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## Faculty of Business Economics

Master of Management

### **Master's thesis**

#### ***The Internationalization of Born Digitals***

#### **ELNAZ RAZMI**

Thesis presented in fulfillment of the requirements for the degree of Master of Management, specialization  
International Marketing Strategy

#### **SUPERVISOR :**

Prof. dr. Pieter PAUWELS



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## **Preface**

With great pleasure and a profound sense of accomplishment, I present this Master's thesis as a completion of my academic journey in Master of Management with a specialization in International Marketing Strategy at Hasselt University. This research endeavor has been conducted under the expert guidance and unwavering support of my esteemed supervisor, Professor Dr Piet Pauwels.

Undertaking this Master's program has been a transformative experience, equipping me with the necessary knowledge and skills to comprehend the world of international marketing. Throughout my studies, I have been exposed to diverse theoretical frameworks, strategic approaches, and analytical tools, enabling me to analyze the complexities and challenges of the global marketplace critically. During this research, I explored relevant literature deeply, which allowed me to gain comprehensive insights into the theories and concepts underpinning international marketing and entrepreneurship. Moreover, I had the privilege of conducting empirical research, employing qualitative methodology and data collection techniques, to further enrich my understanding and contribute to the existing body of knowledge in this domain.

Hence, I would like to express my appreciation to the faculty of Business Economics and the Hasselt University staff, whose commitment to excellence has fostered an environment conducive to intellectual growth and learning.

I am deeply grateful to Professor Dr Piet Pauwels for his invaluable guidance, support, and mentorship throughout this journey. His expertise, profound knowledge, and insightful feedback have been instrumental in shaping the trajectory of this thesis. I am genuinely thankful for his patience, encouragement, and dedication in ensuring that the highest standards of academic rigor were met.

Last but certainly not least, I would like to represent my gratitude to my husband, Kianoush Ghahraman, whose unwavering support and encouragement have motivated me throughout this demanding but rewarding journey. His belief in my abilities has been unhesitating, and I am eternally grateful for his love and encouragement.

I sincerely hope this Master's thesis contributes to the existing body of international marketing and business management knowledge and provides valuable insights to researchers and academicians alike. May it serve as a stepping stone toward further advancements in this dynamic and ever-evolving discipline.

Elnaz Razmi  
Hasselt University  
June 2023

## **Summary**

The first inspiration that gave rise to this research was the growing concept of sustainable development as a crucial issue affecting the present global businesses. Also, the growing power of young innovative entrepreneurial firms in international competition, the internationalization of the marketplace, the technological revolution, and digitization - which have altered the nature of trust formation, opportunity recognition, knowledge generation, and relationship growth - have shifted the traditional focus on big established multinational corporations to young and newly established entrepreneurial firms among international business researchers. This fact also drew the attention of academics, who formed a new type of entrepreneurial activity known as sustainable entrepreneurship (SE) or sustaintoentrepneurship by bridging the gap between traditional entrepreneurship, society, and the environment (Cohen and Winn, 2007; Aghelie et al., 2016). Among these entrepreneurial firms, born-digitals and born-globals are the centers of attention in this research.

Accordingly, sustainable entrepreneurs are increasingly seen as transformational leaders dedicated to finding a balance between economic viability, social welfare, and environmental conservation (Belz and Binder, 2017). Therefore, this research examines the role of entrepreneurship in internationalization, with a specific focus on the entrepreneur's involvement, and answers the research question developed for the investigation: "How do founders/top managers in born-digital and born-global firms perceive sustainable entrepreneurship, and how do these perceptions influence their practices in international operations?"

## **Methodology**

Along with a three-month internship in a born-digital company as a case study, qualitative research is done to understand the founder's experiences and beliefs of sustainable entrepreneurship and their perceptions of potential international sustainable opportunities. Purposive criterion sampling, as a non-random sampling, is used to select and seek particularly founders/top managers in diverse organizations that are born digitally or have become global, and who possess some specific criteria such as entrepreneurial background, experience or education, sustainability orientation, and international experience. Data collection was done online through eight expert interviews. All interview transcripts are available from the author upon request.

## **Limitations**

First, since the respondents described their own attitudes and experiences, they might have tended to answer in ways that made them look acceptable in the judgment of others, regardless of the accuracy of their responses. Thus, different types of bias, such as social desirability bias, might have occurred. Therefore, since bias could affect the research's external validity, it was indispensable to provide the respondents with a guarantee (informed consent) that they would remain anonymous and that their responses would be kept confidential.

Second, due to time constraints and the small sample size, the restricted data depth and richness, the researcher's limited ability to identify variations or patterns within the data, and inadequate data saturation are the aspects that deserve careful consideration.

Third, when collecting data, respondents were from different countries. Thus, examining the individuals' experiences of international entrepreneurship and sustainable entrepreneurship among top executives, particularly in born-digital and born-global firms that had different nationalities and operated in different time zones, was a relatively complex issue because multiple elements needed to be taken into consideration before making a valid and generally acceptable claim of the argument.

## **Findings**

This study found that the founders/top managers in entrepreneurial firms believe sustainable development or sustainable activities will hinder their profit growth as it brings costs for them because they have to invest in such activities. For example, they have to hire educated experts in sustainability, pay substantial taxes, or change their whole business strategy or business model. Alternatively, they must follow complicated governmental procedures to fill out an application that the government might eventually decline. They believe these challenges and obstacles suppress their interest in sustainability investments. Contrary to expectations, the research determined that entrepreneurs are aware of the potential value of deploying sustainability in their operations and are acquainted with the importance of balancing the three aspects of sustainability. However, since these firms are newly established, they believe that the financial aspect of their business is still their top priority as they need funds to scale up.

Furthermore, even though risk tolerance is a crucial trait of the top decision-makers in entrepreneurial companies, the findings revealed that they are not willing to take considerable risks in business expansion, especially during the current unstable economic situation, as they believe they need a secure cash flow and a precise evaluation of their financial resources during the ups and downs of their business, in case a crisis happens. Thus, they prefer staying in a safe zone rather than taking risks or blurry steps to expand their business. Moreover, the research findings showed that obtaining knowledge and information about a foreign market via networks and critical partners is sufficient for entrepreneurial firms to examine whether implementing sustainability in their business model would be worth it. This examination would be assessed by the information about the regulations' simplicity and accessibility in targeted markets and the considerable potential demand for sustainable products or services. Hence, if there are complicated governmental rules or scarce environmentally conscious customers in their targeted marketplace, the entrepreneurial firms would not designate sustainability in their business plan. Likewise, the findings of this study revealed that born-digitals and born-globals reach overseas markets as they used to do, and if it is needed, they utilize the concept of sustainability to show off their commitment to sustainable development and practices while not considering it thoroughly in their expansion. Thus, at least during the current unstable economic world, following sustainable principles has a meager impact on the internationalization of born-digitals and born-globals.

In addition, the findings of this thesis verified the link between an entrepreneur's prior knowledge and education in business or engineering, and a lower preference to discover environmentally friendly company prospects. These results matched those observed in earlier studies of Shepherd and Patzelt (2011) which indicated that it is expected that entrepreneurs educated in economics, business, or engineering are more likely to discover or create opportunities that provide developmental benefits, while those with prior knowledge of environmental themes are more likely to discover or create opportunities that preserve the natural environment while also providing developmental benefits. This is maybe because traditional business methods and financial performance indicators are used with less emphasis on sustainability. Entrepreneurs exposed solely to traditional business models and strategies may be less inclined to consider sustainability as a critical part of their worldwide operations. Hence, apart from the entrepreneurial mindset, entrepreneurs' prior education and knowledge can shape their perception of sustainability as an integral part of business strategy.

Taken all together, this research found that the founders/top managers in born-digital and born-global firms perceive sustainable entrepreneurship as traditional entrepreneurship with the primary aim of generating wealth but with only a slight difference in considering some sustainable initiatives in their operations. However, these initiatives do not significantly impact reaching new foreign markets or their established international activities.

### **Implication and Recommendations**

The current research outlined that despite the global trend towards a more sustainable approach to supply and demand, implementing sustainable practices remains in its infancy within the business community. While sustainability is commonplace in the business discourse, entrepreneurial companies do not appear to be fully committed to its principles. So what can trigger the adoption of sustainable entrepreneurship among international entrepreneurs and motivate them to prioritize sustainability in their international operations?

- Collaborating with international business consultants, advisors, and experts who possess in-depth knowledge of sustainability in specific markets to optimize resource utilization, cost reduction, productivity enhancement, financial success, and to amplify positive externalities by adopting and implementing these strategies and sustainable practices.
- Engaging with sustainability-focused networks, groups, and experts to create a self-reinforcing eco-efficient loop for international businesses, driving mutual growth and fostering a sustainable business ecosystem.
- The governments' support in setting and introducing more transparent, unchallenging, and straightforward rules, standards, and policies to facilitate the development of sustainable activities in foreign markets. These uncomplicated regulations will contribute to a more resilient adoption of sustainable practices and will facilitate the commitment of the whole industry to sustainability.
- Tax returns, loans, subsidies, renewable energy incentives, and green financing programs.

- More considerable system improvements within and outside the traditional supply chain may promote sustainable international entrepreneurial possibilities, attract environmentally aware customers, and stimulate development and profitability in new markets.
- Developing decentralized energy systems, such as microgrids and renewable energy communities, and providing unique energy solutions to international markets by utilizing technology such as solar panels, wind turbines, and energy/data storage.
- Building novel digital solutions for sustainability by leveraging digital technologies such as artificial intelligence (AI), big data analytics, and the Internet of Things (IoT).
- Developing location-sharing, establishing platforms that assist energy management and conservation, which enable remote monitoring and resource optimization, and give data-driven insights for sustainable decision-making.
- Developing digital platforms and tools that enable resource tracking, monitoring, and optimization, allowing businesses to make informed decisions about resource usage.
- Raising awareness through continued learning in sustainability-related topics. For instance, attending workshops or seminars, engaging in sustainability-focused networks, or pursuing specialized sustainability education.
- Being exposed to successful examples of sustainable international entrepreneurship and learning about the positive impacts achieved by sustainable businesses and the long-term benefits they have reaped.
- Leveraging digital marketing and communication channels to educate consumers about the value of natural resources and the importance of sustainability, minimize information asymmetry, and promote awareness about the environmental effect of various operations by making this information widely available and intelligible to companies and customers.
- Following an eco-efficient approach by allocating a portion of profits to integrate sustainability into business activities to reinvest cost savings and profits into promoting sustainable business models.

### **Future Research**

Since this research investigated sustainable entrepreneurship in born-digitals and born-globals, future research should focus on the study of sustainable entrepreneurship in those firms separately. Moreover, exploring sustainable entrepreneurship from the organizational culture point of view and not from the perspective of founders/top management could be an exciting field for future research. Likewise, as this research examined the concept of sustainable entrepreneurship among different industries, evaluating the role of sustainable entrepreneurship in the internationalization of a born-digital or born-global firm in a specific industry could be a focus of future research.



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## **1. Abstract**

This research investigates the perceived sustainable entrepreneurship from the perspective of the founders/top managers in born-digital and born-global firms and the influence of their perception on their international operations. A qualitative study is conducted to answer the research question, involving expert interviews of currently operating born-digital and born global firms. The study explores how sustainable entrepreneurship is included in the decision-making of founders/top managers of such firms and how it is being implemented internationally. The expected outcome of this research is to gain insights into the role of international entrepreneurship in recognizing and developing international sustainable business opportunities.

Sustainable entrepreneurship has gained attention as a means of achieving both financial success and positive social and environmental impact as it amalgamates environmental and social considerations into business practices, and it integrates the formation of environmental, social, and economic benefits with concern for future generations' well-being. Accordingly, the study results show that founders and top managers of born-digital and born-global firms, known as entrepreneurial firms, have initiated some sustainable business practices. However, they are not exhaustively committed to sustainable entrepreneurship while operating internationally. Such initiatives include eliminating paper usage, managing energy usage, installing solar panels, and running IT equipment on the cloud. Nonetheless, such initiatives are not sufficient for fostering sustainable business opportunities in the international sphere.

Born-digital and born-global firms have the potential to be more agile and innovative in their approach to sustainable entrepreneurship. The findings indicate that while these firms are aware of the importance of sustainability, there are challenges in implementing sustainable entrepreneurship in their international operations. These challenges include the lack of clear regulations and standards, the lack of customers' enthusiasm for sustainable products or services, and limited resources. However, these entrepreneurial firms are also found to be more adaptable and willing to experiment with innovative approaches to sustainable entrepreneurship. The study contributes to understanding the importance of sustainable entrepreneurship in the current global unstable economic environment, the challenges of deploying such entrepreneurship, and the need for greater collaboration between firms, policymakers, and civil society to promote sustainable entrepreneurship in international business.

