Louis Rousseeu

THE ROLE OF INSTITUTIONS IN THE INTERNATIONALIZATION PROCESS: A SYSTEMATIC LITERATURE REVIEW OF STARTUPS & SMES

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ABSTRACT OF THE MASTER'S THESIS

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Author Louis Rousseeu		Supervisor Tuija Mainela	
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Abstract

International entrepreneurship and its underlying technological advancements shaped the environment from which startups could arise. Through liberalization, markets once deemed too complex to penetrate became targets for all firms alike. Thanks to their role in job creation and innovation SMEs and startups are prominent actors of the economy. Their inherent characteristics, such as size and difficulties to access fundings ultimately put them at risk when facing multinational enterprises, especially in the earliest phases of their existence. Seeking competitive advantage from inception is a challenge which institutions help them overcome. Formal and informal institutions, at home or host country-level impact startups' international success.

Innovation, strategy, and dynamic capabilities are amongst internationalization enablers greatly impacted by institutions. They are cornerstones on which startups can rely. With their support, startups can develop under the challenging conditions and constraints of new markets. Foreign firms, despite their inherent disadvantages succeed to internationalize overcoming barriers, risks, and changing the dynamics of economic growth worldwide.

This research is at the crossroad between international entrepreneurship, startups, and institutions. It aims to define how markets' institutional characteristics impact the internationalization of startups and SMEs. Due to their distinct perceptible institutional environments, country markets differences between developed and developing economies were chosen as the core of the study. Networking capabilities were quickly identified, analyzed, and expound as a mean to cope with uncertain institutional environments. The systematic literature review conducted offers a comprehensive understanding of the institutional forces at play for startups and SMEs around the world to build on when considering internationalization.

The results of the study highlight the complexity of markets' institutional environments, and their everchanging and evolving character. Both formal and informal institutions can help and hinder internationalization and will impact firms differently based on their origin and the location they intend to expand to. Infrastructures available, regulations and policies in place on the one hand and networking, cognition, and prior experience on the other should be analyzed and match with country market specificities to optimize startups and SMEs' global strategies and internationalization process.

Keywords
International entrepreneurship, internationalization, institutions, startups, SMEs

Additional information

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1 INTRODUCTION

1.1 Background

Firms tend to conduct business where it procures them the more advantages and where, they foresee profit in the future. International business (IB) is nowhere near its end as countries tend to evermore collaborate worldwide. Indeed, from an annual trade of $125 billion in 1960 (WTO, 1961), we reached in 2019 a $19 trillion high in world exports (Statista, 2021) which clearly states the importance of further studying the field. This also is accompanied by a substantial flow of capital, technology and knowledge which lay the foundations of our world nowadays. Today small or medium-sized enterprises (SME) represent an estimated 90% of the companies worldwide (The World Bank, 2022). Technology is certainly the domain that is best described and best describe international tendencies. According to some data, startups account for up to 1.35 million technology related businesses created each year (Global Entrepreneurship Monitor, 2020) and their influence and importance in international business are not to be proved anymore. Yet only one in ten of them will succeed. This raises legitimate questions about the factors that will determine whether a startup will succeed or fail.

In developed countries, governments have now for decades been important actors of the economic realm. They have, amongst others, as a mission to act as guarantors of a functioning and efficient economy where their citizens benefiting of constitutionally defined sets of laws, rules, and regulations will be able to take part in the business activities. This created the legal framework in which most countries evolve and ensured that basic: rights of property, contracts, and employment laws are in place making business possible and secured. Developing economies on their side often have protective governments. These governments have in the past erected barriers that hinder the possibility for foreign firms to enter. This created market characteristics under which local firms are disadvantaged when liberalization occurs.

1.2 Goal, scope, and gap of the research

International entrepreneurship was first used in 1988 by Morrow. It underlined technological advances as the reason for the rise of new ventures in previously unpenetrated markets. Oviatt and McDougall (2005) then laid the foundations of international new ventures opening the field to rapid internationalization theories. The body of this study will further study internationalization of such firms called “born global” (Knight & Cavusgil, 1996) or “international new ventures” (McDougall & al., 1994) focusing on startups and SMEs that tend to internationalize early after inception and the role that institutions play in the face of these decisions.

Institutions as by North (1990) are the underlying rules of the game in a society. They are a set of formal and informal rules and norms organizing social, political, and economic relations that are brought to life by people and/or organizations. Table 1 offers a comprehensive explanation of the differences between formal and informal institutions based on the research conducted in this paper. Networking is linked to all the determinants of internationalization and was therefore chosen as a focus of attention in this study.

Table 1: Formal, informal institutions and internationalization scope

Type of institutions	Formal	Informal
Specificities	Regulated, enforced, written	Implicit, subject to bias, unwritten
Examples	Infrastructures (research clusters, knowledge clusters, financial, manufacturing), regulations and laws, practices (local/national…), rules, policies	Networks, relationships, ties, norms, traditions, values, cognition, prior experience, culture
Scope of the impact on internationalization	Institutional environment (voids and support) and embeddedness, venture capitalists and investors, FDI, market entry, location, internationalization process, speed and degree, exits, firm type, R&D, liability of alienness/newness/foreignness/outsidership, minimize market risks, costs managing, entrepreneurship, opportunity exploitation and exploration, global strategy, international orientation and performance, international sales, governance mechanism, development of dynamic capabilities, marketing capabilities, country profiling, innovation, industry specificities, legitimacy, reputation, capitalism, firms' success or failure, incentives and constraints, competitiveness, proactiveness, risk-taking, strategic orientaiton, frameworks, economic development, corruption, barriers, resource management, socio-politics, liberalization, heritages, routines, associative activities	

Due to their everchanging character and scope, institutions provide an infinite source for research. Institution definition is contested and “despite much interdisciplinary cross-fertilization, institutional theory remains characterized by an eclectic set of approaches” (Jackson & Deeg, 2008). They are set in reaction to external factors and aim to answer societal needs for change that could prove beneficial. Institutions should be predictable structures offering a stable environment on which firms should rely to develop business strategies. Institutions are contested and sometimes suffer from a lack of relevance North (1990). This is partly due to an unperfect transfer of information between agents. It has also been argued that even if they can shape behaviors, they do not always determine it (Leftwich & Sen, 2010). Indeed, in the end economic actors remain in charge of their decisions and institutions offer guidance and support (Narooz and Child, 2017).

Globalization leads to evermore, ever faster changes in the business environment. As a result, institutions are constantly being reformed to answer this constraint, and its changes structure the evolution of the society (North, 1990: 3). Internationalization is the process by which companies increase their involvement on international markets (Johanson & Vahlne, 1977). Globalization gives firms access to more cost-efficient solutions than they may be having home by means of facilitating exchanges worldwide. By doing so, we can argue that globalization is a vector of internationalization given that firms have sufficient information and resources to make use of it thus resulting in making the best economic decision available to them.

