2007; Mingo et al. 2018). The central thrust of institutional  
27 escapism is that firms are motivated to enter overseas markets to escape from home  
28 market institutional barriers and to survive and grow (Witt and Lewin, 2007; Yakakawa  
29 et al. 2008). In the context of EM entrepreneurs, inefficient institutions such as weak  
30 property rights, inadequate capital markets and weak government support may push  
31 entrepreneurs into foreign markets (Yamakawa et al. 2008; Adomako et al., 2020).  
32 However, the empirical literature validating institutional escapism outside of the  
33 multinational and state owned enterprise context is limited to a small number of studies  
34 (Deng and Zhang, 2018; Adomako et al., 2020; Wu and Deng, 2020). Despite the recent  
35 work supporting and developing the institutional escapism argument in the context of  
36 SME internationalization (Deng and Zhang, 2018; Adomako et al., 2020; Wu and Deng,  
37 2020), these studies mostly take into account home market institutions and ignore the  
38 problem about whether SMEs or entrepreneurs actually do escape weak domestic  
39 institutions from internationalization. This is an important question of our study because  
40 through exploring the escapism thesis as IE progresses, we can shed some light on  
41 whether EM entrepreneurs actually escape home institutions, maybe developing the  
42 conversation from institutional escapism intent to escapism outcome.  
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57 Adopting a theoretical sampling approach we draw on a multiple case study  
58 methodology involving four information rich Nigerian cases active in the US. These four  
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4 cases fulfilled our criteria for replication logic and independent exploration (Eisenhardt,  
5 1989; Yin, 1994). We specifically explore how the home and host market institutional  
6 environment influences and shapes activities across the stages of IE.  
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10 Our findings make important contributions to the IE literature. First, our study  
11 contributes to the scant literature on EM IE (Yamakawa et al. 2008, 2013; Dana and  
12 Ratten, 2017; Jafari Sadeghi et al., 2019) by providing a more detailed and empirical  
13 insight into how institutions shape internationalization from emerging to developed  
14 markets. Those IE scholars examining the IE process from an institutional perspective  
15 have provided a partial address of the institutional-IE process relationship by restricting  
16 their analysis to specific aspects of the institutional environment and/or the IE process  
17 (e.g., García-Cabrera et al. 2016, Muralidharan and Pathak 2017; Yang et al., 2020).  
18 However, and answering specific calls for more empirical research on IE through  
19 institutional theory (Bruton et al., 2010; Muralidharan and Pathak, 2017), our study offers  
20 a more holistic analysis on the influence of home and host market institutions as the IE  
21 process evolves. Second, we provide a novel contribution to the home institutional  
22 escapism literature of interest to international business scholars (Witt and Lewin, 2007;  
23 Wu and Deng, 2020). Our study uniquely provides an understanding into the actualisation  
24 of EM escapism intent. Our contribution to institutional theory is through validation that  
25 formal and informal institutions constrain entrepreneurial action and by showing the  
26 influence of institutions on activities throughout the multi stage process in the context of  
27 of EM to developed market IE. Finally, by focusing on IE from Nigeria to the US we  
28 contribute to our understanding of how African firms expand into foreign markets (Ibeh  
29 et al., 2012; Liou and Nicholson, 2017; Hammerschlag et al., 2020). This is a neglected  
30 geographic context where few studies exist, yet the need for improved managerial and  
31 policy supports are high.  
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49 In the next section we present our theoretical framework to guide our empirical  
50 analysis. This is followed by our methodology then findings from our data analysis. We  
51 then discuss our findings in light of the contributions mentioned above, concluding with  
52 limitations and further research potential identified from our study.  
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## THEORETICAL FRAMEWORK

This section illustrates the theoretical assumptions guiding the investigation of how EM entrepreneurs' institutional environments shape the IE process into developed markets.

### **An institutional-based view on international entrepreneurship**

Entrepreneurial actions are embedded within formal and informal institutions (Kuchař 2016), which enable and constrain the actions and interactions of economic agents (North 1990, Hitt et al. 2004, Veciana and Urbano 2008, Bruton et al. 2010, Ma et al. 2016, Ahmed and Brennan 2019, Torkkeli et al. 2019). Formal institutions refer to laws and regulation (North 1991). Formal rules are enacted, changed, and enforced by legislators, judges and bureaucrats, and other rule makers. Formal institutions require enforcement to ensure non-compliance is sanctioned (Voigt and Engerer 2002). Enforcement does not mean that sanctions are automatically imposed but rather there is a probability that violating an institutional rule will lead to sanctions. Countries typically differ in their level of "institutional enforceability". This is the extent to which formal institutions are efficiently and effectively protected by regulatory authorities, agencies through formal enforcement mechanisms (Williamson 1991, Johnson 2005). Informal institutions, on the other hand, are *informal* conventions, rules, norms and social routines (such as habitual forms of firm behaviour, consumption cultures, socialised work practices, transaction norms and so on). Specifically, Zenger et al. (2000) define informal institutions as "*rules based on an implicit understanding being in most part, socially derived and therefore not accessible through written documents or necessary sanctioned through formal position*"(p.6). Enforcement of informal institutions occurs through sanctions such as expulsions from community, ostracism by employees and communities or loss of reputation (Pejovich, 1999). Informal "rules of the game" include culture (Baker et al. 2005), networks/kinship ties (Peng 2004), and corruption.

### **Institutions and emerging market international entrepreneurship**

There are various definitions of IE as the field has developed (see Oviatt and McDougall, 2005; Peiris et al. 2012; Zahra et al. 2014), but essentially it is identified through stages such as recognition, formation, evaluation, and exploitation of opportunities that may be