## **2. Introduction**

It is no surprise that the world is migrating towards digitization. Digital technologies are present in regular activities, from using a smartphone to communicate or a computer to working from home. Indeed, the use of the internet and digital technologies began at least twenty years ago. However, it is at present that it has become an essential requirement for the proper functioning of a business or even society. The digitization of a company's data, processes, and daily activities has become a standard. Therefore, those who do not adapt and join the digital transformation lose competitiveness and leave an open opportunity for competitors who do it. For instance, several companies have adapted their businesses according to the current reality demands. Others even start their business digitally and establish their operations in a digital world. Moreover, because of the widespread use of e-mail, the Internet, and other associated technologies, internationalization has become a more practical and cost-effective alternative for many businesses. Thus, digital transformation acquires supreme importance since it is a phenomenon that affects an entire value chain.

Likewise, technological advancements and internet generalization, and their influence and ability to facilitate international market expansion, have become more critical for international firms, specifically those businesses which are geographically isolated, because the Internet serves as a path for many international transactions between customers and businesses (Mathews and Healy, 2007). Scholars argued that while having an Internet presence means instant internationalization from a technological standpoint, the success of deploying a virtual presence is restricted by the firm's functional and organizational capabilities (Kotha et al., 2001, Loane, 2005). Hence, according to Liao et al. (2009), a website presence does not imply that a company is immediately international. Instead, businesses must go outside their current resource base to survive and develop in increasingly competitive digital business environments.

Even though entrepreneurial SMEs, in particular, have benefited from new ways to do business and exchange and communicate ideas and information thanks to the Internet (Loane, 2005), the Internet is only a catalyst for quickly internationalizing entrepreneurial enterprises (Sinkovics and Penz, 2006). However, the international entrepreneurs' key characteristics seem to be the main drivers of decision-making and leveraging internet and technological advancement, influencing outstanding business decisions in international processes.

Accordingly, although technological developments have been highlighted in the literature that may help firms achieve operational efficiency and functionality when operating internationally (Glavas and Mathews, 2014), there has been limited attention and research on international entrepreneurship characteristics related to the firm's outcomes during internationalization. In the same vein, many researchers have suggested a need for further research in international entrepreneurship studies to identify the international entrepreneurs' characteristics influencing the international business processes of the firm. Therefore, the international entrepreneurs' characteristics related to and essential to the firm's internationalization process must be precisely defined to address this gap. Probing international entrepreneurs' characteristics and capturing their

mental models enriches the understanding of how international entrepreneurial firms make internationalizing decisions.

Moreover, entrepreneurship has long been acknowledged as generating economic gains or jobs (Segal et al., 2005). However, because sustainable development has emerged as a critical issue impacting the existing global system, it has been suggested that entrepreneurship should not be primarily focused on generating wealth (Shepherd and Patzelt, 2011). Instead, entrepreneurship is a means of guiding economic sectors towards long-term growth and sustainable development (Shepherd and Patzelt, 2011). From the authors' point of view, entrepreneurs must incorporate and adopt sustainability into their business strategy to build a prosperous firm that contributes to sustainable development.

Accordingly, it is worth noting that changes in the business environment, such as changes in technology and/or changes in the market, are often a source of opportunities (Shepherd and Patzelt, 2011). From the authors' point of view, this emphasis on supply (technology) or demand (the market) reflects an underlying economic perspective of the importance (perhaps exclusively) of economic gain. However, individuals who attend to the natural environment are more likely to detect changes in that environment and subsequently form opportunity beliefs or recognize chances that both preserve that environment and offer developments than individuals whose attention is more focused on the immediate business environment (the market, technologies, etcetera.) (Shepherd and Patzelt, 2011). In other words, there is a relationship between market changes and the identification and exploitation of sustainable entrepreneurial opportunities. This relationship will be explained in detail in the literature review chapter.

Hereupon, the primary attention of this thesis is on born-digital and born-global firms. These firms are defined as entrepreneurial companies that attempt to gain a significant competitive advantage through the use of the Internet, resources, and the sale of outcomes in multiple countries from their inception (Oviatt and McDougall, 1994). Accordingly, to uncover the actual bundles of capabilities that characterize truly international entrepreneurs, as well as the link between the possession of particular types of knowledge, personal routines, and individual mindsets while considering the different perspectives of the concepts of international entrepreneurship and the lack of clear direction in the literature, this thesis explores different standpoints. It provides findings to support a broader understanding of the subject, ultimately focusing on the characteristics and capabilities that drive the superior international performance of these young, highly entrepreneurial firms. Thus, this research will aim to answer the research question developed for the investigation: **"How do founders/top managers in born-digital and born-global firms perceive sustainable entrepreneurship, and how do these perceptions influence their practices in international operations?"**

### **3. A Comprehensive Review of Literature**

The present thesis zooms into the role of entrepreneurship in internationalization, entirely in line with the early works on this crossroad, such as McDougall and Oviatt's (2000) research. The authors have identified some significant areas of interest in international entrepreneurship. Among these spheres, the entrepreneur's role is the main focus of this thesis.

International entrepreneurship is defined by McDougall and Oviatt (1997) as new and innovative activities that aim to value creation and growth in business organizations across national borders. Such activity focuses on the relationship between businesses and the international environments in which they operate. However, scholars approached the entrepreneurship part from different perspectives. An early approach was the stretching and leveraging of firm resources, which is coextensive with the term strategy (Merrilees et al., 1998). Other scholars saw the entrepreneur as an agent in an economic system, creating value through intercession between economic actors who control resources (McNaughton et al., 1998). From the authors' perspective, this approach appears to integrate sociology and economics.

Moreover, much of the available literature on international entrepreneurship reveals that entrepreneurship has three key dimensions: innovation, proactive behavior and risk-seeking action (e.g., Covin and Slevin, 1989). Hence, these findings provide essential insights into the more recent definition of international entrepreneurship, which can be stated as a fusion of innovative, proactive and risk-seeking conduct that crosses national borders and is intended to create value in organizations. Hence, McDougall and Oviatt (2000) defined international entrepreneurship, cited in Oviatt & McDougall's (2005, p.539) paper, as "a combination of innovative, proactive, and risk-seeking behavior that crosses national borders and is intended to create value in organizations". Although this concept may be found in the strategic management literature (e.g., Covin and Slevin, 1989; Miller, 1983), scholars have highlighted some other features of entrepreneurship. For Instance, Lumpkin and Dess (1996) differentiated some entrepreneurial orientation features from the notion of entrepreneurship, which they equated with a new entry or starting a new business. However, according to Shane and Venkataraman (2000), business opportunities can be transferred to others. Hence the formation of new companies could not be a determining condition. It is also discussed in the literature that international entrepreneurship can be established from the previous international experiences of the firm's founder, which will be described in more detail later on. Moreover, opportunities can be created and uncovered (Oviatt and McDougall, 2005). In other words, the authors stated that individuals act and then evaluate the results of their activities, which might generate economic opportunities. Therefore, international entrepreneurship can be defined as the discovery, implementation, assessment, and use of chances to generate future commodities and services across national borders (Oviatt and McDougall, 2005). Thus, in view of all that has been mentioned so far, international entrepreneurial actors are organizations, groups, or people who identify, implement, analyze, or exploit chances to develop future goods or services and do so beyond national borders. Hence, born-digital and born-global firms' characteristics can be described as a part of international

entrepreneurship, and as such international entrepreneurship is one of the factors for establishing such firms (Aspelund et al., 2007).

To further elaborate on these entrepreneurial firms and their characteristics, it is necessary first to mention that according to Monaghan et al.'s (2020) point of view, digital businesses have two common characteristics:

First, a digital firm creates and exploits digital infrastructure, albeit the degree of digitization across business processes might vary, with some firms being more digitized than others (Monaghan et al., 2020). The authors believe it is because a firm might still be transitioning to digital or has chosen to digitize only specific processes. A digital infrastructure means that a firm has an identifiable online presence (i.e., in space), and at the same time, parts of its organization are grounded in a physical place such as offices, warehousing, robotics space, or data centers (Monaghan et al., 2020).

The second main characteristic of a digital firm is that it relies on digital infrastructure to accrue communication, collaboration and/or computing capabilities that allow the company to create and sell its offerings online through a digital business model (Nambisan, 2017). Hence, from the author's perspective, organizations with a market offer that is both digital and distributed by digital technology are fundamentally digital firms. Therefore, it can be said that born-digital firms have these two characteristics, but they are also digital from inception (Monaghan et al., 2020).

Besides, the preliminary study on the effect of the age at which a firm internationalizes on entrepreneurial growth was done by Autio et al. (2000). This study is supported by the internationalization stage model, also known as the Uppsala Internationalization Process Model, which says that firms that internationalize after their domestic establishment must first overcome a domestic orientation, internal domestic political ties, and many more domestic barriers to entering foreign markets (McDougall and Oviatt, 2000). However, corporations that internationalize earlier have fewer barriers to overcome. Thus, the earlier in its presence that an innovative firm internationalizes, the quicker it is likely to develop both in domestic and foreign markets (McDougall and Oviatt, 2000).

From another perspective, depending on the firm's internationalization process, internationalization can imply a rapid or incremental process. Based on the Uppsala model, firms employ the incremental approach to internationalize, meaning that the internationalization process develops gradually. From Johanson and Vahlne's (1977) point of view, the Uppsala Internationalization Process Model focuses on the growth of a single company, notably on its progressive acquisition, integration, understanding of international markets and operations, and its sequentially expanding obligation to foreign markets. Consequently, before firms begin to internationalize, they must acquire knowledge about foreign markets, create networks and commitment, and uncover available resources to succeed overseas (Johanson and Vahlne, 1977).

In 2009, the authors reexamined the model but focused on commitment, networking, knowledge, and learning. They considered developing knowledge, commitment, and experience as crucial aspects of internationalization, meaning that knowledge grows from experience, leading to

a learning process. Moreover, the authors indicated that building trust and commitment in foreign markets lowers internationalization uncertainty and makes developing foreign operations possible (Johnson and Vahlne, 2009).

On the other hand, it is essential to mention that according to Parker et al. (2017), technological affordance and digitalization can facilitate closer collaboration with a variety of actors in a company's ecosystem who have the potential to complement one another. From the authors' perspective, this broadens the firm's network beyond traditional business connections to encompass end-users, local content creators, venture capitalists, and other firms that provide complementary resources. According to Monaghan and Tippmanns' (2018) study, digital firms that rapidly become multinational enterprises (MNEs) adopt industry recipes, commonly accepted strategies in the industry, to internalize. From the authors' findings, these firms use various methods, including selecting specific skills and contacts to apply these industry recipes effectively while considering their unique characteristics and the lack of prior experience in internationalization as a born-digital company.

Likewise, born-digital companies have been observed to recruit experienced senior leaders with early experience in the digital field from local markets to overcome the challenge of being perceived as outsiders (Ojala et al., 2018). These senior hires help these firms establish insider connections by leveraging their existing networks, utilizing their prior market experience, and engaging in resource exchange with critical partners (Ojala et al., 2018). As a result, traditional intermediaries used by firms in foreign markets may be removed or substituted with a direct-to-user approach (Autio, 2017). This is facilitated by the extensive market coverage made possible by digitalization, allowing digitally-native companies to gain rapid access to insights from users across multiple countries (Monaghan et al., 2020). Since digital processes support user engagement, relationships are extensive and direct. This makes it easier to identify opportunities quickly, enabling companies to promptly increase their presence in existing international markets or expand into new ones differently from traditional conceptualizations (Monaghan et al., 2020).

Moreover, despite the strengths of the Uppsala Internationalization Process Model, some studies view it as inadequate. Since Johanson and Vahlne's (1977) previous studies on the Uppsala Internationalization Process Model tend to focus on large businesses and not on small and medium enterprises (SMEs), much criticism has emerged during the past decades stating that not all firms employ the incremental actions to internationalize. Hence, so far, the empirical shreds of evidence have shown that operating in domestic markets does not seem to be as relevant as before, and this was due to changing market conditions (Moen and Servais, 2002). Therefore, if firms do not use the incremental internationalization approach, they designate a quicker internationalization process that can contribute to more effective outcomes. This type of internationalization model is called born-globals (Acedo and Jones, 2007). Likewise, Shaheer (2020) noted that such companies have rapid access to internationally distributed resources to produce unique digital products made available to the whole globe with a few clicks.

In view of all that has been mentioned so far, these studies outline that according to how businesses are conducted today, the velocity of technology and the thirst for global expansion and

competition, internationalizing from birth has become a usual way to develop businesses. Hence, this has become a way to discover opportunities, create competitive advantages, and become more innovative. Accordingly, innovation is already known as the cornerstone of development and must be present as the main competitive advantage in a business. International entrepreneurial enterprises operate in niche markets with various desires and demands; hence, they need to foster new ideas and be more creative in producing new products/services (Persinger et al., 2007). Lisboa et al. (2011) supported this idea and noted that innovativeness is a strategy for encouraging novelty, creativity, and R&D in commodities' development processes. From the authors' perspective, innovation leads to uniqueness and differentiation, determining a firm's success and competitive advantage. These entrepreneurial enterprises' highly inventive character helps them acquire certain forms of knowledge, which promotes the development of organizational competencies that facilitate early internationalization and outstanding performance in various worldwide markets (Knight and Cavusgil, 2004). From Knight and Cavusgil's (2004) point of view, the innovative activities in these firms support the opening of new markets and the reinvention of the firm's operations to serve those markets best. Moreover, the authors confirmed that international entrepreneurial firms' knowledge appears to be a crucial resource in the internationalization process. They indicated that managers at new, globally focused businesses should cultivate expertise that is both relatively distinctive and inimitable to enhance its utility for excellent worldwide performance. Therefore, from the authors' perspective, knowledge provides suitable organizational capacities established in the firm's cultures through repeated routines, resulting in a unique resource configuration.