Issues regarding internationalization choices must be addressed early (Madsen & Servais, 1997; Oviatt & McDougall, 1995) and young firms often do not follow the usual international stage theory. They also lack the resources bigger firms have turning internationalization of startups into a matter of life and death. Yet they do not wait for resources anymore and go international even though they have limited market knowledge or size advantages. Internationalizing has potential value, but it also increases a young’s firm vulnerability when competing on foreign markets. Oviatt and McDougall (1997) emphasized the need to analyze prevalence and determinants of international entrepreneurship.

This work will link the fields of international business and international entrepreneurship. Globalization and markets liberalization often result in the expansion of cross-border activities. Startups and SMEs at the earliest stages of their existence are fragile. Institutions are often unstable yet impact many aspects of international expansion. Understanding their role and how to best use them would prove beneficial and ease startups and SMEs' internationalization.

Firms often decide of the environment where they will operate based on the nature and quality of the institutions present (Guler and Guillén, 2010). Institutional architecture and infrastructures matter. Henisz and Swaminathan (2008) called to study the links between institutions and international business from a wider perspective for businesses could benefit cross-field research and analysis. Indeed, institutional environment are a configuration of interdependent structures and systems ranging from a single country to pairs of countries across the international state system. Although globalization suggest that cultures are homogenizing, this effect has not proven yet strong enough to observe a real merge in terms of formal and informal institutions, and the way they work between countries. These facts highlight the benefits of analyzing institutional differences at large, and between countries.

The study of the role of institutions in organizational behavior traces back to DiMaggio and Powell (1983). They tried to explain why organizations became similar over time adopting a sociological approach explaining how institutions affected a firm's general behavior. Bureaucratization is a vector for states and firms' homogenization and rationalization was seen as an institutional factor rather than competition and search for efficacy. This creates a paradox as firms have been known to internationalize – search for rationalization – primarily to gain competitive advantage and efficacy on the markets where they operate. Scott (1995) also backed by DiMaggio and Powell (1983) noted that to survive firms and organizations had to conform to the rules and belief systems which were dominant in their environment.

Understanding rules and beliefs of the system where firms are implemented is costly. However, a lack of understanding often results in failures and startups and SMEs are already at risk against firms such as MNEs. Successful use of institutions could enhance their survivability. The goal of the research is to identify why and how institutions can help firms to internationalize and to identify best practices that will in turn foster economic development on both micro (firm level) and benefit macro (economies) environments allowing startups to survive in their challenging environments.

Another body of literature, comparative capitalisms went beyond the classic approach to studying institutions by examining how they interact across different economic domains to form a "distinct national constellations or varieties of capitalism" (Jackson & Deeg, 2008). Comparative capitalism states that international business lacks some of the understanding of how strategy is shaped by resources and governance structures made available by institutions. These findings suggest that an emphasis should be put on how and why institutions are different from one country to another. A holistic approach considering IB, IE and the role of networks to the analysis of institutions in precise country markets case would prove beneficial.

Institutions, cross-border activities, and their impact have long been studied in regard to multinational enterprises (MNEs) (Buckley & Casson, 1976; Chandler, 1986; Santangelo et al., 2016) but research can and should still be conducted when it comes to their impact on SMEs and startups environments (Hong et al., 2015). Institutions formal and informal are intrinsically subject to interpretations which can prove a challenge for firms. Indeed, some may be able to elaborate on the concept while others will struggle at the task. This interpretation variable lays at the core of the problem where MNE and SME/startups will have different capabilities and thus make much different use/consideration of the said institutions if any in that regard. MNEs are challenged by multiple host environments (Kostova & Zaheer, 1999), while relying on more resources, hence decreasing their dependencies. On the other side, SMEs have fewer resources and will be dependent on intermediaries while experimenting power asymmetries in business (Narooz & Child, 2017) and being more strongly impacted by external factors (Kraatz, 1998). Therefore, networking with its impact on business opportunities (Neubert, 2017) is determinant worth of thorough study and will be considered throughout the study. Knight & Liesch (2016) acknowledged a lack of theorizing for SME and born globals in contrast with MNEs, calling it underdeveloped and fragmented. Relationship between early internationalization and international performances are inconclusive and contradictory and should then be further studied.

This research by studying the role of institutions for startups will highlight some of the determinants fostering successful early internationalization. Networking will be analyzed and its role against instabilities and institutions demonstrated.

Coeurderoy and Murray (2008) acknowledged that the role of regulatory environments has been thoroughly studied for big established and well-funded firms and that considering different capabilities and opportunities, young firms' (i.e. startups and SMEs) strategic options differ and should be further studied. MNEs due to their weight and influence on international business can and have been known to shape institutional environments, using levers such as lobbies. Previous experience and knowledge although not specific to MNEs are also cornerstones to MNEs' internationalization strategies success. A thorough review of the best practices in face of institutions would then potentially benefit any startup or SME willing to internationalize and help them capture the benefits they may have instead of enduring them. SMEs have been much less studied, and this paper will show how SMEs and startups can benefit from these institutions to better succeed on international markets

1.3 Research questions

Based on the research gaps and studied literature, the following research question has been formulated:

1) How markets' institutional characteristics impact and can be handled in the internationalization of startups and SMEs?

This question will be answered with the help of two sub research questions:

a) How do the institutional influences on firms' internationalization differ according to country markets?
b) How can networking improve companies' responses to their institutional environment and facilitate their internationalization process?

1.4 Research methods

The main source of information for this study is going to be existing literature and a systematic literature review will be conducted. Some of the chosen literature will help set the theoretical framework under which the subject will be studied while the rest to obtain the data which will help answer the research questions.

The main concern of the study is to identify the role that institutions play in the internationalization process of startups and SMEs. Due to the broadening of the subject from Finnish tech-startups to startups and SMEs, it seemed more appropriate to conduct a systematic literature review. Indeed, this method allows to condense larger amounts of information into comprehensive segments. It is a mean to move from data discovery to its implementation in the business life. The segments will ease managers and policymakers' access to the initial wide range of information. To this end, 58 articles and 2 books from relevant academic literature will be analyzed to offer a comprehensive view on the role of institutions in the internationalization process of startups and SMEs. This approach proves interesting especially in regard to institutions which are subject to interpretation and will be detailed further in the research methodology chapter.

1.5 Structure of the study

In this first part, the reader has been introduced to the subject and design that will be studied and used to conduct the research. Secondly the research methodology used in this research will be laid out. Third the foundations on which the research is built will be explained. In the third part the reader will be introduced to an in-depth analysis of the literature. Country market will be studied independently and then together offering comprehensive insights and capturing the forces at play for firms' internationalization under institutional setups. The final part of the work will conclude with respect to what has been found on the topic thus answering the research questions. Limitations met and recommendations for future research will be delimited.