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4 cognitive or behavioural. International entrepreneurs identify, evaluate, develop and  
5 exploit opportunities through two major institutional domains: home market and host  
6 market. As such, we consider these two institutional jurisdictions (wherever possible) in  
7 our framework. We now conceptualize these stages of IE, and briefly consider how they  
8 are influenced by home and host market institutions.  
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13 *Opportunity recognition* relates to both the opportunity itself and opportunity-related  
14 processes that managers may become engaged in. Opportunity related processes revolve  
15 around managers' ability to recognize, discover, identify or create opportunities (Ensley  
16 et al. 2000, McCline et al. 2000, Shepherd and DeTienne 2001, Kolvereid and Isaksen  
17 2006, Styles and Gray 2006, deTienne and Chandler 2007). Recognition of an  
18 international opportunity in a developed market may be driven by the simultaneous  
19 influence of weak home market and strong developed market institutions (Peng 2003, Le  
20 et al. 2006, Witt and Lewin 2007, Puffer et al. 2010). EMs typically possess imperfect or  
21 inefficient institutions (North 1990, Khanna and Palepu 1997, Smallbone and Welter  
22 2006, Williams and Vorley 2015) or commonly known as institutional voids (Khanna and  
23 Palepu, 1997). For EM entrepreneurs, weak home institutions increase investment risk,  
24 transaction costs and general uncertainty (North 1990, North 1994, Busenitz et al. 2000,  
25 Puffer et al. 2010, Peiris et al. 2012). This may incline EM entrepreneurs to enter  
26 developed markets to escape such constraining institutions (Bruton et al. 2010) and get  
27 "pulled inwards" by the relatively better-functioning legal institutions of developed  
28 economies (Yamakawa et al. 2008). In support, Coeurderoy and Murray (2008) examined  
29 the impact of the institutional environment on location choices and speed of  
30 internationalisation in British and German firms. They found that young entrepreneurial  
31 firms prefer to enter country markets that offered better regulatory protections for  
32 intellectual property. Adomako et al., (2020) found that EM firms operating in  
33 environments characterised by institutional voids are likely to become more interested in  
34 the international business environment which can trigger international venturing activities  
35 (p.10). These studies form the "escapism" thesis which argues EM firms are motivated to  
36 expand internationally to escape domestic institutional hardships (Bruton et al. 2010;  
37 Urbano and Alvarez 2014; Deng and Zhang, 2018; Wu and Deng, 2020). Less  
38 understood, however, is how and whether EM entrepreneurs do actually escape weak  
39 home formal institutions.  
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4 Some EM entrepreneurs, however, intending to escape home institutional constraints may  
5 be unable to do so due to the lack of resources and confidence (Wu and Chen, 2014; Deng  
6 and Zhang, 2018). Other EM entrepreneurs initiating the escape intent may find how  
7 perceived challenging host market institutions work to undermine their ability to escape  
8 home institutions.  
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13 *Opportunity development* emphasizes the need for entrepreneurs to select and structure  
14 human, social/network, financial, and technological resources to assist commercialization  
15 and exploit opportunities (Ardichvili et al. 2003, Ireland et al. 2003, Cunneen et al. 2007,  
16 Oyson and Whittaker 2010). Building and accessing resource structures in unfamiliar  
17 environments may make it difficult for EM entrepreneurs to ‘jump in’ where new rules  
18 of the game exist and compete head to head against incumbent firms (McDougall, Shane  
19 and Oviatt 1994). Without adequate resources, EM entrepreneurs cannot compete against  
20 developed market firms which normally have richer resource portfolios (Hoskisson et al.  
21 2004, Thomas et al. 2007). But informal institutions, such as through informal networks  
22 and cultural understanding can become valuable for EM entrepreneurs (Liou and  
23 Nicholson, 2017). In particular, existing or new informal networks may provide  
24 legitimacy with important host market institutions, and/or provide other resource support  
25 such as financial capital or knowledge to facilitate developed market entry (D'Angelo et  
26 al. 2013; Dana and Ratten, 2017; Oyedele and Firat, 2020). Yet kinship ties or other  
27 informal/personal network relationships may not provide meaningful support for some  
28 opportunity development activities in the developed market (Musteen et al., 2010;  
29 Williams and Vorley, 2016). Nevertheless, these relationships may still provide social  
30 capital that can help develop the entrepreneur as viable alliance or trading partners with  
31 developed market firms which can develop meaningful resources for the developed  
32 market (Hoskisson et al., 2013). However informal institutional differences such as  
33 different corporate values, national cultural norms and communication styles, can  
34 frustrate alliances between EM entrepreneurs and developed market firms (Owens et al,  
35 2018; Golesorkhi et al. 2019).  
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54 Alternatively, EM entrepreneurs can leverage home government support agencies to  
55 provide information, and financial benefits such as tax incentives, tax deduction, and low  
56 interest loans (Hoskisson et al. 2013, Sharma et al. 2018). However, government support  
57 for entrepreneurs in emerging markets is often lacking (Hoskisson et al. 2013) and  
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4 therefore, provide weak bases for nurturing the financial, organizational and  
5 technological resources that emerging market entrepreneurs require to compete (Hitt et  
6 al. 2000, London and Hart 2004, Wan 2005, Thomas et al. 2007, Lim et al. 2016). Taken  
7 together, weak formal home institutional support may decrease the EM entrepreneurs  
8 ability to cope with a divergent and challenging developed market institutional  
9 environment (Hitt et al. 2006). Thus, rather than escaping the home institutional context,  
10 EM entrepreneurs may become more dependent on home institutional support during the  
11 opportunity development phase. In addition to the interplay between formal home and  
12 host market institutions (Mingo et al, 2018), tensions and misalignment between home  
13 formal and informal institutions (Fuentelsaz et al. 2019) may further frustrate EM  
14 opportunity development in developed markets. Typical informal institutions within  
15 emerging markets, such as corruption, excessive business informality and contractual  
16 violation (North, 1990; Hoskisson et al. 2013; Wu and Deng, 2020) may lower the  
17 confidence and resource support among home government and financial organizations.  
18 EM entrepreneurs may moderate this institutional tension and gain home institutional  
19 trust through firm specific advantages (Curevo-Cazarrat & Ramaurti, 2007) or the “halo  
20 effect” from presence or success in developing markets. Alternatively, EM entrepreneurs  
21 may have to avail of informal networks for resource support. Either way, the interactive  
22 effects of institutions between home and host markets should condition the EM  
23 entrepreneurs’ efforts when gaining resources to exploit opportunities in developed  
24 markets.  
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41 *Opportunity exploitation* is the deployment of resources, actions, and investments to  
42 realize recognized opportunities (Knight 2001, Zahra et al. 2005, Foss and Klein 2012,  
43 Dunning 2013). Well established and efficient institutions within the developed market  
44 may facilitate exploitation of opportunities (Hitt et al. 2005, Wan 2005, Hitt et al. 2006;  
45 Wu et al., 2020). High quality institutions can make it easier for entrepreneurs to gain  
46 information on consumers, creditors and investors and managerial talent (Khanna et al.  
47 2005). This institutional familiarity may reduce reliance on their weak home governments  
48 for support and assistance. On the other hand, EM entrepreneurs exploiting opportunities  
49 in developed economies with regulatory institutions of a different quality from those in  
50 the home institutional environment may experience additional costs and difficulties  
51 (Mingo et al, 2018). These costs and difficulties are, in part, due to the EM entrepreneurs  
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4 limited knowledge (Wu, 2013) and less experience about operating in a different  
5 institutional system (Perkins, 2014).  
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8 Throughout opportunity exploitation, developed markets usually offer entrepreneurs high  
9 level of intellectual property right protection which lessens the risk of the expropriation  
10 of intellectual property and provides a more favorable institutional context for innovative  
11 activities (Wu et al., 2020). This could encourage EM entrepreneurs to invest resources  
12 in new technology and product development. Moreover, developed markets, such as the  
13 USA, have well-developed capital markets (advanced banking system, venture capitals,  
14 etc.) which can provide EM entrepreneurs with access to capital funding (Geleilate et al.,  
15 2016). Even so, institutional differences between emerging and developed economies  
16 may cause liability of foreignness (LOF) barriers for EM entrepreneurs (Kostova (1999,  
17 Joardar and Wu, 2017). LOF refers to a lack of credibility or discrimination from  
18 important market actors such as customers, financial institutions and suppliers (Hymer,  
19 1976). EM entrepreneurs may often lack legitimacy among developed market  
20 institutional actors (Marano et al., 2017). Actors within host market institutions may use  
21 the EM entrepreneurs home country and institutional environment to assess the  
22 legitimacy and potential risk of the EM entrepreneur (Mingo et al. 2018). Legitimizing  
23 actors within developed markets, such as customers, suppliers and partners, may develop  
24 unfavorable perceptions about EM entrepreneurs based on negative stereotypes about  
25 their countries of origin (Kostova & Zaheer, 1999; Marano et al., 2017; Mihailova et al.  
26 2019). Moreover, EM entrepreneurs with unreliable laws and regulations in their home  
27 country operate in an environment that fosters corruption and inefficiency which further  
28 lowers EM entrepreneurs' credibility and reputation (Yamakawa et al. 2008). Although  
29 these institutional tensions and differences between the home and host markets may  
30 constrain exploitation efforts, it may also encourage EM entrepreneurs to try harder to  
31 overcome such institutional barriers (Mihailova et al. 2019).  
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50 EM entrepreneurs may manage LOF through networks (Coviello and Munro  
51 1997, Kostova and Zaheer 1999, Yeung 2002, Peng 2004, Langseth et al. 2016, Torkkeli  
52 et al. 2019). For example, EM entrepreneurs may also co-opt government bureaucrats to  
53 win state contracts or to secure government funding (Wan, 2005). Because of weak  
54 organizational and managerial resources of EM entrepreneurs, they may lack sufficient  
55 network capital to co-opt home government support to facilitate opportunity exploitation  
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4 activities, or to avail of such support through the private sector. Whilst firms from  
5 developed economies may gain quality advice from various trade experts and consultancy  
6 firms (Gaur et al., 2001), EM government and private sector support can often be  
7 inadequate or non-existent due to home market institutional voids. Even so, EM  
8 entrepreneurs can learn to navigate around home market institutional voids (Adomako et  
9 al., 2020) and develop the capabilities to successfully exploit opportunities in developed  
10 markets (Luo and Tung, 2007; Geleilate et al., 2016).

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17 In sum, the above clarifies the central focus of our research and outlines the  
18 conceptual foundations of our study. Although institutional and mainstream  
19 entrepreneurial research identifies, to some degree, that formal and informal institutions  
20 affects entrepreneurship, it has not been researched how home and host market  
21 institutions effect the process of international entrepreneurship for EM entrepreneurs.  
22 Throughout the process from opportunity recognition to development and then to  
23 exploitation, EM entrepreneurs are navigating and manoeuvring multiple institutional  
24 influences in two institutional settings. This study sets out to explore those dual settings  
25 shaping entrepreneurial activities from emerging to developed markets.

## 36 **METHODOLOGY**

37 There are mounting calls for more in-depth and qualitative understanding of the IE  
38 process from emerging markets to developed markets (Meyer and Peng, 2016; Kujala and  
39 Tornroos, 2018; Ji et al. 2019) and for more research to gain insights on institutional  
40 influences on the IE process (Bruton et al., 2010; Muralidharan and Pathak, 2017). In  
41 particular, we do not understand how home and host market institutions affect  
42 entrepreneurial opportunities as they progress between emerging markets and developed  
43 markets. As a result, we adopt a theory building and multiple case study design to  
44 generate new understanding of an underexplored research area (Eisenhardt 1989,  
45 Eisenhardt and Graebner 2007, Yin 1994). When exploring complex settings involving  
46 actual events and processes in practice, qualitative case research is both relevant and  
47 appropriate (Welch et al. 2016, Kujala and Törnroos 2018, Ji et al. 2019). Exploring and  
48 unearthing the complexities of entrepreneurial behavior in smaller firms points to a  
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4 multiple case design to ensure an adequate number of temporal observations from which  
5 to build theory (Kuivalainen et al. 2012, Langley et al. 2013, Welch et al. 2016).  
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There are a number of reasons why Nigerian entrepreneurs are a good context for this study. Within the large global sphere of EMs significant differences and challenges for internationalisation exist. Nigeria is identified as a fast growth developing country categorized in the 'Next Eleven' as a potentially large economy of the future. Unlike many other developing nations, Nigeria's entrepreneurs have managed to successfully venture into developed markets, in particular the US (Dana and Ratten 2017, Kujala and Törnroos 2018). Consequently, a sample from which to explore this new phenomenon of EM to developed market IE exists among Nigerian firms. In addition, Nigeria is an important economy in the West Africa region identified by intergovernmental organizations as a priority development area (Ibeh et al. 2012, Amoako and Matlay 2015). These regions warrant particular attention to ensure appropriate policy and incentive targeting (Kujala and Törnroos 2018).

Starting our research and to assess the viability of the research setting we created a report on internationalising Nigerian SMEs. Most Nigerian entrepreneurs tend to expand their business into neighboring countries, but we identified that the US is also an important trading market. Nigeria is the second largest trading partner of the US in sub-Saharan Africa with US\$8.3 billion in total trade reported in 2019 (US Department of State).