Furthermore, because of the broad market reach provided by digitalization, newly created digital enterprises may instantly get information from numerous consumers across various geographic marketplaces (Monaghan et al., 2020). From the author's perspective, because digital processes drive user involvement, relationships are direct and of great size and breadth. This enables fast identification of prospects and, as a result, quick measures to further penetrate foreign markets or grow into new ones (Monaghan et al., 2020). Nevertheless, the authors believed that more globally recognized regulatory and technical standards, licensing, and patent protections are necessary to guarantee the appropriability of innovation and the sustainability of companies.

Complementarily, according to Knight and Cavusgil (2004), international marketing orientation produces specialized innovation-based tactics, promoting higher international performance in entrepreneurial firms. Their international marketing approach enables consumer research, product creation and adaptation, and rigorous manipulation of key marketing tactical aspects to target overseas customers with exceptional, distinctive commodities. The authors stated that international entrepreneurial orientation might also be especially crucial for these organizations because it implies an innovation-focused management attitude that appears to inspire entrepreneurial firms to pursue a collection of methods geared at optimizing international performance at the organizational culture level.



As this section addressed, international entrepreneurship is a unique emerging theme in international business. According to the growing power of young innovative entrepreneurial firms in international competition, the internationalization of the marketplace, the technological revolution, and digitization - which have altered the nature of trust formation, opportunity recognition, knowledge generation, and relationship growth - the traditional focus on big established multinational corporations has shifted to young and newly established entrepreneurial firms among international business researchers. In the same vein, as the main focus of this thesis is on the entrepreneur's role in internationalization, the following section will describe the characteristics of international entrepreneurs as they seem to be the main drivers of decision-making and leveraging internet and technological advancement, influencing outstanding business decisions in international activities.

### **3.1. Characteristics of the international entrepreneurial firm's founder/top manager**

Every firm's founder/top manager has unique characteristics that affect the decisions made in a corporation. Over the years, researchers have stood behind the argument that the founder's/top manager's attributes affect the decision making during the internationalization process (Harveston et al., 2000), especially since it is expected that the individual entrepreneur (the founder) has a significant impact and influence on the organization (Miller, 2011). This idea is supported by Oviatt and McDougall (2005), who noted that the entrepreneur's mindset, as well as environmental influences and industry conditions, is considered a prime factor in international involvement.

Harveston et al. (2000) used an individual viewpoint to examine over 200 businesses to highlight the differences between born-global and local firms. Looking at the particular cognitions, the results from Harveston et al.'s (2000, p. 96) study showed that "in comparison to managers of gradually internationalized firms, managers of born-global firms have global mindsets, more international experience, a higher level of risk tolerance, and are more likely to perceive opportunities in international markets that may influence the firm's internationalization". Nummela et al. (2004) had the same point of view and stated that having a global mindset provides better internationalization performance.

Oviatt and McDougall (2005) pointed out that entrepreneurial capabilities significantly impact the pace and intensity of worldwide expansion facilitated by technology and motivated by global competitiveness. Miravittles and Zhang (2016) supported this point of view and stated that these capabilities could be entitled to proactivity, risk perception, knowledge, international experience, social capital, network ties, etcetera. Likewise, the authors believed that network capabilities appear to be critical to a firm's quick and effective internationalization in combination with entrepreneurial opportunity-seeking behavior. In the same vein, McDougall and Oviatt (1994) stated that networks assist the creators of international new businesses, or born-globals, in identifying international business prospects, and those networks appear to have a more significant effect on the founders' country selections than psychological distance. Hence, following the

discovery or enactment of an opportunity and the technologies that enable internationalization and the competitors that motivate it, the entrepreneur uses established network links that cross national borders to investigate where and how quickly the opportunity can be exploited in foreign locations (McDougall and Oviatt, 2005). Accordingly, since weak network ties, the relationships with customers, suppliers and other businesses require fewer investments, they are more critical for born-globals and new global ventures as they are usually essential sources of knowledge and information (McDougall and Oviatt, 2005).

In terms of knowledge, numerous academics have acknowledged the necessity of acquiring foreign market knowledge and organizational learning to enter or grow in the global marketplace (e.g. Zahra et al., 2000). Hence, the firm's absorptive capacity, which is "primarily a function of the firm's amount of past relevant information," is critical to knowledge development (Cohen and Levinthal, 1990, p. 128). Absorptive capacity refers to the ability to absorb new knowledge and information effectively, and because born-globals have a prior understanding of internationalization, they have an advantage in acquiring new knowledge regarding internationalization (Chetty and Campbell-Hunt, 2004). It is worth noting that knowledge management is complicated in cross-national circumstances when there are differences in cultures, corporate governance systems, time zones, and languages (Kuemmerle, 2002). However, the learning process is crucial for entrepreneurial enterprises competing in international markets to overcome their foreignness liabilities (Inkpen and Beamish, 1997) since most of this liability is due to the foreign firm's lack of local market expertise (Lord and Ranft, 2000). Although learning about a new host country is not a uniform and straightforward process for all companies (Lord and Ranft, 2000), the difficulty of acquiring it may help boost its benefits (Andersen, 1993). Nevertheless however, born-digitals are naturally agile and responsive (Monaghan et al., 2020). From the authors' indication, because their connection with the worldwide market and environment is more immediate than in the traditional MNEs, learning in such enterprises is faster. Thus, their internationalization decisions appear to be influenced by technical, physical, and cognitive flexibility rather than long-term experiential learning (Monaghan et al., 2020).

Furthermore, according to McDougall and Oviatt (2005), in contrast to multinational organizations, entrepreneurial enterprises' knowledge tends to be more personalized to the founder or entrepreneurial team. Firms with founders or entrepreneurial teams that had previously lived or worked in foreign markets had a quicker entry or commitment to internationalization (Oviatt and McDougall, 2000). Thus, entrepreneurial enterprises managed by founders or management teams with a deeper depth of personal foreign experience are more likely to seize chances sooner (Autio et al., 2000). From the authors' point of view, because of their higher absorptive capacity, these companies can easily acquire extra foreign expertise, reducing the risk of operating overseas and boosting their chances of expanding into new countries and strengthening their commitment to internationalization.

In the same vein, regarding whether or not to internationalize, as knowledge of a foreign market can decrease the uncertainty, and past overseas experiences might impact risk-taking attitudes (Harveston et al., 2000), born-global enterprises carry more risk than their local

counterparts, and this risk grows as the number of markets and entry modes increases (Gleason et al., 2006, p. 100). In corroboration, Harveston et al. (2000) stated that risk tolerance relates to how ready the founder/manager is to accept a (more significant) risk or how he/she responds when entering a new market or launching a new product because the manager's viewpoint may significantly influence the decision-making process. Thus, risk tolerance can be seen as a born-global firm's founder/top manager trait.

From another perspective, when a firm enters a new market or a new country, it frequently encounters various obstacles, many of which may be attributed to cultural differences. Hence, born-globals are frequently confronted with cultural differences, as they operate in several worldwide marketplaces. Karra et al. (2008) noted that since many cultures may be found in international marketplaces, born-global entrepreneurs should be able to form cross-cultural social contacts in order to create worldwide ties. Therefore, based on the authors' point of view, such entrepreneurs will be able to foster more effective partnerships and obtain more knowledge from different cultures and networks. Thus, knowledge and/or awareness of cultural differences can assist managers in dealing with these concerns effectively and appropriately and help them have a clearer global perspective.

The studies thus far outlined that the characteristics and the founder/top manager's mindset in a born-global and a born-digital firm (an entrepreneurial firm) significantly impact decision-making during the internationalization process. Through the lens of their characteristics (e.g., years of international business experience) and psychological traits (e.g., risk-taking propensity), entrepreneurs observe and interpret the potential of the opportunity, the potential of communication, transportation, and technology to enable internationalization, and the degree of threat from competitors. Although digitization has come to decrease entry barriers to technological innovation and the elasticity of digital technologies, and firms can now directly share innovation, build resources quickly, and build complementary assets that foster synergistic strengths, accelerated or retarded international entrepreneurial behavior cannot be explained through some objective measure of technology and competition, but rather by understanding how the entrepreneurial actor interprets or mediates the opportunity, enabling and motivating forces.

### **3.2. Sustainable Entrepreneurship**

Entrepreneurship has long been acknowledged as generating economic gains or jobs (Segal et al., 2005). However, because sustainable development has emerged as a critical issue impacting the existing global system, it has been suggested that entrepreneurship should not be primarily focused on generating wealth (Shepherd and Patzelt, 2011). Instead, entrepreneurship is a means of guiding economic sectors towards long-term growth and sustainable development (Shepherd and Patzelt, 2011). In the same vein, in the last decade, entrepreneurship has been viewed as a solution rather than a probable source of social inequality and environmental harm (Muñoz and Cohen, 2018). This fact drew the attention of academics, who formed a new type of entrepreneurial activity known as sustainable entrepreneurship (SE) or sustaintoentrepreneurship by

bridging the gap between traditional entrepreneurship, society, and the environment (Cohen and Winn, 2007; Aghelie et al., 2016).

According to Shepherd and Patzelt (2011, p. 156), the objective of SE is to "preserve nature, life support, and community in the pursuit of perceived opportunities to bring into existence future products, processes, and services for gain, where the gain is broadly construed to include economic and non-economic gains to individuals, the economy, and society". Based on this definition, SE integrates the formation of environmental, social, and economic benefits with concern for future generations well-being. In the same vein, Schaltegger and Wagner (2011) suggested that entrepreneurship should be focused on commercial, social, and environmental activities that react to today's economic demands and necessities. Likewise, scholars believe that essential breakthroughs will likely come from entrepreneurs who can discover opportunities for obtaining entrepreneurial rents while tackling environmental and social concerns (Cohen and Winn, 2007). Furthermore, entrepreneurs must incorporate sustainability into their business strategy to build a prosperous firm that contributes to development (Shepherd and Patzelt, 2011).

It is worth noting that according to Aghelie et al. (2016), SE is founded on and linked to three aspects:

- First, environmental aspects with a focus on long-term conservation and mitigation of harmful consequences.
- Second, social aspects that are customers, stakeholders, partners, employees, and their community.
- Third, economic aspects that are dependent on economic performance.

Therefore, sustainable entrepreneurs are increasingly seen as transformational leaders dedicated to finding a balance between economic viability, social welfare, and environmental conservation (Belz and Binder, 2017). In this regard, entrepreneurs should see sustainable development as an outstanding business opportunity that may help turn the current economy into a more sustainable one by addressing numerous social and environmental issues (Schaltegger and Wagner, 2011). Hence, this approach mainly refers to SE as "the continuing commitment by businesses to behave ethically and contribute to economic development while improving the quality of life of the workforce, their families, the local and global community, and future generations" (Crals and Vereeck, 2005, p. 182).

Corroborating the relevance of the linkage between entrepreneurs and opportunities, Belz and Binder (2017) noted that entrepreneurs are fully aware of their operations' influence on the environment. As a result, because entrepreneurs can perceive long-term entrepreneurial prospects, sustainable development provides the foundation for developing sustainable business models (Sarango-Lalangui et al., 2018). Hence, this approach considers SE as "the examination of how opportunities to bring into existence 'future' goods and services are discovered, created, and exploited, by whom, and with what economic, psychological, social, and environmental consequences" (Cohen and Winn, 2007, p. 35). In this regard, according to Shepherd and Patzelt (2011), those changes in the business environment that are frequently a source of opportunity are

variations in technology and/or changes in the market. Although this perspective reflects the importance of economic gain, entrepreneurs who establish opportunity beliefs that support sustainability and development pay more attention to various aspects of the environment than those who construct opportunity beliefs that are exclusively or primarily concerned with financial gain (Shepherd and Patzelt, 2011).

Accordingly, the authors indicated that individuals concerned about the natural environment are more likely to identify changes in that environment and build potential views that both conserve and offer innovations than those who pay more attention to the immediate business environment (e.g., the market and technologies). Correspondingly, the individual's past knowledge and motivation are the factors that are frequently addressed to focus on environmental aspects (Rensink, 2002). Hence, from Shepherd and Patzelt's (2011) point of view, it is expected that entrepreneurs with prior knowledge in environmental themes, for instance, forestry, oceanography, and tourism, are more likely to discover or create opportunities that preserve the natural environment while also providing developmental benefits. At the same time, those educated in economics, business, and mechanical engineering are more likely to discover or create opportunities that provide developmental benefits (Shepherd and Patzelt, 2011).

It is worth noting that prior knowledge can be acquired through means other than education. For instance, creativity can be another source of discovering or fostering opportunities. Creative people are more flexible and adapt better to changing circumstances, which leads to better physical and psychological health and human functioning (Shepherd and Patzelt, 2011). Researchers have underlined the importance of creativity in the entrepreneurial process since entrepreneurship introduces new and often unique goods, processes, and services (Ward, 2004). Shepherd and Patzelt (2011) supported this standpoint and noted that creativity is likely strengthened when the outcome is not exclusively measured in terms of economic benefit but includes non-economic advantages, gains to others, or benefits for society. The authors believed that the need for conserving the environment or a community might be used to foster innovative ideas for economic growth.