The specific nomenclature of the body-structure is available in the table of contents of this paper.

2 RESEARCH METHODOLOGY

From its beginning, the multidisciplinary aspect of international business and entrepreneurship made it rich in opportunities and allowed multidisciplinary and multicounty collaborations. This thesis takes place in the field of international entrepreneurship. Many definitions have been given but the following will be considered as best fit for this study: "International entrepreneurship is the discovery, enactment, evaluation, and exploitation of opportunities—across national borders—to create future goods and services" (Oviatt & McDougall, 2005). Across this work, different actors of this definition will be considered (organizations, managers, entrepreneurs, institutions etc.) and analyzed according to their impact on the internationalization process of startups. Institutions' role within will be studied in detail. Different influencing factors such as: environmental influence, industry conditions will be at the center of attention, once more with an emphasis on institutions' role in their regards. Accelerated internationalization will be regarded and theories such as the Uppsala model (Johanson and Vahlne, 1977) overlooked as they do not seem to present sufficient explanation of the process this work is interested in.

2.1 Systematic literature review

This study follows a systematic literature review which aim is to determine the role that institutions play in the internationalization process of startups and SMEs. Systematic reviews offer critical insights that can help policymakers and practices build knowledge and make the best decision (Tranfield et al., 2003). They follow a specific methodology that through selection, evaluation, analysis, synthesizing, and reporting grants clear conclusions about what is known and what is not on a well-formulated question. It should allow a repeatable scientific transparent approach aimed at minimizing bias by summarizing all source of information available of a targeted phenomenon. Denyer and Tranfield (2009) identified five key steps to produce qualitative systematic literature reviews in the fields of organizations and management studies:

- i. Question formulation
- ii. Locating studies

- iii. Study selection and evaluation
- iv. Analysis and synthesis
- v. Reporting and using the results

These are the guidelines under which this study has been constructed.

2.1.1 Question formulated

The main question should allow to see what works, but also how it does and under what circumstances. Therefore, contexts must be taken into consideration and allow comparing and contrasting. Why, when and where type of questions are suggested and inherent to the problem. Bearing this information in mind the following research question was stated:

How markets' institutional characteristics impact and can be handled in the internationalization of startups and SMEs?

Supporting questions whose goals are to facilitate the answering of the main one have also been identified:

c) How do the institutional influences on firms' internationalization differ according to country markets?
d) How can networking improve companies' responses to their institutional environment and facilitate their internationalization process?

2.1.2 Data collection

Data should be collected to provide the most comprehensive collection possible relevant to the research question and be reported in detail. Explicit selection criteria are to be set so to choose only relevant studies that will address the research question (Denyer & Tranfield, 2009).

The literature research of the study was conducted using Google Scholar as main tool. The first phase was the identification of relevant literature from which I could base the earliest phases of my research on. No time period was set for these articles whose goals were to set the perimeters of the study to allow older research to set the grounds for the study and understand the mechanisms leading to the understanding of the concepts. Search words and Boolean operators such as “early internationalization AND startups”, “institutions AND early internationalization”, “institutions AND internationalization” helped the researcher gather the knowledge which can be found in the conceptual foundations.

The second phase of the study whose articles can be found in the findings and conclusions followed the same structure. Boolean operators with search words were used: “institutions AND developed economies”, “institutions and developing economies”, “institutions AND internationalization AND (developing OR transition)”. The time period for developed economies was set from 2000 onwards as the researcher was aware that research in the field started early 21st century. For developing economies, 2005 onwards was decided upon due to the calls for research made in the articles from developed economies suggesting research should be conducted for developing ones.

For all articles alike, when one was deemed relevant based on the initial research and their titles, abstracts and introduction were read to ensure the pertinence and link to the subject. Many articles which treated institutions by itself or in the socio-political field were ruled out. Articles treating internationalization with no link to institutions also were. Only those who proved insightful to answer the research question or sub research questions were kept and can be found hereinbelow throughout the research.

A total of 58 articles and 2 books have been studied to conduct this research. 13 articles dating from 1983 to 2018 have been used to pave the foundations of the research. 45 articles and 2 books have been studied to identify country market differences and their institutional influence on firms’ internationalization process, hence answering sub question a). More in details, 13 articles ranging from 2000 to 2019 have specifically tackled developed economies, 17 articles and 1 book from 2006 to 2016 (10 of which dating 2006-2008 due to numerous calls for research in the years before) focused on emerging economies, and 15 articles dating 2000-2017 and 1 book (1995) offered insights for both type of economies. Amongst these papers, 21 have insights responding to sub question b) by focusing on one of the aspects of institutions namely: networking.

2.1.3 Data analysis and structure

Analysis should allow each article to contribute to the answer to the main question. Relations between data elements should be found and acknowledged. The synthesis should go further individual insights and be built upon an arrangement of the knowledge gathered into a new whole, not initially apparent when studies are considered in isolation. Due to the explanatory and interpretative nature of the review, a harmonized synthesis is required and critical part of the study (Denyer & Tranfield, 2009).

Further to their selection, articles were first read individually. Their main content was underlined. A second reading was conducted alongside a notetaking process with the main information each of them provided. When all the articles were read and synthesized, they were categorized in relation to their country markets (articles used for the foundations of the study were categorized together but did not go through the following process). The researcher then created sheets on an excel document to further categorize the findings between developed economies, developing economies and "developed and developing economies" which included articles providing insights in both country markets. A table was created in each of the sheet each line corresponding to an article and columns divided in different categories. Table 2 below shows the used nomenclature of the process.

Table 2: Structure of the tables

Articles	Context and general insights	Developing economies insights	Social networks	Implications for managers/policymakers	Opinion
Theme 1					
Article 1					
Article 2					
Theme 2					
Article 1					
Article 2					

The tables were then used to produce the findings and analysis section. Another table summarizing all the findings of the study was made and used to produce the conclusions and limitations sections of this study. The use of tables eased and made a clear cross-analysis of the articles possible.

2.2 Subject of the analysis

Startups and SMEs have been chosen as the subject of analysis. So as to proficiently analyze the role that institutions play about them, this work will first introduce in detail the environment under which they were created. By doing so it will allow to create the grounds on which later analysis will be based and to better understand the determinants driving them.

2.2.1 The birth of international new ventures

In 1994, Oviatt and McDougall pointed out a new phenomenon that did not follow the classic characteristics of companies and MNE named international new ventures. They noticed that MNE had been studied at large but could not quite explain the foundations of technological firms, or startups, that underwent international expansion from inception (Brokaw, 1990). This was a matter of importance as these new endeavors where facing established global competitors on the market which made them somewhat vulnerable and at least a subject of importance to study would they end up being successful.

Despite being acknowledged back then, these kinds of firms have existed for centuries and had as a precursor the quite well-known East India Company. Yet, the focus brought on MNE at the time did not allow study of new ventures until Oviatt's and McDougall's call. They noticed that existing literature had only focused on established firms (i.e. MNE included) on international and domestic markets and new firms only from a domestic market point of view (Oviatt & McDougall, 1994).