To help develop the interview protocol and understand the logic of EM to developed market IE, we followed our initial report with four preliminary interviews with Nigerian entrepreneurs engaged in international business. These were interviewed in Autumn 2014 and came from textile, plastic export, film production and consulting backgrounds. These interviews identified themes such as escapism, social networks and financing issues in terms of important sets of activities of the IE process and the related institutional influences on those activities. Our high level prompt sheet is attached as Appendix A.

Particular successes promote the relevance of both the food industry and the film industry in the US market. The Nigerian film industry (Nollywood) is a US\$3.3 billion sector and the 2<sup>nd</sup> largest film industry in the world. The importance of the food sector

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4 evolves from the large Nigerian population (estimated close to 400,000) in the US with  
5 high average household incomes. This ensures purchasing power and disposable income  
6 to spend on African themed products, especially food and entertainment. Cases were then  
7 selected from Nigeria's food and film industry because these sectors were able to  
8 successfully exploit opportunities (thus we could explore across all stages of IE).  
9 Furthermore, the two industries have 'polar type' characteristics allowing us to more  
10 easily observe contrasting patterns in the data creating more robust and deeply grounded  
11 theory (Eisenhardt, 1989; Eisenhardt and Graebner, 2007). Additionally, entrepreneurs  
12 willing to collaborate in this study and provide accessibility to interview participants and  
13 archival data sources were helpful in selecting the final cases (Pettigrew 1990,  
14 Hammersley and Atkinson 2007, Urbano, Toledano and Ribeiro-Soriano 2011).

15  
16 Our sampling procedure responds to the need of grasping insights from  
17 paradigmatic cases (Hagen, Zucchella and Ghauri, 2019; Flyvbjerg, 2006), bearing in  
18 mind the newness of the phenomenon and relatively small number of successful SMEs.  
19 Our approach was inductive in nature rather than seeking generalizability through  
20 representativeness. Four cases met our strategy for theoretical sampling (Eisenhardt and  
21 Graebner, 2007): a co-owned and managed husband and wife team food processing firm  
22 in New Jersey (Case A); a film production company in New York owned by a male  
23 entrepreneur (Case B); a film production company in Austin, Texas owned by a female  
24 entrepreneur (Case C); and a food importing company in Houston, Texas co-owned and  
25 managed by a husband and wife team (Case D). These were all information rich cases  
26 that could be studied in depth (Patton, 1990; Perry, 1998). Each case could provide  
27 replication logic (Eisenhardt, 1989) whereby experiences could be treated as a set of  
28 independent experiments and then compared and contrasted across each case (Yin 1994).

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Insert Table 1 about here .....

Table 1 outlines the characteristics of each case anonymized as Case A, Case B, Case C and Case D. Each of these cases successfully exploited opportunities in the US market. Two cases from the food sector and two from the film industry ensured more easy

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4 observation of patterns from polar type characteristics (Eisenhardt and Greabner 2007).  
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6 In addition, we achieved other sampling objectives by variations in gender balance of the  
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8 owner entrepreneurs, size variation, prior entrepreneurial experience and reasons for  
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10 venturing overseas. Our preliminary interviews indicated that selecting a range of factors  
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12 for early stage entrepreneurship would be preferable to explore the escapism thesis across  
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14 the IE process from opportunity or necessity determinants recognised in early ventures  
15  
16 (Angulo-Guerrero, Pérez-Moreno and Abad-Guerrero, 2017; Chen, Saarenketo and  
17  
18 Puumalainen, 2018; Nikolaev, Boudreaux, and Palich. 2018).

19  
20 Data was collected from semi structured interviews and observations with the  
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22 entrepreneurs during an 11 month period from Summer 2015 to Spring 2016 (see Table  
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24 2). Interviews with entrepreneurs were corroborated by data collected from other  
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26 stakeholders including other managers within the firm involved in the internationalisation  
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28 process and external expert informants to sharpen construct definition and validity  
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30 (Eisenhardt, 1989; Turcan, 2013). Overall, 4 interviews were collected from each case  
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32 comprising 16 case interviews in total. Twelve additional external informant interviews  
33  
34 were collected from institutional informants, academics and consultants which gave us  
35  
36 the outsider perspective and reality check (Santos and Eisenhardt 2009). Combining  
37  
38 entrepreneurial experiences with manager insights and expert informant perspectives  
39  
40 helped us to learn as much as possible about the entrepreneur, the company and  
41  
42 institutional influences before the interviews and also helped to corroborate the  
43  
44 consistency of information reported by the entrepreneurs (Turcan, 2013). The twenty-  
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46 eight interviews in total yielded approximately 240 pages of interview data in the main  
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48 data collection stage.

49  
50 Interviews lasted between 50 minutes and two hours following the same high level  
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52 protocol for all cases (see Appendix A). This was adapted as new aspects of interest were  
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54 introduced into the research. All interviews were recorded and transcribed with field  
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56 notes written up within 24 hours to reduce retrospective sense making that leads to bias  
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58 (Turner and Rindova, 2012; Eisenhardt and Graebner, 2007).  
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Insert Table 2 about here .....

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7 As our data collection progressed, we began to analyse our cases. We conducted  
8 our data analysis in the iterative fashion appropriate to inductive research. Although  
9 presenting the analytical procedure sequentially as four major steps, in reality we  
10 conducted multiple iterations of analysis, constantly moving backwards and forwards  
11 between the data, emerging insights and the existing literature to interrogate meaning and  
12 eventually develop our findings (Locke 2000). Using nVivo to help with structure, coding  
13 and visualisation of our data, we adopted techniques for thematic analysis to provide a  
14 rich and detailed account of the patterns within the data (Braun and Clark, 2012).  
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21 *Step 1. Examination of activities across IE.* Drawing on various definitions of IE  
22 (Oviatt and McDougall, 2005; Peiris et al. 2012; Zahra et al. 2014) and insights from the  
23 different stages of the IE process identified in our literature review (e.g. Baron, 2006; He  
24 and Karami, 2016; Guo, Zhang and Gao, 2018), we identified the activities involved in  
25 the IE cycle. Taking this activity level micro focus provided an important scientific  
26 explanation of practice (Vahlne and Johanson, 2020; Contractor, Foss, Kundu and Lahiri,  
27 2019) to delineate the stages of the IE process. Following the activity perspective we  
28 coded only specific actions or interactions of the actors rather than entrepreneurial  
29 intentions or beliefs (Jarzabkowski, 2005; Johnson, Melin, and Whittington, 2003).  
30 Using nVivo to generate first order concepts (empirical observations) and then  
31 aggregating similar and recurring codes thematically under broader categories (second  
32 order codes) we identified three sets of activities across three IE stages. These comprised  
33 Opportunity Recognition (scaling, seeking information, trial and error activities),  
34 Opportunity Development (setting up, resourcing activities) and Opportunity Exploration  
35 (production, shipment, marketing, sales activities).  
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48 *Step 2. Exploring home and host country institutional influences across three*  
49 *opportunity stages.* Our initial coding of the data pointed towards sets of activities that  
50 defined the stages of the IE process. The second step aimed to describe how formal and  
51 informal institutions shaped opportunities in these stages and potentially how they  
52 enabled or constrained their progress. We drew on the definition of North (1990) and  
53 others from our literature review to identify themes within the institutional rules and  
54 procedures (both formal and informal) that structure social interaction. From analysis of  
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4 each case we made 485 empirical observations concerning institutional influences  
5 experienced. These included IP rights, censorship, the enforcement of contracts, social  
6 networks, financial constraints and access to finance and insurance, government supports  
7 and regulation, custom inspections and hiring of workers. Again, we aggregated these  
8 codes thematically assisted by nVivo.  
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14 *Step 3. Cross case analysis.* We then did a cross case pattern analysis to look  
15 beyond initial impressions and explore tensions and similarities between cases  
16 (Eisenhardt, 1989). Tables and graphs were used to present the data without destroying  
17 the meaning (Miles and Huberman, 1984). The between-case analyses revealed a few,  
18 rather predictable differences among the entrepreneurs, for example within different  
19 motivations for internationalization. Moreover, critical patterns concerning institutional  
20 impacts emerged, notably the evolution of escapism themes and the role of informal  
21 institutions across the stages.  
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29 *Step 4. Theoretical underpinning.* We next extracted theoretically explanatory  
30 dimensions from the first order findings. Opportunity Recognition, Opportunity  
31 Development and Opportunity Exploitation emerge as the activity stages of the IE process  
32 highlighted in Step 1. Concerning home and host country institutional influences across  
33 opportunities, these are categorised according to formal and informal influences as  
34 outlined in Table 3 and as explained more fully in our Findings section.  
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42 Insert Table 3 about here .....