### **3.3. Entrepreneurial opportunities**

Many of today's environmental problems may be traced back to four categories of market defects or violations of perfect market assumptions: Firms are not entirely efficient; externalities exist, pricing mechanisms operate imperfectly, and information is not ideally disseminated (Cohen and Winn, 2007). From the authors' point of view, each of these market defects generates entrepreneurial opportunities that, if found and capitalized on, generate entrepreneurial rents for innovating enterprises, improve market performance, and promote more sustainable interactions with the natural environment. It is worth mentioning that entrepreneurial rents are supernormal profits enterprises earn by introducing innovative resource combinations to generate innovation in processes or goods (Cohen and Winn, 2007). Furthermore, the authors stated that many of the present ecological issues result from market imperfections and understanding these challenges and

subsequent market defects can lead to entrepreneurial innovations that assist in tackling some of the environmental challenges. In other words, market imperfections have created several prospects for sustainable entrepreneurship (Cohen and Winn, 2007).

Accordingly, the lack of customer enthusiasm for recycling and industry executives' lack of strategic vision result in substantial waste and inefficiency in the economic system (Cohen and Winn, 2007). Hence, efficiency gains through first-order economizing to improve markets' performance is vital (Williamson, 1991). Although first-order economizing seeks to reduce economic waste by maximizing efficiency, economic and environmental waste can often be reduced simultaneously (Cohen and Winn, 2007). Thus, eco-efficiency best exemplifies this convergent logic of the joint minimization of environmental and economic waste for cost savings, significant natural-resource efficiency improvements, and increased profits (Cohen and Winn, 2007). From the authors' point of view, the rising awareness of the need for enhanced natural resource productivity and improved market functioning presents significant entrepreneurship opportunities. They stated that these prospects originate from the transition to a cyclical economy, in which remarkable advances in resource efficiency rely on recycling and recovery at every stage of the process.

Furthermore, in addition to greater resource efficiency within firms' manufacturing processes, a greater emphasis on technological and broader system innovations, both along and beyond the traditional supply chain, creates significant opportunities for efficient recovery of natural resources embedded in products at the end of their product life (Cohen and Winn, 2007). The authors noted that the same is evident for service refurbishment, whose supply and delivery create similarly high natural resource use and waste levels. Thus, innovative entrepreneurs that uncover the potential to minimize waste (e.g., through manufacturing of products with recycled materials) can assist markets in moving toward a more sustainable trajectory (Cohen and Winn, 2007).

Another market defect is the existence of externalities. Externality portends that a firm's action or consequence of industrial or commercial activity does not affect other parties' cost of the goods or services in their prices (Cohen and Winn, 2007). Externalities can be either positive or negative. Cohen and Winn (2007) indicated that a positive externality is when a third-party benefits from the production or consumption of a commodity without affording the entire expenses corresponding to the actual worth of the benefit received. On the other hand, negative externalities emerge when a third party bears the expenses of producing or consuming goods and services without obtaining comparable advantages (Cohen and Winn, 2007). Accordingly, the authors mentioned that environmental degradation is a negative externality that occurs not only in the place where a product is consumed but also in the countries where resources are mined and processed. From the authors' perspective, the geographic dispersion of externalities linked with a given value chain is spreading due to increased globalization. For instance, groundwater pollution from mining operations, runoffs from textile dyeing processes, or the toxification of land used for cotton farming have caused global concerns such as water pollution, acid rain, and ozone layer depletion (Cohen and Winn, 2007). Nevertheless, the authors pointed out that by replacing

present methods with technology and supply chain services that reduce, eliminate, or even enhance prior negative externalities, new initiatives might emerge, and positive environmental externalities may be generated. Thus, innovative and entrepreneurial firms that can identify and create opportunities to reverse existing negative environmental externalities (e.g., air pollution) can dominate the three environmental aspects by yielding social benefits (by improving the air surrounding communities breathe) and environmental benefits (improved ecosystem functioning) while remaining profitable and gaining economic advantages (by tapping into markets for cleaner air) (Cohen and Winn, 2007).

Flawed pricing mechanisms are another market imperfections that generate entrepreneurial opportunities. In a completely competitive market, the prices of all products and services in an industry are established by balancing the supply and demand for an item, and the price results are known as the market-clearing price or the equilibrium price (Cohen and Winn, 2007). According to conventional economic theory, natural resources are eternally numerous and have a market value representing supply and demand precisely. However, natural resources are exhaustible, undervalued and underpriced in reality (Kurz and Salvadori, 1997). As the authors pointed out, when governments, individuals, and businesses appreciate the natural resources' true worth, the market will more likely reflect the value and price of the earth's depleting natural resources. As the natural resources' value and price become accurate, and nonrenewables become closer to their actual equilibrium price, demand for nonrenewable production components will fall, and demand for more renewable elements will rise (Cohen and Winn, 2007). Along with technological advancements, utilizing renewable energy sources enables entrepreneurial firms to offer disruptive and innovative alternatives, which helps them pave the way for opportunity recognition and business development in a sustainable manner (Cohen and Winn, 2007).

Finally, information asymmetry is also a primary driver of entrepreneurial opportunities (Sarasvathy et al., 2003) when various people have disparate information about resources, markets, and opportunities (Cohen and Winn, 2007). For instance, few people know how much energy they use in their houses, the costs and advantages of various energy solutions, or the rates of return on energy-efficient home improvements. This lack of consumer awareness produces a market flaw, causing consumers to make misinformed purchasing decisions which are often at the cost of the environment (Cohen and Winn, 2007). However, the authors noted that this information deficiency generates entrepreneurial opportunities that contribute significantly to providing sustainable production and consumption patterns. The authors illustrate an indicative example of TerraChoice Environmental Services, a Canadian company introducing several environmental rating products and services, including a comprehensive assessment of environmentally oriented products and services. Hence, innovative entrepreneurs can discover opportunities that reduce information asymmetry concerning environmental degradation and develop solutions that help lead markets towards sustainability (Cohen and Winn, 2007). Thus, as the authors pointed out, entrepreneurs who capitalize on market information asymmetry are more likely to participate in opportunity discovery by using informational advantages and complementing resources.

As this subchapter addressed, there is a relationship between market imperfections and the identification and exploitation of sustainable entrepreneurial opportunities. Hence, the studies presented thus far provide evidence that with regard to environmental concerns, significant and persistent market defects relating to efficiency, externalities, pricing, and information occur across different industries. Furthermore, these extensive natural-environment-related market defects create multiple entrepreneurial possibilities in the marketplace through identification, discovery, and development. Moreover, Massive changes in the natural environment and raising awareness and comprehension of these changes redefine the institutional and natural environments of enterprises and their marketplaces, creating new opportunities in the marketplace. Finally, entrepreneurs who identify, recognize, discover, create, and exploit market defects in the natural environment have the opportunity to attain entrepreneurial rents.

In reviewing the literature, it is indicated that regardless of the type of entrepreneurship, value creation at the societal level is necessary for the appropriation of value at the firm level (Hoogendoorn et al., 2019). However, according to Santos (2012), entrepreneurs differ in the ultimate aim of value creation. From the author's perspective, in contrast to regular entrepreneurs, the purpose of sustainable entrepreneurs is not only focused on the pursuit of value creation for private gains; instead, it includes the intent of increasing the quality of life to the benefit of others. Hence, the motivation of sustainable entrepreneurs differs from the one-sided pursuit of profit that tends to characterize the regular entrepreneur (Dacin et al., 2010). Despite this difference, it is outlined that both international entrepreneurship and sustainable entrepreneurship are known as opportunity recognition and development arenas. Accordingly, such entrepreneurs reap the benefits of their entrepreneurial orientations from different perspectives. Their innovativeness, proactiveness, risk-taking manners, and global mindsets allow them to develop business opportunities from perceived barriers and obstacles.

Moreover, Entrepreneurs are essential for growth and improving society's wealth by creating jobs for people to increase the money supply for the economy to develop a nation. For entrepreneurs to have a positive long-term effect, they need sustainable successful businesses to prosper in their competition. However, the increasing economic, social and environmental issues and challenges have become imperative for businesses, governments, and the international community to be addressed. Failure to address these issues and challenges threatens their ability to create prosperity and long-term sustainability whilst addressing the three aspects of sustainability can be an underlie for developing long-term international business opportunities.

To conclude, this literature review has repeatedly cited the importance of sustainable entrepreneurship, and the utilization of digital technology infrastructure and global networks that enable entrepreneurial firms to operate efficiently and effectively. Accordingly, this efficiency and effectiveness must be balanced with a commitment to sustainability to ensure their long-term survival and success. However, in the current global unstable economic environment, entrepreneurial firms have some challenges and obstacles in balancing the three pillars of sustainability. Nevertheless, the entrepreneurs' mindsets and beliefs are the driving factors for prioritizing these three aspects. For these reasons, the following sections dedicated to empirical



research will be focused on understanding the impediments and challenges of integrating sustainability practices into international business operations. It may bring light to indicate how perceived sustainable entrepreneurship among founders/top managers in born-digital and born-global firms influences the entrepreneur's practices in international operations, ultimately demonstrating the role of international entrepreneurship in recognizing and developing sustainable business practices.

#### **4. Methodology and Data Collection**

This chapter constitutes the methodology and techniques employed to gather and analyze the data. As the research objective is to investigate how founders/top managers in born-digital and born-global firms perceive sustainable entrepreneurship, and how these perceptions influence the entrepreneur's practices in international operations, the respondents had to be founders/top executives in firms which are born digitally or globally. Moreover, since this thesis aims to investigate the role of entrepreneurship in the internationalization of such firms, the respondents were asked to revisit their decisions or experiments that are relevant to their international entrepreneurial operations. So qualitative research is employed to understand the founder's experiences and beliefs about such entrepreneurship and their perceptions of potential international sustainable opportunities. Accordingly, Silverman (2020) stated that a vital feature of qualitative research is the interest in the subjectivity and authenticity of human experience and how people perceive things or respond to situations. Thus, by doing qualitative research, the chance factors related to the entrepreneurs' decisions, viewpoints, perceptions, mindsets, and their sustaintoentrepreneurial role count more than logically defined choices (Silverman, 2020). From the author's perspective, only after establishing qualitative research, it is possible to examine other aspects and broader contexts in which international and sustainable entrepreneurship arise.

Additionally, as the research objective is more interested in how such entrepreneurship arises in participants' experiences, and there are no right or wrong experiments, a constructionist approach is conducted to deeply understand international and sustainable entrepreneurship as social phenomena. This approach is focused on respondents' involvement in their accomplishments. Accordingly, Gubrium and Holstein (2008) proposed that the constructionist approach treats collecting data as accessing various stories or narratives through which people describe their world. The authors stated that this approach describes the reality of people's lives, treating respondents' accounts as potentially 'true' pictures of reality.

Next, because this thesis aims to reach individuals working in different organizations within distinctive industries, purposive sampling, as a non-random sampling, is used to select and seek particularly founders/top managers in organizations that are born digitally or have become global. Therefore, purposive criterion sampling is conducted to select the participants based on specific characteristics important for this research's aim. These specified criteria are:

- Born-digital firms: Participants who are founders or top executives of enterprises founded as digital businesses from the start.

- Born-global firms: Participants who are founders or top executives of businesses that have quickly internationalized from their beginning.
- Entrepreneurial background (experience or education): Participants who have started, co-founded, or led a business or had educational backgrounds in entrepreneurship.
- Sustainability orientation: Participants who have exhibited a clear emphasis on sustainability and have implemented sustainable practices into their company operations.
- International experience: Participants with experience managing overseas operations and who may give valuable insights into the influence of sustainable entrepreneurship attitudes on these operations.
- Diversity: Participants from various industries, company sizes, and geographical regions are included to ensure diverse perspectives and experiences.

By selecting participants based on these criteria, the research can better comprehend how founders/top managers in born-digital and born-global firms perceive sustainable entrepreneurship and how these perceptions influence their practices in international operations.

Thereupon, because the respondents were from different countries, it was impossible to reach them in person. Thus, data collection was done online through expert interviews as a straightforward technique among different data collection methods. The interviews were semi-structured and unstructured, meaning that the questions were semi-closed and open-ended. Interviews were audio-recorded in person to provide a detailed recorded talk, which fieldnotes alone cannot provide (Silverman, 2020). The respondents were contacted through LinkedIn and the researcher's contacts. After reaching respondents, to avoid any ethical and confidential issues throughout the research, informed consent was emailed to each respondent, and they were asked to read and sign them before the interview. To keep the research trustworthy, interviewees were informed that their participation was voluntary, their anonymity was guaranteed, their privacy was respected, and they would not be obligated to continue the interview. Therefore, participating in the research would not bring any potential risks for them.

Regarding the time horizon, the data collection was conducted cross-sectionally because it was not necessary to assess the participants' perspectives over a long period to answer the research question. Thus, the data was collected from different participants at a single point in time.