This constituted the starting point from which studies would ensue in regard to international new ventures. The age at which firms internationalize were disregarded and even considered an unimportant characteristic (Malekzadeh & Nahavandi, 1985) which constituted a default in the research conducted would it matter. Indeed, firms do not face the same challenges based on their intrinsic characteristics and leaving it unstudied could block potential insights and realization to be made. Vozikis and Mescon (1985) recognized this issue contrasting startups to mature small exporters who did not face the same issues when starting to export abroad.

At the end of the 90s the field started to attract scholar and studies began to try to understand under which circumstances the concept of new ventures took place and how entrepreneurs managed such endeavors. Different angles were tackled to explain successful international ventures in this matter; the ability to manage resources across countries (Oviatt & McDougall, 1991), the vision under which the firm evolved, the use of networks (which was studied in more details later notably with the Uppsala model revisited of Johanson & Valhne (2009)), and the focus on international sales growth of the firm. The studies conducted mostly underlined the importance of the subject which we can now, some 30 years later, all but agree upon. The promotion of their development study was only the beginning of a phenomenon that led to the existence of highly profitable startups such as unicorns. Startups nowadays not only exist in the technology industry but also across all the industries.

2.2.2 Startups, SMEs, and international new ventures

The term startups made its first business appearance in a 1976 Forbes article. Startups often considered and called innovation-driven enterprises differ from the classic SME definition thanks to unique intrinsic characteristics (Aulet & Murray, 2013). First, they pursue global opportunities primarily with competitive innovation aimed at disrupting industries therefore giving them high-growth potential. Their innovation-driven characteristic makes them reliant on quick growth and often considered risky in comparison to SME. Their business model is subject to change and does not usually offer returns from day one unlike SME working with models working from day one. The funding they receive will often come from sources such as angel investors and venture capitalists who see potential in the business and search for equity and ownership in the company. Here again SME differ in the sense that they will seek more “classic” forms of funding such as debts through loans, line of credits etc. Startups and SME goals are also fundamentally different as a small or medium size enterprise’s goal is to stay in business while startups often look for exits (Kohler, 2016) and IPO to become massive companies or be sold to an existent one.

International new ventures are most often defined as a business organization that will from inception seek competitive advantage from the use of resources on international markets. The main distinction from classic ventures lies in the fact that they will commit resources in more than one nation from the earliest stage of their existence (Oviatt & MacDougall, 1994). Age is the matter of importance rather than size in regard to international strategizing. Foreign direct investment is not mandatory to be considered an INV, where the value added comes from is (Casson 1982). Establishing on international market from inception points out to the need of strategic decisions in this direction from start. Thus, studying the underlying characteristics and rules specific to INV can only help clearing the landscape to produce literature and analysis that will help these businesses and foster innovation.

Knowing that these businesses seem to have specific characteristics, it is now important to study what theories would best explain their internationalization. Indeed, this would constitute a basis for managers and entrepreneurs to develop the best practices when internationalizing.

3 CONCEPTUAL FOUNDATIONS OF THE STUDY

The following section will introduce the conceptual foundations of the study. Early internationalization phenomenon, process undertaken by many startups will be outlined. Its understanding will allow to analyze the challenges they face. Institutional theory will then be defined and considered across the study as a lens through which reviewing institutional contexts and their impact on internationalization in different country markets.

3.1 Early internationalization phenomenon

3.1.1 INV theory

What could then explain the early presence of startups on international markets and their success? International communication and transportation speed quality, efficiency, and ease have been one of the factors reducing the costs of international exchanges (Porter, 1990). The homogenization of markets worldwide and accelerated globalization in the 1980s helped reduce the complexity of task when aiming international. Therefore, a growing number of managers and entrepreneurs have themselves been exposed to it raising opportunities in the domain, and quite likely making it a mark of success in the meanwhile. Thanks to these changes, established and big firms seemed not to enjoy as big a competitive advantage as they used to leaving room from SME/startups/INV to establish on international markets. The possession of a unique asset as stated before was becoming more important and did not specifically dependent on size. Oviatt and MacDougall (1994) understood that these changes when put together shortened the internationalization process of a firm and tended to explain why some of the “stages” from other theories were often skipped. In this context they decided to create a new framework that would better explain or fill the gaps in the existing stages theory of internationalization. In the latter, they described INV as a unique type of MNE. This framework did not depict size as an important determinant of internationalization but enumerated four elements that may lead firms to become “sustainable international new ventures”.

- Element 1: the internalization of some transactions constitutes the basis of any firm which must own assets to justify their existence
- Element 2: alternative governance structures define the fact that INV do not control enough assets and must have alternative routes of controlling the ones considered vital.
- Element 3: Foreign location advantage is at the basis of the internationalization process and will justify a firm's expansion under the form of an advantage to move a resource outside of their national border.
- Element 4: unique resources is the factor that will allow INV to become sustainable and survive on foreign markets

McDougall and colleagues (1994) also considered questions worth answering when considering the birth of INV such as: Who are the founders? Why do they wish to go international instead of staying home? What form their international endeavors take?

The founders have been found to be essentially individuals which competencies allowed to elaborate on opportunities to combine resources from different national markets across national borders. Their viewpoint recognizes the necessity to act on international markets from inception this by using hybrid structures which will help them overcome the resource scarcity they will face at the earliest stages of their implementation.

Four types of INV have been described following the theory and widely accepted by the community (Baum et al., 2011) namely:

- Export/Import Startups
- Multinational Trader
- Geographically focused startups
- Global startups

3.1.2 Born globals

Oviatt and McDougall (1994) did not have the exclusivity nor the only explanation of the rise of newly formed firms internationalizing early after inception. Born global theory (Cavusgil & Knight, 2015) although quite similar would present distinctive characteristics from the INV theory. The authors realized that although some small domestic markets could explain the rise of startups going international from scratch, it did not explain the surge in developed economies like that seen in the US. Globalization, internet, and modern communications technologies advancement were once again vectors of change that allowed smaller firms to take international paths. They defined born globals as startups for which a substantial portion of their revenues would derive from the sales of products on international markets (Knight & Cavusgil, 2004). Their definition differs from that of Oviatt and McDougall (1994) as they emphasize young companies, using firms as unit of analysis and incorporated entry mode (i.e. exporting in their case) as focus of attention. Their concept highlights the importance of entrepreneurial orientation, facilitating internationalization under limited tangible resources allocating them through “asset parsimony”. They suggest the “internationalization premium” concept extoling that companies going international tend to do better than those who would have stayed domestic thanks to already named globalization benefits. They alongside INV theory acknowledge the importance of innovation as a driver for internationalization and key to success. This view also contrasts with the conventional incremental approaches. The relevance of their born globals is topical because about a fifth of startups in Europe are said to be born globals in 2015 (Cavusgil & Knight, 2015).