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46 As the constructs and relationships that emerged from the data were observed  
47 across multiple cases our theoretical framing is robust (Eisenhardt and Graebner, 2007;  
48 Turner and Rindova, 2012). Consistent with the methods of inductive inquiry, we  
49 checked the validity of our emerging insights with key informants by contacting  
50 entrepreneurs and requesting subsequent clarifications and elaboration of our ideas where  
51 necessary. Each case was developed from corroborating back and forth between the  
52 entrepreneurs, senior managers and external experts together with archival data. Our  
53 sampling strategy and data collection appropriate to understanding the complexities of  
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4 institutional influences on entrepreneurial behaviour ensured that theoretical saturation  
5 emerged from our rich multi voice interrogation of the four cases and external informants.  
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## 10 11 12 13 **FINDINGS – INSTITUTIONS AND INTERNATIONAL ENTREPRENEURSHIP**

### 14 15 **Opportunity recognition**

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17 In this section, we show how formal and informal institutions influenced opportunity  
18 recognition in developed markets. The findings show the entrepreneurs intent to escape  
19 adverse home formal institutions. In addition, the findings show how informal institutions  
20 (social networks) facilitated the opportunity recognition decision. These are now  
21 explained.  
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#### 28 *Intent to escape home formal institutions*

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30 The findings reveal the entrepreneurs seeking to escape adverse home formal institutions  
31 and reduce their dependency on the domestic market by identifying an opportunity in the  
32 developed US market. For example, all cases explained the intent to escape weak  
33 institutional protection for IP rights which increased their costs and generally undermined  
34 local growth. The strengths of IP systems depend on two distinct elements of a country's  
35 institutional environment: the availability of IP protection and the effectiveness of public  
36 IP enforcement (Maskus 2002, Pajunen 2008, Peng et al. 2017). In terms of the first  
37 element, intellectual property law exists in Nigeria. The Nigerian Copyright Act 1999 (as  
38 amended) states that “no one shall make a copy of a film or distribute it for commercial  
39 purposes by way of rental, lease or hire without the permission of the IP owner.”  
40 However, Nigeria's IP enforcement has not been effective for many years. The  
41 underfunded copyright commission agency (NCC), the slow judicial process, corruption,  
42 and high legal costs contributed to weak public enforcement. Unlike the US which has  
43 one of the most robust IP laws in the world with strict enforcement, the weak IP support  
44 in Nigeria provoked and encouraged major unauthorised copying and distribution of  
45 intellectual property. Around 90 percent of Nigeria's CDs, VCDs, and DVDs are pirated  
46 (due to organized crime). It is also estimated that for every legitimate copy, there are  
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4 between 5 to 10 pirated copies on the market (Haynes, 2014). As a result, the  
5 entrepreneurs' sought to shift the focus from domestic operations towards international  
6 opportunities. Internationally, the Nigerian entrepreneurs were attracted by the higher  
7 levels of IP enforcement in the US market. The entrepreneurs expected the stable legal  
8 framework in the US with well-protected property rights would increase their confidence  
9 and prevent expropriation of their successful gains. In a similar way, Cases B and C, the  
10 film sector entrepreneurs', explained how local laws concerning domestic censorship  
11 laws underpinned, in part, the decision for US entry. Unlike US liberal censorship laws  
12 that merely require voluntary classification of motion pictures based on viewer age  
13 suitability, Nigerian censorship law is to all intents and purpose highly restrictive. In  
14 Nigeria, movie themes are strongly screened under a strong moral enforcement agenda  
15 of the Nigerian agency (NFVCB). This agency screens the stories, the picture contents,  
16 the target audience, and the distribution aspects. This strict censorship undermines the  
17 entrepreneurs' creative capabilities, as well as generally impeding local growth potential.  
18 In comparison, censorship regulations in the US, overseen by the Motion Picture  
19 Association of America (MPAA) were perceived a less restrictive institution of  
20 censorship laws in the US. The following quote provides supporting evidence:  
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36 *“There are times the NFVCB would tell us to take out certain scenes, which they*  
37 *think those scenes are too bad for the audience. The problem with this thing they*  
38 *are doing is this. The creative person feels discouraged knowing that his idea is*  
39 *only inside his head, and he cannot see it come to reality. Of course, this is why*  
40 *we prefer the American market because, over there, we can express our*  
41 *creativity.” [B-02]*  
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49 Weak enforcement of contracts in Nigeria made entrepreneurship risky which contributed  
50 to low entrepreneurial prospects for domestic growth. Weak contract enforcement  
51 emboldened their business associates within the supply chain to breach business  
52 agreements for selfish gain. For example, as no written agreement was signed, Case C  
53 marketers started reproducing and distributing the firm's CDs illegally. The reduced  
54 home sales and, more critically, suppressed long-term confidence for domestic growth.  
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4 This weak contractual law in Nigeria provided a strong impetus for the entrepreneurs to  
5 operate in a better functioning contractual environment. Indeed, the US institutional  
6 norms concerning legal contracting acted to support the entrepreneur's international  
7 ambitions and *opportunity recognition*. US commercial law is characterised by strict  
8 implementation and high levels of compliance with rigorous enforcement of contracts.  
9 For case C, for example, these conditions encouraged an outward international focus and  
10 supported opportunity recognition in the US.  
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18 *Engaging informal host market institutions (social ties)*

19 The findings revealed the role of social and business ties in facilitating multiple activities  
20 within opportunity recognition such as scanning the environment, seeking new  
21 information and evaluation. First, the informal institution of ethnic ties between Nigeria  
22 and US contributed to the perceived US opportunity for Cases B and C (the exporting  
23 entrepreneurs). This opportunity revolved around the sizeable Africa diaspora in the US.  
24 An estimated 20 million Nigerians reside outside the country, with the majority living in  
25 the UK and the US. Both entrepreneurs perceived a niche market opportunity in the US  
26 through the export of Nigerian food products to the sizeable African diaspora across the  
27 US:  
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38 *“We were surprised to find Nigerians in diaspora are looking forward to the*  
39 *food products that they are used to. They prefer to eat what they are already*  
40 *used to, but they are facing challenges in getting them. So when we approached*  
41 *them, we had a good reception by them saying ‘we have been looking for this’*  
42 *[A-01]*  
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45 Interviewees also reported the positive use of informal networks to scan and evaluate the  
46 US opportunity. For example, Case A's informal analysis of the food market in Houston  
47 and Atlanta involved information from existing friends and family who lived in the US.  
48 On the other hand, Case C visited several film studios in the US, registered with the  
49 Austin filmmakers' association and examined US trade magazines to become familiar  
50 with the local film scene. For example, the firm learned that the state of Austin in the US  
51 offered incentives to film sector firms such as direct loans and tax breaks to US  
52 incorporated film producers. All cases initiated “trial and error” phases to validate the  
53 identified opportunity. Again, the entrepreneurs' utilized social network ties to facilitate  
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4 this process. For example, as Case A co-operated with friends within agri-food exporting  
5 to conduct shipment operations to the US as a test-run. In January 2007, the firm  
6 successfully shipped a cargo of processed yam tubers to Newark, which further validated  
7 the US opportunity. Other research links the identification and evaluation of international  
8 opportunities to networks (Sasi and Arenius 2008, Lorentz and Ghauri 2010, Kontinen  
9 and Ojala 2011, Mainela et al. 2014). In this research, networks provide valuable  
10 information for entrepreneurs' to become alert, and recognize new opportunities.  
11 Network members can educate entrepreneurs' about host market formal institutions or  
12 educating the entrepreneurs' about market/product gaps in the developed market  
13 (Johanson and Mattsson 2015).  
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### 23 **Institutions and international opportunity development**

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25 In this section, we looked for insights into how institutions (both within home and host  
26 markets) influenced the EM entrepreneurs' selection and structuring of resources to  
27 facilitate the exploitation of opportunities. The evidence shows how the entrepreneurs  
28 struggled to escape home formal institutions while also experiencing positive and  
29 constraining host market formal institutions.  
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#### 37 *Constraints to escaping home formal institutions - adverse home financial institutions* 38 *during financial resource mobilization*

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41 Adverse home market formal institutions restricted the entrepreneur's access to external  
42 financial resources towards the funding of the opportunity in the US. Indeed, the Nigerian  
43 entrepreneurs experienced a highly hostile financial environment in Nigeria. Loan  
44 application processes and eligibility criteria were overly demanding and exhausting. For  
45 example, interest rates were as high as 28% per annum and the firms also perceive  
46 collateral requirement for loans as highly unfavorable. Indeed, several Nigerian  
47 commercial banks demand that the value of the collateral must be three times the amount  
48 of credit requested.  
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56 *"We went to the (Nigerian commercial) bank and showed them our plan. We want*  
57 *to expand our factory, buy more equipment and we needed working capital. But*  
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4 *the bank came with ridiculous interest rates at 23%, and they wanted collateral*  
5 *that is two times the value of the loan. In the end, we couldn't simply do it. So*  
6 *access to finance is difficult, and this does not allow room for international*  
7 *growth” [A-01]*  
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13 The Nigerian banks were experiencing a considerable unstable banking environment and  
14 therefore dealing with low market capitalization. This, in turn, resulted in restricted  
15 corporate and SME lending. Second, and related, the insufficient commercial insurance  
16 market, and related risk management mechanisms, further exacerbated SME lending.  
17 Furthermore, Nigerian commercial banks demanded close examination of the SME's  
18 financial records. However, all cases possessed insufficient records of transactions or  
19 contracts signed with agents and distributors. The systemic culture of informal business  
20 practices in Nigeria bred non-compliance to company registration and formal record  
21 keeping. Consequently, the situation of incomplete business records discouraged banks  
22 and private investors from lending to entrepreneurs in the industry. Correspondingly,  
23 credit in the US appears much more accessible provided borrowers can present collateral  
24 and records of established transactions.  
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#### 38 *Constraints to escaping home formal institutions – poor government support*