To perform the central part of the data analysis, a thematic analysis is done. Transcribing the interviews was done by an online platform (otter.ai), and all transcripts are available from the author upon request. In this thematic analysis, actual terms expressed by the respondents were used to label each unit of the data item with an in-vivo code that symbolizes or summarizes that extract's meaning. To generate and organize the codes, a professional online tool (MAXQDA) was used to start coding the transcribed interviews. These coded data extracts create categories and themes related to the research question to formulate valid conclusions and explanatory theories. Data collection reached a point where no new ideas and insights emerged from the data. Hence, data saturation had to occur to determine whether enough data was collected (Francis et al., 2010). According to the authors, data would be saturated in qualitative research when the same responses and comments are repeatedly attained. Thereupon, it is time to stop collecting data and

start analyzing what has been gathered. It is worth noting that an inductive approach is employed to generate theories after data collection while considering and explaining international entrepreneurship and sustainable entrepreneurship generalizability and their broader resonance as social phenomena. As a result, some codes, categories, and themes were derived from the interviews' data which are illustrated in a coding tree.

Finally, while this study used realistic scenarios, limitations still exist. As this research aims to study the role of international entrepreneurs in deploying sustainable business models in born-digital and born-global firms, it is worth noting that different respondents in this investigation had different levels of experience and mindsets regarding diverse levels of capabilities, competencies, professional backgrounds, and different industries that they perform in. Hence, since the respondents described their own attitudes and experiences, they might have found it challenging to feel comfortable enough to disclose their genuine opinions and feelings fully. Respondents may have answered in a way that they thought would please the researcher or adhere to socially acceptable standards. In other words, participants might have tended to answer in ways that made them look acceptable in the judgment of others, regardless of the accuracy of their responses. Thus, different types of bias, such as social desirability bias, might have occurred. For instance, regarding the term sustainability and its related issues, respondents may have denied that they do not consider sustainability in their business practices because it may damage their image, and others would most likely disapprove. Therefore, since bias could affect the research's external validity, it was indispensable to provide the respondents with a guarantee that they would remain anonymous and that their responses would be kept confidential.

Another limitation is the small sample size, meaning that since the thesis had to be completed during an academic year, the number of interviews was limited to a maximum of eight. Hence, due to time constraints and the small sample size, the restricted data depth and richness, the researcher's limited ability to identify variations or patterns within the data, and inadequate data saturation are the aspects that deserve careful consideration. Also, when collecting data, respondents were from different countries. Thus, examining the individuals' experiences of international entrepreneurship and sustainable entrepreneurship among top executives, particularly in born-digital and born-global firms that had different nationalities and operated in different time zones, was a relatively complex issue because multiple elements needed to be taken into consideration before making a valid and generally acceptable claim of the argument. For instance, issues such as difficulties in reaching a time to interview high-positioned executives in such companies, inevitable online interviews in non-soundproof environments, and observing the time-zone difference have to be considered when concluding and generalizing the results.

## **5. Data Analysis**

This chapter analyzes the data collected from eight interviews with founders/top managers of born-digital and born-global firms regarding their perception of sustainable entrepreneurship, and the influence of their perception on their practices in international operations. The data analysis

process involved organizing and categorizing the data into codes and themes, followed by an in-depth analysis of these themes to answer the research question. This chapter presents the essential findings and interpretations of the data, supported by relevant quotes and examples from the interviews. This analysis aims to provide insights into the practices of born-digital and born-global firms regarding sustainable entrepreneurship in the international context and contribute to the existing literature on this topic. Three themes have been identified through data collection, which will be discussed separately in detail in this chapter.

### **5.1. Unlocking sustainable opportunities in global markets**

As globalization continues accelerating, born-digital and born-global firms have emerged as influential players in the business world. These firms possess unique characteristics such as a global mindset, digital capabilities, and the ability to internationalize rapidly. Prior research has identified entrepreneurial, market, and learning orientation as core drivers of international growth in such firms (Oviatt and McDougall, 1994). According to the literature and the data derived from the research, it seems that born-global and born-digital firms rely on good network connections and the capability to compete internationally and coordinate existing resources beyond borders. Regardless of the industry they are functioning in, they reap the benefits of their connections in their network to get market information and to adapt new strategies to target newly discovered markets. Moreover, thanks to technological affordance and digitalization, collaboration with a variety of actors in a company's ecosystem is facilitated and firms use industry recipes to gain knowledge and information from their overseas partners:

*"We have good investors who can also give us a good context as to how that market works. Because they also sell the same goods through their direct sales channels. So we always get an impression...I've seen personally that the businesses that care, when they learn about something in one corner of the world, they implement it everywhere else, they don't only do it in their part of the world" [Mr. Mvan, 2022].*

*"The strategy is pretty much replicate what we've been working on here. We call it like a cellular management, cellular organization. And when you take a small pool doing the same thing, but in a different industry or different techniques in this case" [Mr. G, 2023].*

*"I can relate to what happened when we moved to Belgium at first. Here, they agreed that it is a good business model. And they duplicated that in the Belgian markets. So they used best practices, and also what they saw was working. And it was like a copy paste on another market. It's kind of the same as, it's still Europe. It's kind of similar" [Ms. C, 2023].*

Hence, born-globals and born-digitals utilize their prior market experience, and engage in resource exchange with critical partners (Ojala et al., 2018). Moreover, according to Monaghan et al. (2020), born-digitals and born-globals can generate data, learn rapidly, experiment with new ideas with their users, change their market offerings, and enter new markets differently from traditional conceptualizations:

*"You don't just enter the market based on gut feeling, you do it based on some past experience. Plus, we have good investors who can also give us a good context as to how that market works. Because they also sell the same goods through their direct sales channels. So we always get an impression. And when we have to, and again, you can always look at Google data, based on how many searches happen in this market, and based on a conversion rate that we have in this market"* [Mr. Mvan, 2022].

*"It's a very technological company. So I think the core has always been to make sure that we are always the technological leaders in everything we do, which means it's a lot of effort in R&D. And there should be a lot of effort in also understanding the customer needs and the future trends. I think mainly the company's success, and the company's strategy has been to focus on several core technologies, and to always, always be the first at innovation. The first one with the new technologies. The first one with technological innovations, with R&D"* [Ms. F, 2022].

Furthermore, when it comes to market entry and expansion it is crucial to adapt the strategies that best suit the target market demand. On top of that, born-digital and born-global firms face unique challenges and uncertainties when entering new markets. To overcome these challenges and hesitations, these firms need to develop a robust market entry strategy that considers each market's unique characteristics. One of the most significant challenges for born-digital and born-global firms is local regulations which can be a notable barrier to entry for these firms. Regulations differ widely from country to country, and firms may need to invest significant resources to ensure compliance:

*"Evaluation of the challenges I mean, this is its presence. I mean, you know that if you need to hire people, you need to know the laws of the countries. But so it's an anticipation. This is not an obstacle that you will face directly, you need to anticipate that. But what is the help, gets the world professional I would say. We never know who to consider, but here currently, we're working with reliable partners. And I think that if we need to move to another country, this is the first thing that we'll have to do. It is the same as being surrounded by great people, great partners that can help you face obstacles as well"* [Ms. C, 2023].

*"I think we can do whatever we want, wherever we want, but it's just depending on regulation for each country"* [Mr. Max, 2023].

*"If you want to go to the Middle East or to Asia, I mean, there are a lot of regulations, today it's not easy to go to China. To open a business entity in the US costs a lot of money as a German company, and we have to manage. And so regulations also play an effort" [Mr. MVan, 2022].*

*"If you do something in one office here, for example, doesn't mean you don't have to do the same exact thing in another. You have to still check the regulations and everything over there" [Mr. G, 2023].*

The participants expressed that while the norms and guidelines governing a novel market may significantly hinder entry, the administration could play a supportive role in fostering growth by streamlining regulatory procedures and providing financial incentives such as subsidies or subsidy tax rebates:

*"When the government wants, you have the rain falling down!" [Mr. P, 2023].*

*"Well I think we need the government to do more, when you invest in projects that could be free of tax, stuff like that, in order for you to invest more in that in your company, or outside of your company, but have some tax return, for example, for this stuff, they're some but they're maybe not enough" [Mr. G, 2023].*

*"I think it's more than subsidies from the government, they can simplify the process of quite a lot of things. So we could go faster" [Mr. Max, 2023].*

As a consequence, thanks to the widespread reach of digitalization, and benefiting from networks, firms can promptly receive information across diverse geographic markets (Monaghan et al., 2020). This allows for the swift identification of prospects and opportunities and enables the prompt implementation of measures to expand into new markets or penetrate existing foreign ones.

Overall, the research presented thus far indicates that the Internet and digitization has transformed how opportunities are recognized, knowledge is generated, and networks are developed. Hence, to unlock sustainable opportunities in global markets, born-digital and born-global firms must navigate these regulatory limitations and find innovative ways to comply with regulations while pursuing sustainability goals. For example, these entrepreneurial firms can explore new sustainable business models that comply with local regulations and align with the United Nations' Sustainable Development Goals. They can also leverage new technologies and business practices that help them operate sustainably while meeting regulatory requirements. This may involve working with local partners, investing in marketing and branding efforts, and ensuring compliance with local regulations.

## 5.2. Attitudes towards the challenges of sustainable entrepreneurship

The concept of sustainable entrepreneurship is crucial for any firm's long-term success and survival, regardless of its industry or size. However, there is a debate among entrepreneurs about the difference between traditional entrepreneurship and sustainable entrepreneurship. Some argue that anyone can be an entrepreneur, but one must know and be active in sustainability to be a sustainable entrepreneur. Others believe that both types of entrepreneurship are similar, with only slight differences in sustainability activities, and that both require the same skills and capabilities, with sustainable entrepreneurs incorporating sustainability into their practices:

*"I think people who are doing sustainable entrepreneurship are more engaged people, that's for sure. They are more progressive. Or they are more altruistic. And I think when you are doing sustainable entrepreneurship, it will be the way to success in the future. And you can make more money than when you're doing the traditional way of entrepreneurship"* [Mr. P, 2023].

*"Sustainable will be someone working in the area of sustainability and an entrepreneur can be any kind of entrepreneur, that's the difference for me. But both of them I mean, we can become an entrepreneur and a sustainable company and in capitalism, or school, business, or etc"* [Mr. Max, 2023].

*"In my mind, sustainable entrepreneurship requires a lot more effort. But it is much more valuable, valuable for the entrepreneur itself, for the clients, for all the stakeholders. Here, entrepreneurship, sometimes you come with an idea, you say, oh, I want to be an entrepreneur, oh I should do that, I'm going to have a lot of clients here and here. But at the beginning, I think that sustainable entrepreneurship requires a lot more effort thinking of what is the pillar I'm going to prioritize, what I'm going to work on for each pillar. And I think it's going to be a long development. But in the end, you're winning because you are respecting everyone, and you're building something much more valuable than short-term entrepreneurship"* [Ms. C, 2023].

*"It -entrepreneurship- is even more complicated with sustainability, you need to be able to analyze, measure, and target"* [Ms. F, 2022].

Despite ongoing debates among entrepreneurs, there is a shared belief that entrepreneurship, irrespective of its specific form, should be regarded as a mindset that extends beyond mere wealth creation. In particular, concerning sustainable entrepreneurship, there is a common sentiment that a sense of empathy towards society, coupled with a mindset geared towards effecting positive change within the ecosystem, is essential:

*"To me, one important characteristic I feel is that as a social entrepreneur, they should not start from thinking that they want to make money out of entrepreneurship. Because the majority of entrepreneurs start from Okay, I want to make millions, I want to raise this minimum amount of money and I want to have this or that house or car or something. Rather, they should start from taking a call, making a difference, what difference their idea creates in the society with a greater social impact? So, that is the number one thing I think a social entrepreneur must have. And secondly, they should have empathy for the society. Otherwise, they cannot be a social entrepreneur. And they cannot work for the underprivileged class, those people who are disadvantaged, those situations which are not taken care of, lower strata or lower section of the society. So, the thinking of creating a difference with a characteristic of empathy, and with lots of patience, I think these three should be there and within a social entrepreneur"* [Mr. Alam, 2022].

*"I think the decisions you make, you make them with the most ethical mindsets, and then you will not regret what you do. So I think there is a part in the company sustainability that has to do with honesty. It's, you know, you're like faithfully committed to what you say, you're not lying"* [Ms. F, 2022].

Hence, it is noteworthy that sustainable entrepreneurship is perceived differently among the participants. While some associate sustainability primarily with the environment, it also includes the economy and society, meaning sustainable businesses must generate wealth and create jobs while preserving the environment:

*"For me, everything which is related to sustainability is related to the environment"* [Mr. Max, 2023].

*"Climate change is real. And every business that is operating in one form or the other is contributing to that in their little part. And when they are smart enough to offset it in a proper way, in a real thing, then this makes sense... There as the world is going, they should be the same. Sustainability should not be an afterthought. It should be something that goes hand in hand. That's it. When you have more and more digital companies that are not shipping physical goods or products to an end customer, sometimes sustainability as a topic is difficult to justify"* [Mr. MVan, 2022].