Alike INV they are a subject as important to study and the difference in nomenclature, naming and such does not change any of the impact of these startups on international markets. Both INV and born global definitions are relevant to this paper as one could not correctly analyze the role of institutions in the process of internationalization of startups if the main concept were not uncovered. Articles referring to both theories will be considered concurrently in this study despite their small differences as the focus of attention is startups at large. Noticing the differences was nonetheless mandatory and may prove useful in some of the upcoming analysis.

3.2 Institutional theory

The institutional theory is a product of sociology, economics, and political science (Korsakienė et al., 2015). It tries to answer the question of why organizations within the same field look and act similarly (Miles, 2012). It often identifies normative external and internal pressures as the main reason for such tendency. Zucker (1987) in his theory claims that three elements explain the institutionalization of organizations: a wide institutional environment, external organizations, and international organizational structure. Scott (1995) identifies three pillars for institutions. The first is regulative and defined as the country level regulative environment. The second normative and defined as the establishment of legitimacy under appropriate understanding of norms values and beliefs. Last is cognitive which refers to the beliefs and values of entrepreneurs and managers which may contribute to their countries success rather than aiming imminent profit.

One of the most important works regarding the role of institutions and organizations in the past decade has been conducted by DiMaggio and Powell (1983). They observed that companies became similar over time and wanted to unveil the reasons for such behavior. Max Weber (1952, 1978) named bureaucracy as the manifestation of organizations' spirit offering a mean by which organizations would rationalize. However, DiMaggio and Powell realized that as time passed so did the drivers of bureaucratization and rationalization. State bureaucratization has succeeded, but structural changes in organizations appear to be driven by a process homogenizing them rather than driven by competition or efficiency. Processes driven by state which are considered "great rationalizers" (DiMaggio & Powell, 1983). Organizational fields (which comprise the actors implied) allow individuals to deal with uncertainty and constraint yet appear to bring homogeneity in terms of structures, cultures and outputs. DiMaggio and Powell tried to explain the reasons for such homogeneity, as each organizational field seems to offer diversity at their initial stages of life yet being pushed inextricably towards homogenization over time. The two steps being the creation of the organization field further to activities being conducted by numerous organizations, and homogenization of the organizations in the field once it is established. Fields are institutionally defined. Four steps have been considered to explain the structuration occurring (DiMaggio 1982):

i. Increased interaction of organizations in the field
ii. Emergence of interorganizational structures
iii. Increase of information quantity that firms must know and apply
iv. Mutual awareness of a common enterprise

This led to the emergence of driving forces that will make organization similar in the long run. Yet, this also hinder the ability to change thus to innovate which obviously can be a problem and does not seem to apply well to high-tech startups. Therefore, it will prove interesting to see whether organizational field applies to startups or if due to their nature they tend to escape this reality. It is worth noting that in 1983 when DiMaggio and Powell's work was published startups were not in the picture. This study foreseen that organizations when growing reach a point of dominance where they seem not to have to adjust anymore but could drive the forces. This could also explain the rise of lobbies and the fact that they can articulate institutions in their favor. Isomorphism is the process by which DiMaggio and Powell tried to explain the tendency to homogenization. It states that firms aim at compatibility with their environment learning appropriate responses and adjusting their behaviors accordingly. This does make common sense, as to evolve somewhere first necessitate the observation of the context, ecosystem in which you are so organizations will undoubtedly consider (or should) other firms in the same field at early stages of their strategizing. Three mechanisms of isomorphic change deriving from different conditions yet potentially intertwined and with great impact have been identified (DiMaggio & Powell, 1983):

i. Coercive isomorphism is the response to a common legal environment and cultural expectations. It offers companies a way to answer both formal and informal pressures by shaping organizations' behaviors and structures. Firms have also been known to rely on/benefit from these (Pfeffer & Salancik, 1978: 188-224) when facing situations of interdependence seeking help from governments. This form of isomorphism reflects in the organizational structures of firms which develop rituals of conformity to respond to these requirements. It is worth noting that some of the pressures in that regard come from non-governmental structures, MNE and subsidiaries relationship and monopolistic firms are authority relationships that can also make coercive isomorphism emerge. Besides, it highlights the bearing of policies too often made for industries/organizations at large and their lack of flexibility/adaptiveness in the matter.

ii. Mimetic processes can be based on the fact that managers often look for legitimate and successful models upon which to build their own organization (Kimberly, 1980). This process exposes environmental uncertainty as the reason for homogeneity in organizational structures. The bigger the firm and its impact in the industry the more likely firms are to be copying it. This form of isomorphism and structural changes related are more visible than policy changes and often carried upon by consulting firms.

iii. Normative pressures tackles the role of the professional which define the conditions and methods under which they will work. It carries out the weight and determines the degree of autonomy they can expect. Both coercive and mimetic pressures can apply to professions. Coercive, because states tend to define the profession and criteria each should meet. Hence, university education is provided accordingly and create organizational norms. Mimetic because professionals appear to be similar to their counterparts in other organization, even more so when reaching to top levels of management. Normative pressures and professionalization are strongly correlated and impacting the structuration of organizational fields. The creation of a status hierarchy among organizations through formal and informal means designate “winning” firms which will become pivotal, recognized by the government, and thus make them able to lead discussions, impact formal and informal institutions thus driving others to mime them to reach the same position (DiMaggio & Powell, 1983).

It has been noted by Powell and DiMaggio (1983) that although all these processes occur it is not always enhancing a firm’s efficiency thus lacking the strategic depth such decision should carry. Since rewarding appears to come from homogeneity firms tend not to care and are subject to all the forms of isomorphism cited.

The institutional theory is important to consider the role of institutions would they be formal or informal at large as it offers thorough analysis of the forces at play for all businesses alike. Two groups of institutions: one from the macro-economic environment and the other from the inter-organizational relationships are to be considered (Korsakienė et al., 2015). It constitutes a starting point from which many studies followed and gave an overview of how institutions impact the businesses. Formal and informal institutions will impact firms' behavior and structures (i) to answer both legal environment and cultural expectations. Institutions will impact the entire professional environment which requirements are dictated by governments' expectations thus shaping the manager which are known to be very important actors of firms' internationalization. By the same mean, institutions will define the firm's hierarchy and give power to those offering results they judge suitable thus rewarding mimetic behaviors undoubtedly impacting international business. This also helps pointing out the complex role institutions play due to the observable intertwinement thus putting their importance at the core of business. All in all, governance structures are the most critical driving force that will define institutions (Korsakienė et al., 2015).