39 Against these conditions, each case turned their attention to *domestic government SME*  
40 *support*. Case B approached a Nigerian development bank (government owned) which  
41 offered considerably lower interest rates (11% IR) compared to the commercial banks (as  
42 noted above). Accepting their terms, Case B applied for a \$2M loan, tendering collateral,  
43 evidence of distribution arrangement and break down of costs - as required under credit  
44 policies of the bank. The Nigerian bank offered the SME a loan of the same value.  
45 Although the loan allowed the company to enter the US, it was not enough to finance the  
46 entire film production. Instead, the entrepreneur relied on additional funds from family  
47 members to complete production. Case A and D submitted applications to the Nigerian  
48 Export Import Bank (NEXIM). Again, the Nigerian Entrepreneurs' encountered barriers  
49 due to insufficient collateral and insufficient formal records. As with Case B, the Case A  
50 and D personal funds, and loans from friends were used to execute their project. Case A  
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4 secured a bank loan facility of \$500,000. While this allowed the SME to procure  
5 equipment, hire and remunerate workers and agents, it was not enough to finance the  
6 entire export operation. However, Case D chose not to pursue government funding  
7 believing that the process was corrupted. As Case D commented:  
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13 *“No development bank will give us money to help us grow our business either in*  
14 *Nigeria or in the US. They are busy helping themselves. You know, anything that*  
15 *has to do with government officials sitting together to approve something like loan*  
16 *simply connotes corruption. So we did not bother ourselves because we do not*  
17 *know anyone up there” [D-CEO].*  
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24 Unlike the US context where access to government support is more streamlined and  
25 uncomplicated, Nigerian government incentive programs are largely ineffectual due to  
26 stringent criteria and corruption.  
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### 33 *Engaging host market regulation through social network knowledge*

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35 Our analysis shows the formal US institutional environment to be both positive and  
36 negative for opportunity development. In this section, we show the positive role of formal  
37 host market institutions and social network knowledge for opportunity development. The  
38 entrepreneurs navigated the formal US regulation through relevant knowledge from  
39 family and friends. This *relevant knowledge* refers to information that offers immediate  
40 application to launching a venture in a given market environment (Kraemer and  
41 Venkataraman, 1997). Despite the perceived higher functioning of US regulation vis-à-  
42 vis Nigerian institutions, and despite their prior experience of setting up firms, these  
43 entrepreneurs were uncertain of setting up a new organization in the US because they did  
44 not have the relevant knowledge of the new institutional environment. With Case B, for  
45 example, the film entrepreneur used their attorney friend’s expertise of US institutions  
46 and business environment to comply with US corporate registration law, and knowledge  
47 and contacts to secure an excellent office location in Broadway, New York. Furthermore,  
48 the entrepreneur used relevant knowledge of film sector friends in the US to recruit a  
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4 high-quality artistic labor resource such as Hollywood star actors, film editors, and  
5 cinematographers. The positive role of informal networks to establish a US subsidiary is  
6 further evident with Case C. Through the advice of friends and colleagues in the US film  
7 sector, the firm established a US subsidiary in Austin Texas. Locating in Austin allowed  
8 the entrepreneur to take advantage of government incentives for small start-up film firms  
9 in that US state. In the next section, the findings show the negative role of host market  
10 formal institutions for opportunity development.  
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#### 20 *Adverse host market financial institutions / country of origin discrimination*

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22 The findings revealed an adverse reaction from the US finance community to the  
23 entrepreneurs which prevented access to much need financial resources. The pervasive  
24 dysfunctionality of home government support forced the Nigerian Entrepreneurs' to  
25 scope for US funding. Case A, for example, approached the US based export-import bank  
26 (EX-IM) for a financial loan. EX-IM were receptive towards lending exporters if they  
27 could show a distribution agreement with retailers or wholesalers. While the SME set up  
28 a potential buyer (US retailer), they could not meet the retailer's requirement to supply  
29 their 200 store network. Although the Nigerian Entrepreneurs' exercised considerable  
30 effort to access finance within the US, they failed due to stringent lending conditions in  
31 the US. For example, Case B submitted a loan application with the Bank of America for  
32 a \$2M loan to finance production of their film 'Holiday.' But management could not meet  
33 the bank's collateral terms. Moreover, financial and non-financial stakeholders  
34 discriminated against the entrepreneurs on the basis of ethnicity, or what the  
35 entrepreneurs' labelled, the "African factor." The following provides supporting  
36 evidence:  
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48 *"There was a particular guy in New York (US); he was willing to cough out at*  
49 *least a million dollars for my movie, and we arranged a meeting. However, the*  
50 *moment he found out I was a Nigerian, he became uncomfortable. That just turned*  
51 *the table, and he made a U-turn, and he backed out."* [C-CEO]  
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*“I will be honest with you; I tried to get a loan in the US. I tried, tried getting that. But they just shoved the whole thing under the table. It still boils down to that Nigerian factor. They don’t trust us.” [B-CEO]*

Importantly, this hostile reaction of the US finance community cannot be isolated from the weak home institutions confronting the entrepreneurs. Considering the rampant IP violations and informal distribution in the Nigerian film industry, the US investors argued the film project could not be profitable in this context. As a result, they declined investment, which caused the entrepreneurs to focus on gaining support through home market financial institutions. In sum, the Nigerian entrepreneurs’ struggled to gain host market institutional support for accessing finance arising from legitimacy concerns among developed market institutions. However, the lack of network capital within home and host market institutions contributed to such legitimacy problems.

#### *Engaging social ties and non-traditional financial sources*

The home and host formal institutional barriers to accessing financial resources for opportunity development resulted in the entrepreneurs resorting to other sources of finance. Similar to research within the entrepreneurship literature, institutional barriers experienced throughout opportunity development found our entrepreneurs working hard to gain the necessary financial resources to launch the US venture (Choi and Shepherd 2005; Haynie et al ., 2009). Specifically, the analysis showed how informal institutions (family and friend networks) further provided a financial life-line to those entrepreneurs’ confronting serious financial difficulties. As a result of internationalising to the US, Case A and Case C were plunged into financial turmoil and turned to family/kinship ties. For example, Case A mobilized \$300,000 through friends and family funding as well as personal funds. This became the main development budget.

*“We have been appealing to the bank for more funds, but so far, this has fallen on deaf ears. So, it is money borrowed from our family and friends that is supplementing our business efforts into the US.” [A-CEO]*

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4 Nigerian Entrepreneurs' employed other informal network resources for opportunity  
5 development. For example, the film producers substituted expensive shooting locations  
6 with physical spaces borrowed from friends and sought the support of local communities  
7 in Austin and New York, respectively. These communities volunteered personal spaces  
8 as locations, and some people posed as extras for free. Thus, SME informal networks  
9 mitigated, to a degree, the entrepreneurs resource and institutional barriers in international  
10 markets (Bruton et al. 2008, Li and Zhou 2010). Yet, as this informal network support  
11 did not entirely mitigate the institutional barriers, the entrepreneurs resorted to self-  
12 financing and boot-strapping strategies. For example, and akin to financial bootstrapping  
13 (Zwane and Nyide, 2017; Miao et al., 2017), the entrepreneurs were forced to adapt and  
14 creatively use existing resources to reduce costs. Case C adopted cost-cutting measures  
15 (hiring lower cost third-rate actors known as 'C' list, using less expensive equipment for  
16 production, and even changing the film script) which reduced overall production cost.  
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### 30 **Institutions and international opportunity exploitation**

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32 In this section, we looked for insights into how institutions influenced the exploitation of  
33 the international opportunity in the developed market. Host and home markets institutions  
34 facilitated and constrained exploitation in the US.  
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#### 40 *Adverse home government institutions and financial funding*