*"I would say, in fact, financial aspects are first, but safety was the only thing that is always a little bit on the top. And then after the financial, you go to the social, it's a company also putting a lot of effort in making sure the employees are satisfied. You know, checking if everybody's okay, we have a lot of surveys internally checking everybody is feeling good, satisfied with the work, with the manager, is anyone harassed, so it's very big. And then it's the same with the customers and the suppliers like to see. And then the last one is the environment, it would always come as the last. But this company has been working with very important environmental products since the*



*beginning. So in a way the environment is part of our business proposal. Because this is what we sell, like energy efficient technology, and the cleaning technology. So it's anyway, directly impacting the environment" [Ms. F, 2022].*

Besides, although some businesses have taken sustainable initiatives such as installing solar panels or reducing plastic usage, their commitment to sustainability is often questioned. Some believe businesses are motivated by their reputation and image among customers rather than a genuine concern for sustainability. They assume that appearing sustainable to customers is crucial for business growth, and this will help them keep growing and join the sustainability movement:

*"Maybe I'm looking a bit from too much of an economical stance, but the biggest driver would be the public opinion. What image do you give, and if it helps and if you can change your image totally, I think that would be one of the biggest drivers. Because if you have a bad image as a company, you go out of business in a certain amount of time. So the biggest driver would be the image of the company" [Mr. Z, 2022].*

*"here in Belgium, and in Europe, you also have the Green Deal, so everything is focused on being more green, being more environmentally friendly, and being more sustainable. So I think you have to go on that way, because otherwise you are an outcast" [Mr. P, 2023].*

Moreover, some entrepreneurs believe that committing to sustainability is not reasonably possible, especially during the current unstable economic situation, as they need a secure financial income for a predicted period to survive and continue operating if a crisis happens. These entrepreneurs suspect that integrating sustainable activities into their operations might harm their potential economic margins, hinders their efficient productivity, and increases their costs:

*"There's always a monetary gain involved, I must admit, it's not always only green. And we tried to balance out so that the outside world also sees that we are trying to give an effort, but of course, it's important for us that we still can survive" [Mr. Z, 2022].*

*"The economic part is very important when you're independent, because you have to pay your bills, because it's the main reason that you're working. So having them three all together requires a mindset shift and a willingness to invest in sustainable practices, which requires more resources and upfront costs in the short term. But if we don't make enough cash, we don't have a sufficient source of financial investment or to cover our costs. I know it generates long-term benefits, but for a young company the economic part is the most important" [Mr. P, 2023].*

*"The main barrier is probably just to continue with the same productivity. Whenever this is the technology or the company needs to have the same level of efficiency, but going green at the same time. I think this is the main challenge. Everyone must or who does not want to be sustainable? I think they imagine a risk or they assess a risk of losing maybe money or*

*productivity, I don't know. But if they stay at the same level, but with sustainability, I think they will go for it” [Ms. C, 2023].*

Apart from the financial concerns, the derived data illustrates an association between the entrepreneur’s previous knowledge and education in business or engineering and their lower tendency to deploy sustainability in their business expansion:

*“A normal entrepreneur who is trying to build a digital business does not keep sustainability on top of their head. And this is an education that needs to happen” [Mr. MVan, 2022].*

A possible reason for these findings is the conventional focus of business education. Traditional business procedures and financial performance measures are frequently emphasized in entrepreneurial education, with less emphasis on sustainability. Entrepreneurs exposed solely to traditional business models and tactics may be less inclined to regard sustainability as a critical part of their worldwide operations. Moreover, entrepreneurial education programs may not give enough exposure to sustainable innovation and technology. Entrepreneurs not exposed to the most recent sustainable solutions and business models may be less inclined to implement them into their international businesses:

*“There is a law in Germany that once you hit a certain size that you need to be able to take care of this. Only when that happened, we educated and we learned and then we had to set up a whole process for it. This is something in my opinion, we should have done a long time back and we started to sell. This was simply a lack of education” [Mr. MVan, 2022].*

*“Environmental impact? there is no guideline, there is nothing special. So it's hard to say, and to find numbers” [Mr. Max, 2023].*

Accordingly, the interviewees' educational background illustrated in the following table confirms the entrepreneurs’ non-alignment attention to sustainability and their lack of interest in developing business practices that balance all three aspects of sustainability.

Participants	Educational Background	Working Sector (Industry)
Ms. C	Master of Business Administration	IT
Ms. F	MBA, Post degree in technology and Innovation Management	Marine
Mr. G	Master of Management	IT
Mr. Max	Marketing and Master of	IT

	International Business	
Mr. Z	Master of Management	Service
Mr. P	Master of Communication	Public Relations/Service
Mr. MVan	MBA, International/Global Studies	Sports Media/ Industrial Automation
Mr. Alam	Phd of Electrical Engineering	Energy

Table of participants

In corroborating with the gathered understanding of the sustainable entrepreneurship role in reaching new markets, to have an additional deep-case study next to the interviews while conducting this research, a three-month internship as a business consultant in a born-digital company active in the IT sector was also done to obtain valuable insights and experiences in business strategies, market research, campaign planning, project management, and sustainable practices within different activities. This entrepreneurial firm has reached different markets in Belgium, France, and England and has gathered market information to expand its services in Germany. A comprehensive overview of the company's marketing efforts was captured by conducting market research, creating and analyzing customer surveys, and supervising the digital CRM platform. Moreover, to better understand the firm's sustainable practices and policies, a close collaboration and connection with the top decision-makers in the company and the firm's customers and critical partners was developed, and hence, relevant documents and reports were reached. Based on this internship experience, it was found that the firm had developed some sustainable initiatives to promote sustainable entrepreneurship in their international operations. For instance, the firm had developed a sustainability framework that prioritized diversity and inclusion and aimed to attract talents committed to sustainability. Moreover, replacing a digital platform for meetings instead of on-site ones, eliminating paper usage and instead developing an agile way of planning by using different agile tools such as Trello, and running IT equipment on the cloud, were practices that helped to save time and cost for the company while benefiting from technology advancements and developing practical approaches to sustainability.

However, this internship experience showed that sustainability is not a determining factor in reaching new foreign markets. The main obstacles to promoting sustainable entrepreneurship and developing sustainability in foreign expansion were:

- Cultural differences and customers' lack of awareness about environmental issues
- Customers' unwillingness to pay more for sustainable offerings
- Complicated governmental rules and often overpriced application procedures
- Unstable global economic situation

Overall, the results of this research and the internship observations indicate that in the context of young entrepreneurial firms seeking international expansion, sustainable entrepreneurship presents a considerable challenge due to their need for secure revenue streams.

Moreover, the commitment to the three pillars of sustainability may not seem feasible for such firms. Nonetheless, entrepreneurs recognize the increasing importance of sustainability and have begun implementing some sustainable practices in their operations. However, their focus on economic viability remains vital as they require cash flow to scale up. As a result, balancing economic, social, and environmental sustainability poses a significant challenge for young entrepreneurial firms seeking international growth.

### **5.3. Assisting markets toward a more sustainable trajectory**

Assisting markets toward a more sustainable trajectory refers to promoting sustainable business practices within markets, such as reducing the environmental impact of business operations and promoting social responsibility. This involves balancing economic growth, environmental protection, and social responsibility, commonly known as the triple bottom line. Moreover, it is noteworthy to mention that the perceptions of sustainable entrepreneurship among the born-digital and born-global leaders can vary based on their values, experiences, and business models. Some may view sustainability as a competitive advantage, while others see it as a moral obligation. Some may prioritize environmental sustainability, while others may focus on social sustainability. Understanding these different perceptions of sustainable entrepreneurship is crucial for identifying the factors influencing the adoption of sustainable practices within born-digital and born-global firms. Additionally, examining how these perceptions impact their decision-making processes about international operations is essential:

*"From our point of view, we look at, one, what is possible? Because we have, if I may say the nicest and the most beautiful office spaces you can offer in Limburg, but it comes at a cost because, for example, we cannot lay some solar panels, everything is protected here. These are some old mining sites. So we look at: can we do temperature scans? Can we change all the lighting? All the lights? We look at is it profitable to change the whole way of how to warm up the building? So that's how we look at it like there's always a monetary gain involved, I must admit, it's not always only green. And we tried to balance out so that the outside world also sees that we are trying to give an effort, but of course, it's important for us that we still can survive" [Mr. Z, 2022].*

*"Our big customers are from the food and beverage or water and wastewater industry, or pharmaceuticals or chemicals or oil and gas. So in each of these markets, the topic of sustainability is viewed in a different way. I think in food and beverage, they probably pay a lot more concern compared to oil and gas... I would not yet say these industries are at the level where they look at sustainability as the number one target to choose their purchasing. Or right now, and this is something that we definitely need to do more work. And I think it's an ongoing discussion. Most small, medium sized businesses today don't put sustainability as one of the top things. So*

*this is something that they're not thinking about. They're struggling to survive. And their sustainability is not something that they are actively thinking about. It is the bigger companies that are more at least pushing out a message. The smaller companies are maybe doing something very very local to their facility. But they still don't have the ability to message it in a meaningful way" [Mr. MVan, 2022].*

*"I would say that it - sustainable entrepreneurship impact on business growth - is neutral. But how I envision it is that maybe instead of growing fast, if you're driven by revenue, let's say, here, I would imagine a growth that is continuous, regular, but that will take a little bit more time. This is the way I see things. Because since you begin, you pay attention to sustainability in general, probably, you will take a little more time to grow, but it's a bet on the future" [Ms. C, 2023].*

The data derived from the study shows that entrepreneurs' perception of sustainable entrepreneurship appears to have little influence on their international businesses. Entrepreneurs often accumulate market information through their networks, and if there is no demand or concern for sustainability, they may not prioritize it, despite acknowledging the long-term benefits of sustainability:

*"It -sustainability- is changing a lot at the moment. For marine we have a lot of customers in Asia. So the majority of the people were selling to us shipyards in China. And up to now it's been a lot like, they don't care what they buy, and they buy the cheapest, and it's fine" [Ms. F, 2022].*

*"Of course you don't need to be sustainable to succeed. But it can be more attractive to be sustainable. But I mean, obviously, in our industry, and I think in a lot of industries, you don't need to be sustainable to succeed. It's sad, because sometimes when you're only driven by profits, you can succeed. Big corporations only think about the environment because they have to, right now it's the pressure. But obviously, it's not mandatory, but it's so great to have. And I think that we underestimate the overall profits that we can get from the three pillars" [Ms. C, 2023].*

The evidence provided thus far indicates that although the three pillars of sustainability - economic, social, and environmental - are all important, economic sustainability takes precedence, as profitability is essential for business survival. Participants in the study expressed the view that governments can have a critical role in facilitating sustainable practices by offering subsidies, raising awareness through educational campaigns, and creating transparent regulations to navigate different countries' regulatory frameworks. This would enable entrepreneurial firms to pursue sustainability goals while maintaining economic viability:

*"I think it's more than subsidies from the government, they can simplify the process of quite a lot of things. So we could go faster. For example, I'm always taking an example of a solar panel, because I think it's an easy example. Well, we are in Belgium, if you want to install solar panels,*

*you have to introduce a demand which sometimes can take up to a year, and costs thousands of euros just for the introduction. Today, if we want to put several panels on the roof that are facing the street side, it's going to be declined. So we are organizing Cup27, we're organizing a lot of events, etc related to how we can be more sustainable, but on the other hand, we are stuck. So I think if regulations were going to be easier, it would be better. Probably as well as transparency on exactly what is sustainable, what is not. Because we are talking about batteries and cars, low emission carbons, etc. But on the other hand, how are we recycling the batteries? We don't know? Where do we get the components from?" [Mr. Max, 2023].*

Furthermore, the data derived from the research shows that different factors influence the adoption of sustainable practices within born-digital and born-global firms. These driving forces are, for instance:

- Environmental consciousness: A strong awareness of environmental issues and the importance of sustainability can motivate firms to adopt sustainable practices.
- Regulatory environment: Government regulations and policies that promote sustainable practices, such as carbon taxes or renewable energy subsidies, can encourage firms to adopt sustainable practices.
- Customer demand: Consumers are increasingly concerned about sustainability and are more likely to support companies adopting sustainable practices.
- Competitive advantage: Firms that adopt sustainable practices may gain a competitive advantage by appealing to environmentally conscious consumers, reducing costs, and enhancing their brand image.
- Access to resources: The availability and affordability of sustainable resources and technologies can affect a firm's ability to adopt sustainable practices.
- Organizational culture: The values and norms of a firm's culture can impact its willingness to adopt sustainable practices.
- Leadership commitment: A firm's leadership plays a critical role in driving the adoption of sustainable practices by setting goals and providing resources to support sustainability initiatives.
- Employee engagement: Employee involvement and commitment to sustainability can contribute to adopting sustainable practices within the organization.

These results indicate that adopting sustainable practices within born-digital and born-global firms is a complex process influenced by various factors. However, it may positively impact their international operations. For instance, it may help to make the business environment more stable and predictable by minimizing the risks associated with noncompliance with sustainable criteria. Second, when markets value sustainability, it may create new economic opportunities for businesses specializing in sustainable practices. Finally, mitigating adverse outcomes, such as boycotts, market share loss, and brand image damage, can help businesses manage the reputational risks associated with sustainability concerns. Finally, assisting markets on a more

sustainable path may benefit born-digital and born-global companies by providing a level playing field, new opportunities, and a positive reputation.