This study has thoroughly analyzed Powell and DiMaggio's work as it seemed appropriate to show the full extent of one of the institutional theories that exist. Yet many other scholars (North, 1990; Scott, 1995; Zucker, 1987) have conducted in depth analysis of institutions which focus may differ from this one. This constitutes a limitation in this study but was decided as all cannot be exposed in this work. The theory although globally studied and accepted also received critics for its focus on homogenization while divergence also occur at times under the same constraints (Beckert, 2010). The following table, from Bruton and colleagues (2010) offers an overview of institutional characteristics and reach alongside the related assumptions, drivers for human behaviors and the relationship between institutions and organizations.

Table 3: Comparison of different branches of institutional theory (Bruton et al., 2010)

Characteristics	Economic/political branch	Sociology/organisation theory branch
Assumptions	People make decisions based on the convenience and standardization of rules and agreements	People make decisions based on heuristics because of cognitive limitations and take action based on conventions and preconscious behaviour
Drivers of human behaviours	Rules and procedures, formal control	Social norms, shared cultures, cognitive scripts, and schemas
Relationship between institutions and organisations	External institutions create structures for organisations	Organisations adjust and conform to values and limits prescribed by a society's institutions

At this point can be hypothesized that the three forms of isomorphism namely, coercive, mimetic and normative should impact the process of internationalization of startups and MNEs alike as they appear to drive all business endeavor.

3.3 Risks, legitimacy, and critics of INV/BG theories

3.3.1 Inherent risks and legitimacy of INV theory

International business has always been considered risky because failure may occur based on unwanted and unplanned political, economic, legal and social factors in the markets where firms are competing (Cosset & Roy, 1991). Institutions then seem to be at the basis or at least very important vectors of risks when considering internationalization. Some of the most important risks factors on international markets that have been identified (Shrader, Oviatt & McDougall, 2000) in the literature are the following:

1. Foreign location risk (Dunning, 1998)
2. Entry mode chosen (Ghemawat, 1991)
3. Proportion of revenues a firm has in a given location (Miller, 1992)

These affect MNE, startups and SMEs alike and can be characterized as general risks to internationalization. Due to their intrinsic characteristics, INV will be impacted differently, their response, and field of action differing from other type of firms. Foreign location risk are all the risks directly in relation to the location where the firm wants to expand. Local institutions, formal and informal will there play a major role as they dictate tangible and intangible business rules. Entry mode's efficiency will be at the core of INV's survival balancing risks such as intellectual property appropriation with control over activities abroad. The proportion of revenues in each location will highlight the importance of success/failure in regard of firms' survival and smaller diversity will put more pressure on given international endeavors.

Shrader and colleagues (2000) studied the trade-offs that occur between those risks for INV. Trade-offs occur between the three risk factors to balance international uncertainties. While MNE have assets' mobility, INV and SME must overcome the risks to conduct business internationally by trading-off between the three kinds of risks mentioned above. Selling in a country that is considered risky (risk number 1) can be balanced by choosing an entry mode requiring fewer resources (risk number 2) and considering a smaller proportion of revenues (risk number 3) coming from this country. This points out that the risks are manageable if properly considering where to put the money resources and commitment. These findings are useful for managers and offer keys to managing international risks (Shrader et al., 2000). It emphasizes the role of experience of managers and entrepreneurs in terms of decision making for a successful internationalization. Technology is once more a key to successful internationalization in this situation as it provides a way to overcome business costs and risks abroad (Kohn, 1997) by offering larger foreign revenues and commitments.

INV with their early entry into foreign market are nowadays quite popular (Mudambi & Zahra, 2018). INV particularly have to consider two liabilities when entering a market from inception: newness (Stinchcome, 1965), and foreignness (Zaheer and Mosakowski, 1997). Considering these risks, researchers have appraised the legitimacy of INV in contrast to more classic approaches to internationalization offered by incremental strategies aimed at established firms. Indeed, it has been observed that firms' survivability is most at risk in earlier years therefore turning international endeavors into a challenge often not overcome (one in ten startups will survive). Profitability has been regarded as a poor performance indicator (Baum et al., 2001) for INV since they often do not aim for profit in the first year of their creation unlike SME. Survival on the other hand will help define a firm's future profit and market share performances (Evans, 1987). Defining whether INV can and will have an at least similar survival rate than other types of firms and mode of entry would further emphasize their importance and the need to understand all the actors at play in their establishment. Comparing it to the incremental approach appears to be the ideal choice as they are widely used in internationalization process of firms worldwide. Mudambi and Zahra (2018) in a recent study found that INV and more classic incremental modes of foreign entries had the same chances of survival. They highlight the need for managers to consider industry conditions and resources (intangible such as technological competencies which often derives into innovative products) available prior to deciding which mode of entry to choose. These findings suggest that even today INV studies are very relevant, and that the theory (Oviatt & McDougall, 1994) has been worth studying and should still be. It also exposed that liability of foreignness may not apply as initially thought with domestic and foreign firms having similar survival probabilities. This will be considered when studying the role of institutions in detail. It raises questions such as: can institution positively impact and reduce any of the risks inherent to INV?

3.3.2 Critics and newer elements of INV/Born Global theories

Baum and colleagues (2011) as well as other researchers (Zahra, 2005) came to the realization that even if INV type were quite explanatory per se, empirical testing of the determinants of the said INV types were lacking. Indeed, they suggested that INV were an heterogenous group with distinct characteristics and that each of these would follow a specific strategic approach to internationalization. Therefore, making the determinant of the utmost importance so as to efficiently advice policymakers and managers alike in the best practices they should follow. Their studies (Baum et al., 2011) allowed to pinpoint the impact of variables of interest such as growth orientation, prior managerial international experience, knowledge intensity, product differentiation and learning orientation in regard to a successful internationalization when considering INV types. This was a quite relevant add in the domain for INV to identify within the types and better overcome entry barriers they may face.

Although offering great insights, INV and born global theory may lack the details that would explain more specific INV endeavors. These theories are good to set the grand picture but would likely benefit from more tailored approach would they want to help firms from different type of economies. Nowiński and Rialp (2013) acknowledged it and highlighted that high home barriers contributed to early internationalization and came as additions to other drivers such as small domestic markets, tendency to globalized market integrations and appealing foreign markets. They confirmed that ICT’s facilitations were a determinant of rapid internationalization, that domestic networks initially helped entrepreneurs, and the importance of innovative products (and differentiation) to compensate for weak IB and market knowledge. Market experimentation rather than forecasting appeared to be the methods employed by transition economies to internationalize under the principle of economics of shortage. They also suggested the importance of ties (Kiss et al., 2012).