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42 The cross-case findings, firstly, show how home government support enabled and  
43 constrained exploitation phase of the EM opportunity in developed markets. The Nigerian  
44 Entrepreneurs' entered the exploitation phase without adequate financial resources. Yet  
45 the Entrepreneurs'' financial liabilities, not entirely resolved through resource  
46 development efforts, (see section above) caused sustained dependency on private and  
47 public sector financial institutions for exploitation activities. For example, Nigerian  
48 development bank funding required the applicant to sign an advance distribution deal  
49 with a marketing firm. In response, Case B launched aggressive marketing to secure a  
50 good marketing deal with a US partner. This secured a development bank loan to finance  
51 their US distribution. The following quote provides evidence:  
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6 *“I found out that you need to have an international distribution agreement signed*  
7 *to qualify for the (development) bank loan. Because of that, we started marketing*  
8 *the film to potential distributors in the US, even before the film production*  
9 *commenced.” [B-CEO]*  
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14 Similarly, Case C reported expending considerable time to meet the eligibility  
15 requirements for the government grant funding “*Project Nollywood Act fund.*” The SME  
16 required capital to advance film production and distribution. However, their request for  
17 this government funding was unsuccessful due to stringent and cumbersome eligibility  
18 criteria. In the words of the entrepreneur:  
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26 *“I tried to get a government grant for our operations in the US, but what they*  
27 *asked from me was too much. They asked me to get contracts from these TV*  
28 *channels that they are willing to show my films and I should indicate to them the*  
29 *amount of money in the deal. I tried to explain to them that marketers will not sign*  
30 *a deal unless they see the finished product, but nobody listened.” [C-CEO]*  
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37 In contrast, Case B gained a government grant to finance US marketing and distribution.  
38 This, however, was helped through the firm’s contacts within government. On the other  
39 hand, Case A, without network support, secured a commitment of government funding,  
40 albeit from the Export Expansion Grant (EEG) scheme. Yet the firm waited three years  
41 before receiving the funds.  
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48 *Adverse home government regulatory conditions for marketing and distribution*  
49 *activities.*  
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52 The exporting cases A and D complained how adverse formal home regulation and related  
53 procedures negatively impacted the entrepreneurs’ exploitation activities. As part of the  
54 Nigerian Pre-shipment Inspection of Exports Act 1966, exporters are subject to a pre-  
55 shipment inspection which is excessively complicated, bureaucratic and inefficient. As  
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4 a result, the Cases A and D, complained of regular port delays which increased costs and  
5 sometimes contract defaulting. Additionally, the shipment of goods was sometimes  
6 compromised as a result of the Nigerian food regulation agency. Food exporters must  
7 comply with the Nigerian food regulatory agency [NAFDAC] for regulatory approval to  
8 produce and distribute products. Case A, for example, applied for permission to  
9 commence their processing of yam powder found how the food regulators were slow to  
10 finalize approval. This resulted in delayed shipment schedules and lost customer orders.  
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20 *“In Nigeria, we pass through really cumbersome processes before our goods are*  
21 *allowed to sail from the ports. We cannot apply for inspections and get the*  
22 *certificate of inspection promptly. We are made to pay demurrage and sometimes*  
23 *there is even spoilage of the goods due to this delay. So all of this negatively*  
24 *impacted our US business” [D-CEO]*  
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30 In sum, the analysis shows the adverse impact of home market formal institutions on  
31 exploitation activities. However, the findings in the next section further show how  
32 exploitation activities were positively enabled by host market regulation and government  
33 support.  
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40 *Positive host market entry regulatory procedures, host government grant support and*  
41 *post-entry regulation*  
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44 The findings reveal the enabling role of host market regulation and home government  
45 grant for the Nigerian entrepreneurs' exploitation of opportunities in developed markets.  
46 The exporting entrepreneurs reported efficient US customs procedures which expedited  
47 the shipment of goods and enhanced the overall sales/distribution process. US  
48 government grant assistance further benefited exploitation. Case A and D reflected on the  
49 Africa Growth Opportunity Act (AGOA), a preferential trade arrangement that offered  
50 incentives for exporters within African countries to export their products to US duty-free.  
51 Case D avoided AGOA as they viewed the procedures lengthy and cumbersome. Case A,  
52 however, applied and satisfied the eligibility conditions of AGOA and therefore exported  
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4 their goods into the US without a tariff charge. This enhanced cost competitiveness. The  
5 following quote provide evidence:  
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10 *“The AGOA programme really helped us in America in the sense of being more*  
11 *competitive. We do not pay duty because we are dealing with food. Food is under*  
12 *AGOA where duties are not paid. Because of that, we can afford to bring our price*  
13 *lower in the US, which makes us more competitive”[A-01].*  
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19 US contract regulation further benefited the entrepreneurs’ exploitation processes of  
20 market entry, labour management and networking. Each case conformed to host market  
21 institutional rules on foreign company registration, contracts, hiring workers, custom  
22 inspections enhance their commercialization in the US. These productive formal  
23 institutions supported IE through legitimacy, reducing uncertainties and enabling market  
24 support (DiMaggio and Powell 1983, Webb et al. 2010). Against the stronger legal  
25 environment in the US, Case B confidently formed contractual partnerships to distribute  
26 four film productions in the US. Such relationships provided the SME increased  
27 credibility/legitimacy in the US. However, other legitimacy building strategies were  
28 evident. For example, Cases B, to manage ethnicity discrimination in the US, altered  
29 production content, produced an occasional film suitable for US viewers, providing  
30 educating seminars to shift negative perceptions, and selecting US actors receptive to  
31 African culture. Case D initiated organizational learning to satisfy quality standards of  
32 the US regulatory agency (FDA). The learning of new food production techniques,  
33 packaging, and labeling which secured FDA approved production in the US. Taken  
34 together, the findings show EM Entrepreneurs’ attempting to overcome formal  
35 institutional constraints in the developed market through several pro-active legitimization  
36 building strategies.  
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## 53 **DISCUSSION AND CONCLUSION**

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56 In this study, we sought to examine how institutions influence EM IE into developed  
57 markets. We found that the EM entrepreneurs’ recognition, development, and  
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4 exploitation of international opportunities in a developed market is strongly conditioned  
5 through both home and host market institutions.  
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9 Our findings contribute to the IE literature in several ways. First, our study  
10 extends the scant research on the opportunity-based process of international  
11 entrepreneurship (IE) in the context of emerging market (EM) entrepreneurs (Volchek et  
12 al. 2013; Zaefarian et al., 2016; Dimitratos et al. 2016; Dana and Ratten, 2017; Miocevic  
13 et al., 2018; Jafari Sadeghi et al., 2019). Answering several calls for more research on  
14 EM IE (Kiss et al., 2012; Smallbone et al., 2014), the findings show how EM IE activities  
15 are institutionally embedded within both the formal and informal home and host markets.  
16 When expanding into the US market, the Nigeran entrepreneurs found themselves  
17 handling multiple institutional systems from creating and recognising opportunities, right  
18 through to the commercialization phase of the business operation. From the start of the  
19 process, entrepreneurial activities were strongly affected by host and home market  
20 institutions. While mostly conceptual studies show how home institutions shape EM IE  
21 in the formative stages of the IE process (Li, 2013; Dana and Ratten, 2017), our empirical  
22 study moves beyond this research when capturing how home and host formal and  
23 informal institutions are conditioning the entire IE process. This is an important  
24 contribution to EM IE academic research and managerial practice because despite the rich  
25 tradition on research in emerging economies, there are few efforts to explain how  
26 institutions influence IE activities and how EM entrepreneurs cope with their challenging  
27 institutional environment throughout the process. To the best of our knowledge, this is  
28 the first empirical study to understand across the stages of IE how home and host market  
29 institutional contexts shape the activities of EM entrepreneurs.  
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46 Focusing on the entire process of IE through an institutional perspective further  
47 addresses an omission in the wider IE literature (Bruton et al., 2010). The study of IE  
48 activities from an institutional perspective has been limited and largely conceptual  
49 (Bruton et al, 2010; Szyliowicz and Galvin, 2010). Although a small number of empirical  
50 studies have explored the effects of institutions on the opportunity recognition stage of  
51 the IE process (Muralidharn and Patak, 2017; Lundberg and Rehnfors, 2018), our study  
52 captures the effects of home and host institutions on multiple stages of the IE process. At  
53 the same time, our study theoretically contributes to new institutional economics by  
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4 validating how formal and informal institutions constrain entrepreneurial action. Yet we  
5 further add to institutional theory by showing how institutions shape IE actions and  
6 outcomes throughout the holistic, multi stage IE process. Moreover, our research captures  
7 the importance of incorporating both home and market institutional contexts when  
8 applying institutional theory to understand IE. We found how the salience of host market  
9 institutional effects could not be neatly divorced from home market institution, and vice  
10 versa. While requiring further research, this responds to recent calls for better  
11 understanding into the interactions between formal and informal institutions between  
12 home and host markets on entrepreneurial entry and international entrepreneurship  
13 behaviour (e.g. Mingo et al. 2018; Bordreaux, Nikoleav and Klein, 2019; Torkkeli,  
14 Kuivalainen, Saarenketo and Puumalainen, 2019).

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25 Thirdly, our findings reveal how the entrepreneurs' home market and host market  
26 institutional environment simultaneously enhanced international opportunity recognition  
27 in the developed market. It is important to stress the institutional environment includes  
28 both formal and informal institutions. The Nigerian entrepreneurs were *pushed into* the  
29 US to escape multiple dysfunctional formal home institutions. As Batjargal et al. (2013:  
30 1031) aptly state, the confluence of weak and inefficient institutions often creates a hostile  
31 context for entrepreneurs due to negative synergy among the various institutions. This  
32 finding supports the IB institutional escapism view (Witt and Lewin, 2007; Cuervo-  
33 Cazorra and Ramamunti, 2017) and adds to recent studies finding support for weak home  
34 institutions as antecedents of EM SME internationalization (Adomako et al., 2020; Wu  
35 and Deng, 2020). However, adding to this research, we found how quality host market  
36 regulation and host market based informal network support further impacted the decision  
37 to internationalize. The use of ethnic based ties in the host market alerted the  
38 entrepreneurs to host market institutional quality, as well as enhancing their familiarity  
39 of the new market. This simultaneous influence of home and host institutions behind the  
40 entrepreneurial internationalization decision supports Mingo et al., (2018) finding that  
41 the effects of home country institutions on internationalization cannot be isolated from  
42 the effects of host country.