## **6. Discussion**

An initial objective of this thesis was to identify sustainable entrepreneurship perception among the founders/top managers in born-digital and born-global companies, and to discover the impact of these perceptions on their international business operations.

As this study set out with the aim of assessing the importance of balancing the three pillars of sustainability - economy, society, and environment - in international expansion, prior studies have identified that entrepreneurs who can identify chances for gaining entrepreneurial rents while simultaneously addressing environmental and social problems are likely to make critical breakthroughs (Cohen and Winn, 2007). As a result, entrepreneurs should view sustainable development as a fantastic economic opportunity that can transform the present economy into a more sustainable one by tackling a wide range of social and environmental challenges (Schaltegger and Wagner, 2011). However, the current study found that the founders/top managers in entrepreneurial firms think sustainable development or sustainable activities will hinder their profit growth as it brings costs for them because they have to invest in such activities. For example, they have to hire educated experts in sustainability, pay substantial taxes, or change their whole business strategy or business model. Alternatively, they must follow complicated governmental procedures to fill out an application that the government might eventually decline. They believe these challenges and obstacles suppress their interest in sustainability investments. Contrary to expectations, the research determined that entrepreneurs are aware of the potential value of deploying sustainability in their operations and are acquainted with the importance of balancing the three aspects of sustainability. However, since these firms are newly established, they believe that the financial aspect of their business is still their top priority as they need funds to scale up.

Furthermore, as mentioned in the literature review, although risk tolerance is a trait of founder/top management in entrepreneurial firms, the findings revealed that the top decision-makers in such companies are not willing to take considerable risks in business expansion, especially during the unstable economic situation, as they believe they need a secure cash flow and a precise evaluation of their financial resources during the ups and downs of their business (in case a crisis happens). Thus, they prefer staying in a safe zone rather than taking risks or blurry steps to expand their business. Moreover, when it comes to internationalization, as knowledge of a foreign market can decrease uncertainty and might impact risk-taking attitudes (Harveston et al., 2000), entrepreneurial firms reap the benefits of their networks and critical connections in foreign markets to obtain market information and knowledge about the local demands in those markets. This will decrease the risk of confronting cultural differences and increase obtaining insights and grasp of customers' interest in sustainable products or services, which can be a pulse for entrepreneurial firms' sustainable future. Accordingly, it is indicated in the literature that because of the higher absorptive capacity of the founders/top managers in

entrepreneurial firms, these companies can easily acquire extra foreign expertise, reducing the risk of operating overseas and boosting their chances of expanding into new countries and strengthening their commitment to internationalization. Correspondingly, the research findings showed that this absorptive capacity is sufficient for entrepreneurial firms to decide whether to follow sustainable entrepreneurship. With their absorptive capacity, these companies examine whether implementing sustainability in their business model would be worth it. This examination would be assessed by the information about the regulations' simplicity and accessibility in targeted markets and the considerable potential demand for sustainable products or services. Hence, if there are complicated governmental rules or scarce environmentally conscious customers in their targeted marketplace, the entrepreneurial firms would not designate sustainability in their business plan. Likewise, the findings of this study revealed that born-digitals and born-globals reach overseas markets as they used to do, and if it is needed, they utilize the concept of sustainability to show off their commitment to sustainable development and practices while not considering it thoroughly in their expansion. Thus, at least during the current unstable economic world, following sustainable principles has a meager impact on the internationalization of born-digitals and born-globals.

In addition, the findings of this thesis verified the link between an entrepreneur's prior knowledge and education in business or engineering, and a lower preference to discover environmentally friendly company prospects. These results matched those observed in earlier studies of Shepherd and Patzelt (2011) which indicated that it is expected that entrepreneurs educated in economics, business, or engineering are more likely to discover or create opportunities that provide developmental benefits, while those with prior knowledge of environmental themes are more likely to discover or create opportunities that preserve the natural environment while also providing developmental benefits. This is maybe because traditional business methods and financial performance indicators are used with less emphasis on sustainability. Entrepreneurs exposed solely to traditional business models and strategies may be less inclined to consider sustainability a critical part of their worldwide operations.

Hence, the findings thus far outline that apart from the entrepreneurial mindset, entrepreneurs' prior education and knowledge can shape their perception of sustainability as an integral part of business strategy. This research found that the founders/top managers in born-digital and born-global firms perceive sustainable entrepreneurship as traditional entrepreneurship with the primary aim of generating wealth but with only a slight difference in considering some sustainable initiatives in their operations. However, these initiatives do not significantly impact reaching new foreign markets or their established international activities.

### **6.1. Implication and Recommendation**

The current research outlined that despite the global trend towards a more sustainable approach to supply and demand, implementing sustainable practices remains in its infancy within the business community. While sustainability is commonplace in the business discourse,



entrepreneurial companies do not appear to be fully committed to its principles. Nevertheless, innovative entrepreneurs that uncover the potential to minimize waste (e.g., through manufacturing products with recycled materials) can assist markets in moving toward a more sustainable trajectory (Cohen and Winn, 2007). Hence, based on the research findings, what can trigger the adoption of sustainable entrepreneurship among international entrepreneurs and motivate them to prioritize sustainability in their international operations? Perhaps collaborating with international business consultants, advisors, and experts who possess in-depth knowledge of sustainability in specific markets can guide and assist entrepreneurial firms in adopting sustainable practices that optimize resource utilization, cost reduction, productivity enhancement, and financial success. In the same vein, firms can amplify positive externalities by adopting and implementing these strategies and sustainable practices. As a result, their networks and connections in the global marketplace can also benefit from these positive externalities. This creates a self-reinforcing eco-efficient loop for international businesses, driving mutual growth and fostering a sustainable business ecosystem. Thus, engaging with sustainability-focused networks, groups, and experts may help these entrepreneurial firms exchange information and better understand sustainability concerns and solutions. This will definitely need governments' support in setting and introducing more transparent, unchallenging, and straightforward rules, standards, and policies to facilitate the development of sustainable activities in foreign markets. These uncomplicated regulations will contribute to a more resilient adoption of sustainable practices and will facilitate the commitment of the whole industry to sustainability. In this regard, tax returns, loans, subsidies, renewable energy incentives, and green financing programs can all be used to encourage companies to align their operations with sustainability goals. When industry peers adopt and promote sustainable practices, it can create a competitive environment that motivates firms to follow suit.

Moreover, considering that born-digitals and born-globals are agile and innovative, technical and more considerable system improvements within and outside the traditional supply chain may promote sustainable international entrepreneurial possibilities, attract environmentally aware customers, and stimulate development and profitability in new markets. By embracing these technologies, born-digital and born-global firms may establish sustainable and resilient business models that solve global environmental concerns while profiting from rising market demand for sustainability-driven solutions. For instance, by developing decentralized energy systems, such as microgrids and renewable energy communities, companies may provide unique energy solutions to international markets by utilizing technology such as solar panels, wind turbines, and energy/data storage. These systems can empower communities while increasing energy efficiency and attracting environmentally aware consumers who respect renewable energy sources. Also, by looking for digital solutions for sustainability, firms may build novel solutions by leveraging digital technologies such as artificial intelligence, big data analytics, and the Internet of Things (IoT). Companies, for example, can benefit from location-sharing, develop platforms that assist energy management and conservation, enable remote monitoring and resource optimization, or give data-driven insights for sustainable decision-making. They can develop digital platforms and tools that enable resource tracking, monitoring, and optimization, allowing businesses to make informed

decisions about resource usage. Thus, firms may differentiate themselves in global markets and attract environmentally concerned consumers looking for technical improvements by delivering digital solutions for sustainability.

Moreover, raising awareness through continued learning could be another determining factor in obtaining knowledge about sustainability. It is worth noting that entrepreneurs who pursue continuous learning and self-education in sustainability-related topics can overcome knowledge limitations. Those who actively seek out knowledge, attend workshops or seminars, engage in sustainability-focused networks, or pursue specialized sustainability education can expand their understanding and drive their commitment to balancing the three pillars of sustainability. Furthermore, exposure to successful examples of sustainable international entrepreneurship can inspire and motivate entrepreneurs to embrace sustainability. Learning about the positive impacts achieved by sustainable businesses and the long-term benefits they have reaped can influence entrepreneurs to incorporate similar practices and approaches in their international operations.

Another important factor that assists entrepreneurial firms in shifting towards sustainable entrepreneurship is raising customers' awareness of global environmental issues, such as climate change and resource depletion. Also, the level of demand for sustainable products and services may vary across different worldwide marketplaces according to cultural norms, traditions, and local institutional activities. If there is little consumer interest or readiness to pay a premium for sustainability, entrepreneurial firms may find it challenging to justify incorporating sustainability into their operations. Hence, born-digitals and born-globals can leverage their digital marketing and communication channels to educate consumers about the value of natural resources and the importance of sustainability, minimize information asymmetry, and promote awareness about the environmental effect of various operations by making this information widely available and intelligible to companies and customers. Through engaging content, storytelling, highlighting the sustainable attributes of their offerings, and interactive experiences, these firms can raise consumer awareness and empower them to make environmentally conscious choices.

Overall, this research suggests that businesses should follow an eco-efficient approach by allocating a portion of their profits to integrate sustainability into their business activities. With initiatives like recycling and waste sorting to enhance resource efficiency, companies can reinvest cost savings and profits into promoting sustainable business models and educating customers. By doing so, they can enhance their commitment to sustainability and explore innovative avenues for international entrepreneurial ventures. Through their technological capabilities, disruptive business models, global reach, consumer engagement, and collaborative efforts, born-digitals and born-globals can drive the appreciation of natural resources' true worth and promote sustainability on a global scale. Their agility and innovative mindset position them as key players in shaping a more sustainable future for businesses and societies.

## **7. Conclusion**

The research on sustainable entrepreneurship in born-digital and born-global firms has emphasized the significance of integrating sustainability practices into their business models. These firms have the advantage of utilizing digital technology infrastructure and global networks, which enable them to operate efficiently and effectively. However, this efficiency and effectiveness must be balanced with a commitment to sustainability to ensure their long-term survival and success. Scholars have stressed the importance of sustainable development in entrepreneurship and its potential to guarantee long-term business success. Therefore, born-digital and born-global firms must adopt a proactive approach towards sustainability to stay ahead of the competition. In this regard, a circular economy and digital sustainability practices are crucial components of sustainable entrepreneurship. To navigate the complex challenges in the digital era, firms must transform their existing business models into digital ones that prioritize short- and long-term sustainability goals. Doing so can ensure their resilience and competitive advantage in a rapidly changing business landscape.

Ultimately, born-digital and born-global firms that can navigate regulatory challenges and unlock sustainable opportunities in global markets will be better positioned to drive innovation, growth, and positive social and environmental impact. It is essential to mention that some of these factors influencing the adoption of sustainable practices within born-digital and born-global firms are having educated experts in Corporate Social Responsibility, facilitated rules and regulations, raising awareness among customers, and commitment of the whole industry to sustainability.

The study showed that despite the increased knowledge and education in the entrepreneurial field, there is still a debate among entrepreneurs about traditional and sustainable entrepreneurship. Some believe that anyone can be an entrepreneur, but one must have specialized knowledge and competency about sustainability to be a sustainable entrepreneur. They believe sustainable entrepreneurs must have specific capabilities and skills to succeed in sustainopreneurship. Others voted for the common characteristics, mindsets, skills, and competencies of both entrepreneurships with only slight differences in activities. Hence, the role of education in raising entrepreneurs' awareness about sustainability should not be underestimated.

Moreover, the results from the study showed that although the leaders of born-digital and born-global firms are aware of the importance of the three pillars of sustainability, it is just the economic aspect that is prioritized among them. Because they think that even though the business wants to be sustainable, if there is no money (profits/margins) there is no survival, and therefore nothing else matters.

Additionally, it seems that although the businesses have taken some sustainable initiatives in their practices, they do not advocate sustainability very much and are not committed to that, but what they care about is their image and their reputation among their customers whether they are doing something sustainable or not. So they assume if they "look" sustainable among their customers, as they believe customer centricity is very important for business growth, this will help them keep growing and join the sustainability movement.

Taken all together, the interviewed entrepreneurs' perception of sustainable entrepreneurship seems to have no influence on their international businesses. Because using industry receipts and

connection with their networks play an important role in their business. They accumulate market information through their networks, and if there is no demand or care for sustainability, the entrepreneurs do not consider it, although they believe they will reap the benefits of sustainability in the long-run.

In conclusion, since this research investigated sustainable entrepreneurship in born-digitals and born-globals, future research should focus on the study of sustainable entrepreneurship in those firms separately. Moreover, exploring sustainable entrepreneurship from the organizational culture perspective and not from the viewpoint of founders/top management could be an exciting field for future research. Likewise, as this research examined the concept of sustainable entrepreneurship among different industries, evaluating the role of sustainable entrepreneurship in the internationalization of a born-digital or born-global firm in a specific industry could be a focus of future research.