Weerawardena and colleagues (2007) criticized prior existing theories of fast internationalizing firms emphasizing the need to capture learning undertaken by firms and entrepreneurs before their own establishment. By doing so they challenged existing theories by expanding on some of the factors leading to accelerated internationalization creating their own conceptual framework. Although knowledge is previously considered in the Uppsala model (Johanson & Vahlne, 1977), and later some of them addressed (Johanson & Vahlne, 2009), they notice two shortcomings which bring the need to reconceptualize. First market knowledge they say is an insufficient source of learning to successfully innovate and second prior to internationalization knowledge is not considered while it may strongly impact it. Their findings suggest that to understand the development of firms' capabilities, processes linked to knowledge and learning must be established. They found that internationally oriented entrepreneurs often bring a set of dynamic capabilities by means of prior knowledge allowing better development of forefront innovative products thus easing accelerated market entries. It is even more so important for SMEs which are facing stronger constraints and for which speed of internationalization may be more strongly impacted by identified shortcomings and helped by those dynamic capabilities.

In this direction, Mainela and Puhakka (2011) recognized that the study of relationships and their role in the internationalization process of firms could be traced even before the establishment of firms. Continuing in the relationship's field, Söderqvist and Chetty (2013) too figured that not only startup and early internationalization phases mattered but also pre-founding when considering the strength of ties used by INV adding to previous articles findings. This leaves room to study and consider the evolution of ties throughout relationship and growing of the firms. They also challenged the usual approach of weak and strong ties by creating the "equally strong as weak relationship" where both potentially rewarding relationships co-exist alongside uncertainty.

Many of the notion explained above in the context of INV such as networks, relationships, ties, and their strength will be of importance in the study and considered again and more specifically adapted to the markets identified in this study (emerging and developed economies) and how they are impacted by institutions in each of them. Indeed, by helping INV to overcome some of the challenges they face (liability of newness, smallness, outsidership) relationships, ties and networks are determinants of opportunity creation and international success. Yet, the right ones must be put in place and at the right time (Söderqvist & Chetty, 2013) and needed to be considered while they do not necessarily appear in INV/born global theories or are underdeveloped or not considering all the phases that do matter.

Last Knight and Liesch (2016) alongside previously cited authors also recognized prior knowledge as a critical factor and determinant of successful internationalization. Their thorough study of the history of internationalization from incremental to born globals also enumerates prospects of improvements in the domain and shortcomings. They start by criticizing a lack of theorizing for SME and born globals in contrast with MNEs, naming it underdeveloped and fragmented. Relationship between early internationalization and international performances are inconclusive and contradictory (which may partly be due to interpretation), and models should be built to explain born globals' economic value creation and capture. To reach this goal, an emphasize should be put on the formulation of constructs, definition, and measures. Standardizing concepts could bring the clarity to better address and compare results across countries and industries by creating a framework on which hypotheses, explanations and research could all rely on. They highlight that over time national boundaries importance could vanish in favor of an "intercontextual business". The view of time should also be clarified and is subject to interpretation. Static and process perspectives should be considered, and the latter more deeply considered in studies. Globally multilevel analysis and clarifications are praised and lacking from previous research and understanding of rising and new forms of internationalization requires more robust theorization (Knight & Liesch, 2016).

4 FINDINGS AND DISCUSSION

Recent studies have suggested a more precise approach and region-specific drivers to INV development have been identified (Nowiński & Rialp, 2013). In the past, numerous studies have been linked to the INV process for developed economies (Oviatt and McDougall, 1994 & 1997; Knight & Cavusgil, 2004) but there still is the necessity to differentiate INV in emerging economies (Kiss et al., 2012) since it appears that findings from developed economies will not necessarily apply for emerging ones (Bruton et al., 2005). Institutional differences and resource constraints account for some of the differences (Nowiński & Rialp, 2013). Thus, observing country contexts independently would appears to grant the more detailed picture that would be useful for entrepreneurs and policymakers to enact and apply proper strategic decision-making to their situation. Based on these suggestions and so far, studied literature, it has been decided that this paper's methodology will rely on isolating country markets to answer identified research questions. The literature review will first consider developed economies, which have been the focus of attention for the development of INV theories initially. Secondly, emerging markets' institutional context will be studied, as it was naturally done further to calls that followed much research in developed markets. Last, a summation with insights coming from articles considering both country market types will be studied. Throughout the research it has been noticed that 18 articles amongst the 58 studied referred to the role of networks within the institutional context and its role for startups and SMEs internationalization. Therefore, a section of each of the markets will be dedicated to them.

4.1 The role of institutions in developed economies

This section includes 13 articles ranging from 2000 to 2019.

SMEs and startups do not wait to have sufficient resources anymore and go on international markets with limited knowledge or size advantage (Johanson & Vahlne, 1990). Institutions have been known to have big impacts on entry into new markets thus crucially affecting internationalization endeavors (Guler & Guillén, 2010). Governmental institutions have been helping SMEs on international markets fostering business development and grating critical assistance (Oparaocha, 2015). Networks' role at large on international entrepreneurship (Mort & Weerawardena, 2006) and in the internationalization process of SMEs (Masiello & Izzo, 2019) are considerable and includes dimensions such as dynamic international capabilities capable of great changes for firms from all types of industries and level of technology (Pinho & Prange, 2016) to overcome some of the challenges imposed by internationalization.

4.1.1 Country profiles and regulatory environments

Busenitz and colleagues (2000) made a tool that creates institutional profiles of countries. The tool considers the three dimensions of institutional environments; regulatory, normative, and cognitive (Scott, 1995). Their studies highlighted the need to differentiate countries at the beginning and to use it as a basis for entrepreneurs to draw more precise analysis, hence easing internationalization. They also offered by the same means an explanation to some critics made which stated a lack of cross-country analyses. Cultures affect business but should not be overgeneralized and institutional profiles have been providing an alternative to study country differences. Profiling countries they said could benefit entrepreneurial activities and offer explanation into why some countries are more attractive or prone to successful international endeavors than others. This can happen for industries or under an organizational form.

Technology firms internationalize to markets which minimize the risks (intellectual theft…) of failure and costs (Coeurderoy & Murray, 2008). However, there exist a home regulatory regime bias. The latter does not influence speed of internationalization and is dependent on industry and firm characteristics. It is a tendency for firms to replicate domestic environments based on what they have learnt home. Resource and experiences are constraints limiting startups strategic choices and regulatory environment positively influence the location choice. It should impact managers' choice time and location costs thoughts. IPR are decisive in entrepreneurial decision-making and entrepreneurs prefer to locate close to home no matter the relevance of proceeding this way. Coeurderoy and Murray (2008) say that the internationalization process of tech startups does not follow the classic SME or BG path. International experience of founding team decisive for internationalization speed and entry choices. For them, the attractiveness of regulatory environments is dependent on IPR protection and experience the startup has acquired home. Complicated regulated systems study often is beneficial and appear to show contradictory results on internationalization dynamics, and channels chosen do not affect location decision much.