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45 Fourth, adding to research on EM IE (Gonzalez-Perez et al. 2016; Dana and  
46 Ratten 2017), our study provides insights into how institutions (both within home and  
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4 host markets) enabled and constrained EM opportunity development in the developed  
5 market. As expected, adverse or low-quality formal home institutions (weak government  
6 financing schemes and private sector financial institutions) constrained financial  
7 mobilization efforts and forced the EM entrepreneurs to seek financial resources within  
8 the host market. Yet the EM entrepreneurs lack of reputation and legitimacy with US  
9 financial providers curtailed such resource access efforts (Kostova and Zaheer, 1999).  
10 However, our study shows the informal institutions (or lack of) explain the institutional  
11 resistance in both home and host markets. Prevailing informal business norms within  
12 Nigeria (unregistered businesses and poor business transaction recording), prevented  
13 compliance with the financial sector's formal lending requirements. Within the host  
14 market, ethnic discrimination and poor trust in the Nigerian business environment, arising  
15 from perceptions of excessive business informality within Nigeria, caused resistance to  
16 the entrepreneurs. The entrepreneurs lack of business and government network capital  
17 within the home and host markets exacerbated these institutional barriers (Deng and Zeng,  
18 2018). Although obviously requiring more detailed research, this inherent misalignment  
19 between formal and informal institutions within the host market, and across host and  
20 home markets, adversely impacted EM opportunity development, and again, illustrates  
21 the interplay of host and home market institutions (Mingo et al., 2018). It further suggests  
22 future researchers should pay more attention to how informal institutions enable and  
23 constrain small firm internationalization.  
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40 Fifth, our study closes the cycle with opportunity exploitation. Although a few  
41 studies have discussed opportunity exploitation in IE (Vasilchenko and Morrish, 2011;  
42 Lindstrand and Hanell, 2017; Miocevic and Morgan, 2018), this stream generally avoids  
43 situating the IE exploitation in a institutional context. Adding to this literature, our  
44 findings show home market institutions imposing an adverse impact on exploitation  
45 activities, whilst efficient host market institutions enhanced opportunity exploitation.  
46 Moreover, we show how EM entrepreneurs seek to pro-actively legitimise their business  
47 during the exploitation phase in developed markets (Oliver 1991; Bangara et al 2012).  
48 For example, in response to the tendency in the US towards consumer ethnocentrism  
49 (Shimp and Sharma 1987), entrepreneurs from the film sector cases managed this cultural  
50 bias by adjusting content of the product or service, or providing knowledge and awareness  
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4 through education seminars. Essentially, we show how insititutional interactions are  
5 gradually transferring from the home market to the host market in the IE process.  
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9 In addition to the previously identified contributions to IE research, our findings  
10 linking institutons to the IE phases of opportunity development and exploitation allows a  
11 contribution to the SME internationalization studies investigating the institutional  
12 escapism view in several ways (Witt and Lewin, 2007; Wu and Deng, 2020). As this work  
13 concentrated on the initial investment decision, they avoid ascertaining if such  
14 institutional escapism becomes a reality. Thus, as a novel contribution to the literature,  
15 we show EM entrepreneurs escaping some formal institutions through  
16 internationalization but struggling to escape other home formal institutions at latter stages  
17 of the process. This finding is an important contribution to both the IB and IE literatures  
18 and managerial practice because we suggest that IE internationalization may not  
19 guarantee home institutional escape but can rather increase dependency on certain home  
20 institutions. Our study strongly encourages future studies to build on this important  
21 finding with a more indepth examination of the actualization of EM entrepreneurial  
22 institutional esapsim intent.  
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34 Sixth, our findings show how EM entrepreneurs leveraging informal institutional  
35 ties (family and social network ties) facilitate each stage of the IE process. This confirms  
36 other studies on the role of networks during international opportunity recognition (Sasi  
37 and Arenius 2008, Lorentz and Ghauri 2010, Kontinen and Ojala 2011, Vasilchenko and  
38 Morrish, 2011; Zaefarian et al., 2016; Masiello and Izzo, 2019). However, this prior  
39 research mostly ignores considering the role of social networks in the other stages of the  
40 IE process. Adding to the IE literature, the case studies show the entrepreneurs,  
41 throughout opportunity development, relying on social ties for important development  
42 activities. Despite the perceived higher functioning of US regulation vis-à-vis Nigerian  
43 institutions, and despite their prior experience of setting up firms, the EM entrepreneurs  
44 were uncertain of setting up a new organization in the US as lacking relevant knowledge  
45 of the new institutional environment. As institutional differences can interfere with the  
46 transfer of knowledge across countries (Kostova, 1999; Scott, 1995), the EM  
47 entrepreneurs acquired the relevant institutional knowledge through social ties to help  
48 them with registering their new subsidiaries, acquire sites, recruiting employees, as well  
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4 as providing financial support. Using social network ties for the development phase  
5 supports Lindstrand and Hanell's (2017: 660) argument that the firm's current network  
6 relationships in the host country and knowledge acquired in interaction with these  
7 relationships plays a critical role in opportunity development and exploitation. These  
8 findings also add to IE research by enhancing our understanding of how informal  
9 institutions shape the IE process (see Muralidharan and Pathak, 2017). This is an  
10 important addition to the IE literature because little effort has been devoted to  
11 understanding how informal institutions influence IE. Although Muralidharan and Patak  
12 (2017) identified how certain home informal institutions motivate the international  
13 entrepreneurs' decision to expand abroad, we show the positive and constraining roles of  
14 informal institutions to identify, develop and exploit international opportunities.  
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25 Importantly, the findings however, identify limits to the use of social networks in  
26 the development and exploitation phases of IE. Social networks could not aid the  
27 entrepreneurs with legitimacy problems and may have underestimated the challenges  
28 facing the entrepreneurs when pursuing private sector financing. This remains consistent  
29 with Musteen et al's., (2010) argument that the social network enhancing firms to pursue  
30 international opportunities soon do not necessarily help them in the exploitation of such  
31 opportunities (p.203). In response, the EM entrepreneurs had to employ their individual  
32 resources of personal finance and financial bootstrapping. This failure of entrepreneurs  
33 to acquire traditional financing during the venture-creation process often leads to  
34 entrepreneurs employing non-traditional financing such as self-financing and  
35 bootstrapping (Alvarez *et al.* , 2013; Foss *et al.* , 2008). Bootstrapping allowed the EM  
36 entrepreneurs to cope with their lack of legitimacy in the host market (Grichnik et al.,  
37 2014; Brinckmann et., 2019) as well coping with serious home market institutional voids.  
38 Interestingly, this *individual resourcefulness and related high commitment* enabled these  
39 EM entrepreneurs to both survive and sustain developed market operations. Although  
40 not coming through in this research, we suspect powerful informal institutions may be  
41 underpinning this personal commitment to internationalization (Muralidharan and Patak,  
42 2017), and therefore, encourage future studies to examine the links between individual  
43 resourcefulness and informal institutions within IE.  
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Finally, our study answers the call for more studies on EM to developed market entrepreneurship (Wright et al., 2005; Yamakawa et al., 2008). While previous studies have focused on firm internationalization into developed markets (Yamakawa, 2008; Kujala and Tornross, 2018), our study explored the entrepreneurial perspective. Moreover, by focusing on IE from Nigeria to the US we contribute to our understanding of how African firms expand into foreign markets (Ibeh et al., 2012; Liou and Nicholson, 2017; Hammerschlag et al., 2020). This answers several calls for more research on African firm internationalization (Ibeh et al., 2014; Obeng et al., 2014; Awankwah et al., 2018).

### **Managerial and policy implications**

The findings of the study suggest EM entrepreneurs should be careful reacting to constraining domestic environments through entrepreneurial internationalization into developed markets. Developed markets pose enormous risks for EM entrepreneurs possessing insufficient home and host market institutional support and without adequate resources. In particular, EM entrepreneurs can experience country of origin discrimination when engaging with institutional stakeholders in the opportunity development stage. Our findings suggest that EM entrepreneurs, plagued by weak institutions and poor resources, should, in the first instance, seek to build capacity and resources before initiating developed market expansion. EM entrepreneurs seeking to capitalise on an international opportunity without sufficient institutional support and internal resources is highly opportunistic. Our findings, on the other hand, suggest a strategic and cautious approach to EM entrepreneurship in developed markets. EM entrepreneurs' strategic approach could involve learning to manage home institutional constraints such as developing networks to leverage government financing, and pursuing diversification into geographically and institutionally closer emerging markets. These strategic actions may yield the capital, networks and experience for successful future developed market operations. Moreover, gaining legitimacy among developed market institutional actors, including reducing the potential for discriminatory practices, may require engaging in status building activities such as entering for industry awards or building intermediary connections. Furthermore, our findings caution against over-

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4 relying on informal networks to support opportunity recognition, development and  
5 exploitation activities. While social networks should not be dismissed in recognising and  
6 evaluating opportunities, using formalized planning will yield higher quality information  
7 to validate the perceived opportunity and identify potential institutional and market risks.  
8 Finally, the strategy of creating formal business relationships for the development and  
9 exploitation phases seems logical for this strategic approach to EM entrepreneurship in  
10 developed markets.  
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17 In addition, this paper provides policy implications. In view of the adverse impact  
18 of Nigerians institutional framework on the international expansion of Nigerian SMEs,  
19 this paper recommends several realistic design and implementation improvements to  
20 enhance support for Nigerian entrepreneurs. First, we advise the need for greater support,  
21 transparency and fairness in the government incentive scheme application process. We  
22 suggest a dedicated 'know your eligibility' helpdesk be established at those government  
23 institutions administering incentive schemes. Second, in order to avoid regulatory  
24 bottlenecks for exporters relating to seeking permits and inspections, the operational  
25 guidelines of relevant regulatory agencies should be revised to incorporate specific  
26 timelines within which particular services must be rendered to a client. For example, the  
27 new guideline should mandate the Nigerian pre-shipment inspection agency to carry out  
28 inspections and provide certificates of clearance within twenty-four hours, provided the  
29 exporter has completed the correct documents and paid the required fees. For US policy  
30 makers, good quality training among staff to unconscious bias and developing good  
31 working relationships with ethnically based business representative bodies can create  
32 awareness of the potential for discrimination and ensure that distribution channels for  
33 information and feedback are appropriate.  
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### 50 **Limitations and directions for future research**