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## **9. Appendix**

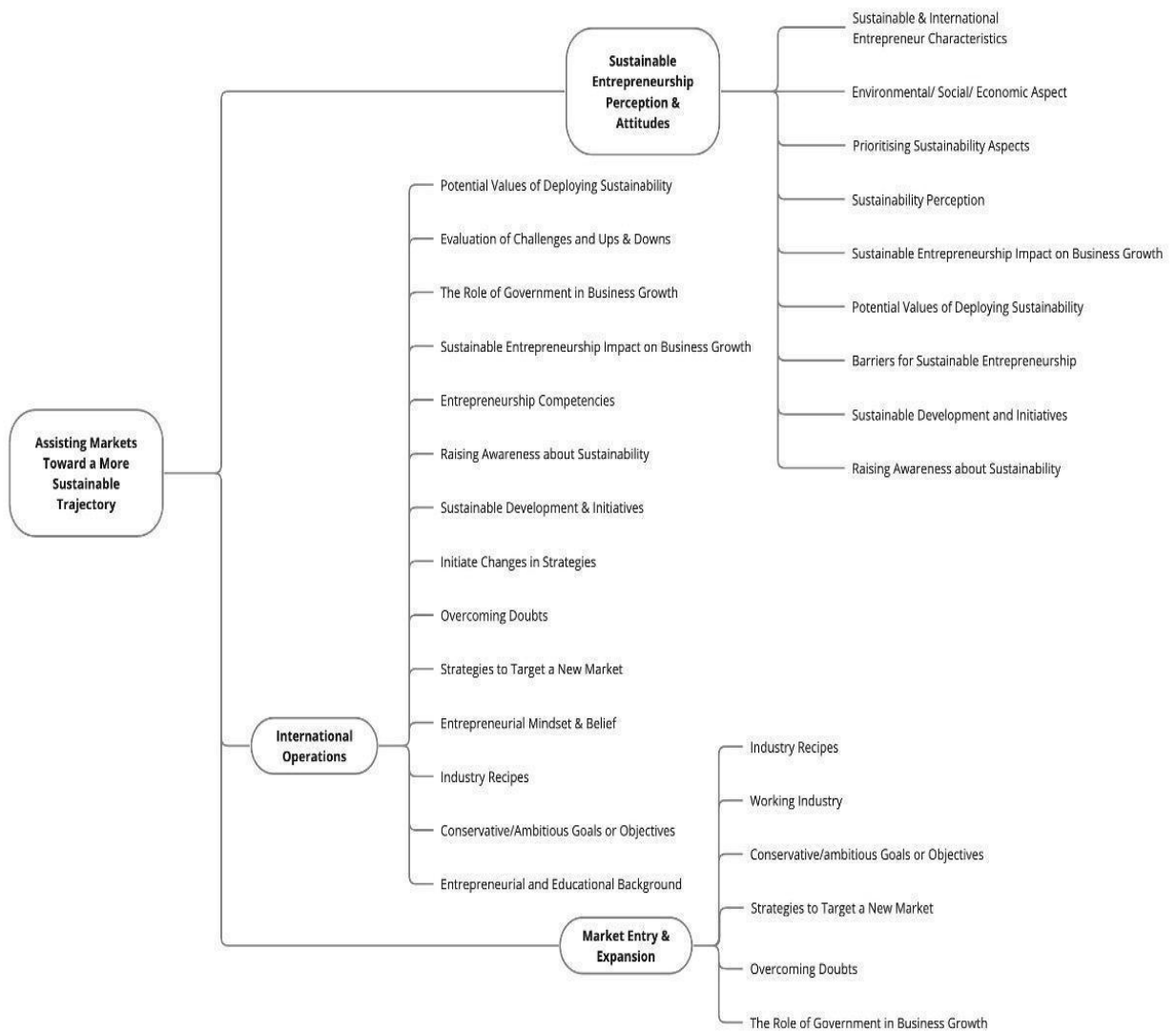
### **9.1. Interview Questions**

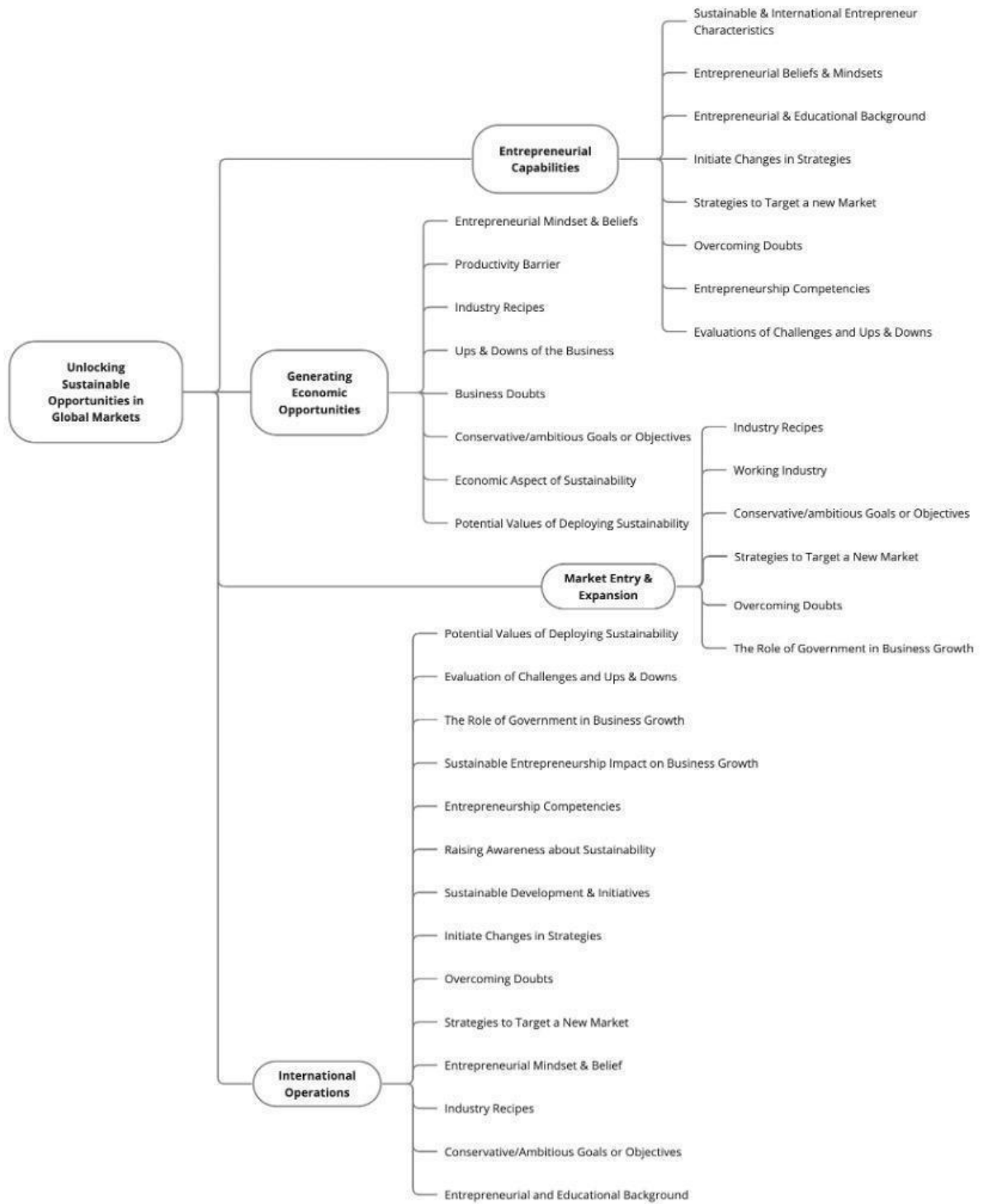
- Ice breaking questions
- Background information and general info about the company
- Company’s strategy to target a new market
- Areas of business doubts and how to push through them
- How do they stand out in niche market
- How do they come up with winning business ideas? How do they know ideas are too conservative or too ambitious?

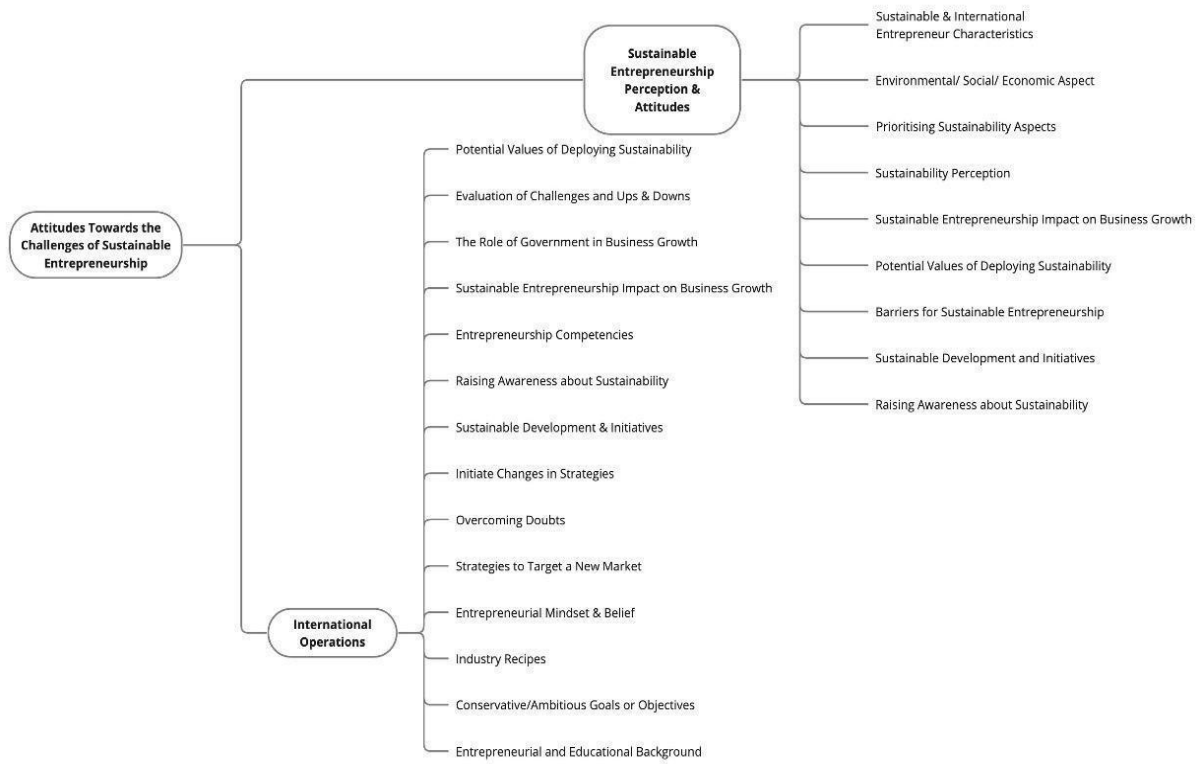


- Idea about characteristics of international entrepreneurs
- Entrepreneurs' must have competencies to scale internationally
- How to evaluate the business current and future ups/downs and how to initiate changes in global business strategies
- Sustainability perception within the company, industry and among their customers
- Defining sustainable entrepreneurship
- Company's policies regarding sustainability
- To what extent do sustainability issues are considered in international operations
- Prioritizing the 3 pillars of sustainability (economic, social and environmental aspects) and how to analyze their impacts
- Potential boundaries for sustainable entrepreneurship
- Potential opportunities or values of deploying sustainability in international practices
- Idea about sustainable entrepreneurship's impact on internationalization and business growth

## 9.2. Coding Tree







### 9.3. Informed Consent



#### Informed Consent

**Title of the research:** The role of international entrepreneurship in recognizing and developing international sustainable business opportunities

**Name + contact details researcher:** Elnaz Razmi, elnaz.razmi@student.uhasselt.be

**Aim and methodology of the research:** Individual interview about the entrepreneurship and international expansion policies.

**Duration of this research:** 30 minutes to 1 hour

1. I understand what is expected of me during this research. I have taken note of the information regarding the investigation and was given sufficient time to consider it.

2. I know that I will participate in the following aspects of the study:

An individual interview for the evaluation of the master's dissertation (4688-2223) organised by the University of Hasselt

3. I know that there may be risks or inconveniences associated with my participation:

Not applicable.

4. I understand that my participation in this study is voluntary and that I can refuse to answer questions. I have been sufficiently informed that I can stop the study at any time without having to give a reason and without any disadvantage for me, and that my participation in the study can be stopped by the researchers at any time.

5. I hereby give permission to record the interview.

6. The results of this research can only be used for scientific purposes and may be published. My name will not be published, and the confidentiality of the data is guaranteed at all stages of the investigation in accordance with the relevant legislation as stated in GDPR.

7. For questions, I know that after my participation I can contact: elnaz.razmi@student.uhasselt.be

8. For any complaints or other concerns regarding ethical aspects of this study, I can contact Professor Dr. Piet Pauwels (piet.pauwels@uhasselt.be)

9. I hereby give permission to contact me after the interview, if there are any questions.

**I have read and understand the above information and have received answers to all my questions regarding this study. I agree to participate.**

Place:

Date:

Name and signature of the person concerned:

Name and signature of the researcher: Elnaz Razmi