51 A number of limitations of our study can be identified which provide several fruitful  
52 avenues for future scholarship. In our discussion we identify aspects for future research  
53 possibilities concerning escapism outcomes, informal institutional influence on personal  
54 commitments to internationalise, and misalignment of formal and informal institutions  
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4 between home and host markets. Other interesting directions for future research are  
5 detailed here.  
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9 First, the study was based on four Nigerian cases entering the US, and the findings  
10 may not be generalised to other emerging and developed markets. Replicating our  
11 research design across other emerging and developed countries should build our  
12 understanding and contribute to both IE and IB literatures. Related, the generalisability  
13 of our study is further constrained by our focus on just two industries with polar  
14 characteristics (food and film). Future related studies could seek to obtain data within  
15 other manufacturing and service sectors.  
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22 Second, our examination of the institutional context in emerging market IE does  
23 not delineate the categories of institutions, rather we identify them only as home or host  
24 market. Future studies should identify influences from institutional categories such as  
25 national, regional, local or supranational institutions across the stages of IE.  
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30 Third, our study stands apart from other IE-institutional studies in that we have  
31 situated the entire IE process (opportunity recognition, development and exploitation)  
32 within the EM entrepreneurs' home and host institutional environment. However, this  
33 wide scope of investigation prevented a more nuanced picture emerging on the  
34 institutional conditions within each phase of IE. More in-depth insights can be achieved  
35 when future studies investigate the links between specific institutional domains (host,  
36 home, formal or informal) and specific IE phases or activities. For example, whilst we  
37 have added to the knowledge on the role of informal institutions within IE (Muralidharan  
38 and Pathak, 2017), we would invite future studies to examine this particular aspect of the  
39 IE-institutional relationship.  
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48 Finally, although our study finds significant links between institutions and the IE  
49 process, it is logical to suspect that personal conditions and characteristics are possibly  
50 interacting with the IE and institutional relationship. For example, Yang et al., (2020)  
51 found how personality and motivational antecedents interact with home country  
52 institutional conditions in determining early stage entrepreneurial internationalization.  
53 Thus, the IE literature will be advanced if future studies examine the influences of  
54 individual and institutional conditions within IE.  
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## Appendix A: Interview Prompt Sheet

### Entrepreneur interview protocol

#### General Aspects

#### Background of the firm

#### The process

- Explain to me, what led you to start this business in the US?
- What are the things you did to make the business feasible?
- How did you finance operations? Who helped you?

#### Institutional factors

- You have explained several activities of your firm, how does the working environment of both Nigeria and the US affect these activities.
- What are the challenges you encountered in Nigeria and what are the challenges you encountered in the US?

Table 1: Characteristics and basic profile of the cases

Case studies	Case A	Case B	Case C	Case D
<i>Entrepreneur profile</i>	Co-owned and managed by husband and wife, 60 and 53 years old respectively, US (New Jersey)	Male, 62 years old, US (New York)	Female, 48 years old, US (Austin, Texas)	Co-owned and managed by husband and wife, 56 and 50 years old, US (Houston, Texas)
<i>Entrepreneur background and experience prior to start up</i>	Entrepreneurs have reasonably high levels of education and professional preparation. Husband worked as a manager of a multinational company for 20 years. He has also trained in marketing and business strategy at the Lagos School of Business. Wife on the other hand, trained in food processing, management, and marketing at the Mississippi State University in the US.	Entrepreneur has reasonably low level of formal education but extensive experience and professional preparation. He was engaged in promoting African music and arts through an in-house magazine publication and sponsoring stage cultural events and festivals within Nigeria and internationally for 20 years	Entrepreneur has above-average level of formal education but minimal experience and professional preparation. A degree in Theatre arts at the University of Port Harcourt. 3 years experience of filmmaking in home market (Nigeria) before venturing into the US foreign market.	Entrepreneurs have low levels of formal education with extensive experience and professional preparations. The wife received training through a USAID supported program in food production techniques, packaging, and labeling. 20 years experience of US leather importation to Nigeria.
<i>Reasons for entry into US</i>	The entrepreneurs were seeking opportunities to expand as home market had become saturated	The opportunity to tap into a lucrative US niche market for Nigerian films	The entrepreneur’s passion for international filmmaking	Need for survival after a government policy proclamation banned finished leather imports, which effectively pushed the entrepreneurs out of business.
<i>Business activity, year of est. and location, annual turnover, no. of employees</i>	Processed food exports, 2007, Lagos, New Jersey, N410,000,000 (\$ 1,170,000) 121 employees	Filmmaking, 1997, Harlem, New York, N295,000,000 (\$842,000) 82 employees	Filmmaking, 2005, Enugu, Austin N240,000,000 (\$685,000) 48 employees	Processed food exports, 1993, Lagos, Houston N175,000,000 (\$500,000) 65 employees
<i>Business history (antecedents and key characteristics)</i>	The entrepreneurs began as a food processing enterprise in Nigeria achieving remarkable success over the years. However, increasing intense local competition would significantly dampen their market share and stifle growth prospects. This prompted the need to expand and enter into the US foreign market.	From his experience of 30 years living in the US, the entrepreneur saw a lucrative market for African-themed products in the US. He began pursuing this opportunity through publishing, sponsorship of cultural events and festivals. These market exploits brought commercial success, which encouraged the entrepreneur to expand and seek new markets in film production.	Owing to a lifelong ambition to become an international filmmaker, the entrepreneur started by setting her filmmaking company in Enugu immediately after her college education in 2005. Initially, a shortage in finances frustrated the entrepreneur’s international ambitions, and limited her choices. However, in 2008, a US government incentives program that supports filmmakers prompted the	The entrepreneurs previously imported US leather products to Nigeria. In 1990, however, Nigerian government banned the importation of finished leather products. This situation pushed the entrepreneurs out of business and forced them to consider alternative business engagements. Hence, leveraging their existing knowledge of the US market, the entrepreneurs decided to enter food exports to the US.

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			entrepreneur to take the initiative and expand operations to the US.	
In case corroborating interviewees (in addition to entrepreneurs)	<ul style="list-style-type: none"> <li>• Director Operations</li> <li>• Production Manager</li> </ul>	<ul style="list-style-type: none"> <li>• Executive Director</li> <li>• Operations Manager</li> <li>• Company Editor</li> </ul>	<ul style="list-style-type: none"> <li>• Managing Director</li> <li>• Exports Director</li> <li>• Sales Manager</li> </ul>	<ul style="list-style-type: none"> <li>• Sales Manager</li> <li>• Production Manager</li> </ul>

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**Table 2: Type of data and use**

Source	Type of data	Use in the analysis
Firm archive	<p><b>Pre-interview collection:</b> Firm websites (4); Media information (ca. 22 pages); Key management CVs (16); Financial reports (4)</p> <p><b>In-interview collection:</b> Marketing literature (ca 16 pages); New market entry plans (14); Notes recording details of visual aids (6 pages); Meeting minutes and notes (4 pages); shipment documents (ca 4 pages)</p> <p><b>Post-interview collection:</b> Interviewee field notes (ca 23 pages)</p>	<p>Gather information to support interpretation and triangulation of verbal explanations by interviewees</p> <p>Recording of nonverbal signals, atmospheric influences and observed processes. Interpretation of firm and its environment.</p>
Semi structured interviews	<p><b>Pilot Study:</b> <i>Summer 2012</i> interviews with 4 entrepreneurs involving founders of exporting firms in Nigeria. All recorded and transcribed for a total of 68 pages</p> <p><b>Main Stage:</b> <i>Summer 2013- Spring 2014</i>. 16 interviews across four cases involving 6 owner managers; 4 directors, 6 middle management level all with direct international experience. All recorded and transcribed for a total of ca 140 pages.</p>	<p>Gather data on firm internationalisation process to test and refine interview prompt sheet. Seek guidance and introductions into suitable cases.</p> <p>Gather rich multi voice and triangulated data exploring how institutional factors influence international opportunities.</p>
Other archival sources	<p><b>Pre-interview collection:</b> Industry agency websites (18 websites); Competitor websites and media articles (ca 14 pages); OECD/World Bank (12 pages) other industry reports (36 pages); Key economic data on select markets (21 pages).</p> <p><b>Post-interview collection:</b> Ongoing data collection from public sources (ca 12 pages); company documents such as memos (16 pages);</p> <p><b>External informant experts:</b> 12 interviews involving 6 institutional informants, 3 academics and 3 consultants. All recorded and transcribed for a total of ca 100 pages.</p>	<p>Contribution to creating report to assess the viability of Nigerian SMEs as a research setting for exploring IE process. Identify dominant logic of the sector.</p> <p>Triangulate facts and observations. Enhance validity of insights, contextualize observed and verbal processes. Develop insights on formal and informal characteristics of institutional environments in both Nigeria and the US.</p>

**Table 3: Theoretical Underpinning of the Data**

<b>Stage of IE Activity Process</b>	<b>Home institutional influence</b>	<b>Host institutional influence</b>
Opportunity Recognition	Intent to escape home formal institutions	Engaging social ties
Opportunity Development	Constraints to escape home formal institutions	Engaging formal institutions – country of origin discrimination Engaging social ties Bootstrapping
Opportunity Exploitation	Adverse impact of home formal institutions	Engaging formal institutions – enabling regulatory and government support