Transaction costs and IP appropriation threats when entering new market divide tech startups and established firms. Unforeseen costs brought by bad luck or bad decision making can prove fatal. Big firms can defend themselves from IP theft with contractual or ownership arrangements with partners, but young firms don't have the resources nor management time to do the same. Failures and successes are close by when exposing intellectual assets to cross country regulations for young small firms. Therefore, initial location for internationalizing of new-tech firms is an important strategic choice with big consequences (Coeurderoy & Murray, 2008)

Developed economies although similar in many aspects still can be differentiated. Capelleras and colleagues (2008) tested two perspectives on startups' size and incumbent growth while sorting developed economies in two categories: heavily (HR) and lightly regulated (LR) ones. They challenged Djankov and colleagues (2002) which states that HR economies have fewer firms starting at a bigger size than those in LR, while also growing more slowly. This would be explained by the costs burden of regulations driving people away from entrepreneurship. The second perspective from Baumol (1990, 1993) states that regulation does not influence entrepreneurship scale but only the repartition between registered and unregistered firms. Capelleras and colleagues showed that considering registered and unregistered firms erased size difference at start and growth speed. The choice of status and prior international experience influencing similarly LR and HR. Djankov and colleagues' (2002) is only relevant when considering legally registered firms. Regulation can be said to influence the distributions but not the volume of entrepreneurship. Yet other studies found no evidence of relationship between entry regulation and firms' creation (van Stel et al., 2007) and lowered entry barriers by means of public subsidies even appear to be inefficient according to others (Santarelli & Vivarelli, 2002).

The question of speed on internationalization is relevant knowing that startups will have international sales. The only question is: when (Bürgel et al., 2001)? A study of

UK and German high-tech firms figured that 25% will do in their first year and that by year 10 80% will have internationalize. Since firms going international seem to have better performances than those staying local in tech sectors, rapid internationalization can be considered a competitive advantage hence highlighting the need to identify criteria fostering it. Firm age, size at start, R&D activities, prior experience of founders are all characteristics correlated with higher chances of internationalization. Customized products and software companies are however less likely to internationalize. Foreign partners and international experience lead to increased international sales while risk aversity usually translates into export strategies. Young firms will suffer from liability of alienness until they gain reputation which forces to use distributors in the first place. This use however is more costly hence jeopardizing startups survivability in the early stages. Knowing that internationalization is key to success, using this mode on the long run is not ideal and firms should tend to avoid it if possible. Venture capitalists (VC) are said to be good winner spotters yet not impacting internationalization rate. This study also suggest that grants and subsidies do not have a great impact on sales and performances thus challenging practices many governments and institutions are trying to implement (Bürgel et al., 2001).

Due to the important role of VC in business nowadays and their existence being impacted by informal institutional forces they are interesting to consider when studying startups and internationalization. Indeed, countries worldwide are revisiting local practices and regulations to ease VC operations (Guler & Guillén, 2010). Understanding VCs can give scope to cross-border activities even more so considering the shift towards knowledge intensive activities in the world. VCs are helping local economic development through entrepreneurship and innovation. They tend to invest where institutions themselves foster innovation and entrepreneurship the degree to which these opportunities can be commercialized, and the level of return made possible by institutional infrastructure. National systems of innovation attract VC investments and firms decide on a location based on the quality of the infrastructures present. Besides, firms expand where they foresee a chance to complement their capabilities with additional knowledge (Guler & Guillén, 2010). To my mind, VC and institutional forces appear to complement one another would the initial situation of the startup allow such funding. It seems to grant a virtuous circle type of environment.

4.1.2 Networking and institutional environment

The network perspective highlights the importance of knowing different roles of ties in which SMEs are embedded to explain international behavior. Relationships can lead accelerate or hinder SME growth. Speed of SMEs international expansion depends on firms' ability to create, assess, manage, and maintain relationships with partners in other countries but also at home. Networks help identify growth opportunities and support international strategies implementation. Performances are therefore strongly impacted by networks (Masiello & Izzo, 2019).

Networking capabilities impact the identification and exploitation of market opportunities, the development of knowledge-intensive products and firm international market performance for INVs. Networking is a dynamic capability. If used properly, it allows to develop set of routines within networks resulting in new resource configurations, creation, and firm's capacity to integrate, reconfigure, gain, and release resource combination. Owner and managers are key actors explaining the difference between BG and non-BG (Mort & Weerawardena, 2006). Torkkeli and colleagues (2019) studied the combined effects of institutional forces and network dynamic capabilities on the internationalization of SMEs. Dynamic capabilities are required for firms to diversify international strategies thus succeeding on international markets. Different types exist such as marketing capabilities and are closely linked to IE. Dynamic capabilities must be developed to make best use of home country drivers and succeed on foreign expansion.

Network competencies are relevant beyond first entry. Besides, managing networks rather than maximizing individual alliances plays a role in expansion of international operations. IE, networks, and marketing are factors emphasizing the role of institutions and importance of network ties while being linked through mediation effects. Path dependence of institutional environments give opportunities to develop network competences over time which in turn leads to improved performances. Network capabilities are said to mediate the relationship between institutional forces and increasingly successful entrepreneurial internationalization. Network dynamic capabilities explain the relationship between institutional environment and international performances. They allow firms to leverage institutional environments thus successfully internationalizing. The environment influences how well they can leverage dynamic capabilities (Torkkeli et al., 2019).

Pinho and Prange (2016) also considered dynamic internationalization capabilities (DIC) specifically for SMEs from low-technology sector. They identified two types of DIC. Exploitative DIC comprises threshold which defines as the capability to do the same thing more effectively and the ability to organize it to be competitively viable in different environment. Consolidation is also a part of it and is the ability to create and structure routines to focus on opportunity recognition and getting the skills required for local operations. Second, the explorative DIC which grants value-adding and disruptive capabilities. Social networks are good antecedent for both types of DIC. Consolidation and disruption positively impact international performances. Social networks contribute to improve existing competences and renew/modify resource base of the firm for internationalization. Hence, there is a synergy between social networks, DIC and international performance of SMEs and a strong social network/performance link. The relationship between social network relationship and international performances is mediated by consolidation and disruption capabilities (Pinho & Prange, 2016). Exploitative and explorative DIC are once more very important for startups considering the challenges and risk they face and can considerably help them go international.

Mort and Weerawardena (2006) on their side identified 5 key points to best use networks hence helping identify and exploit market opportunities successfully.

1. Owners and managers have a strategic role to identify/establish primary and secondary networks, as well as nurturing (renew, extend) over time. They manage (configuration and reconfiguration) resources in the network with the goal to achieve global vision.
2. Behavioral characteristics of born globals: building networking capabilities is a product of proactiveness, innovativeness and risk taking.
3. Networking capabilities help identify exploit and rapidly internationalize. Conscious action doesn't happen by chance. Network partners help closing the existing gap of small BG when they don't have financial / human resources to

do market research and develop/establish a sales or liaison office in international markets.

4. Knowledge gained through networks can grant the innovative product that can meet global needs (i.e. use of technology and market knowledge). Network knowledge is a prerequisite for development of cutting-edge, knowledge intensive products.
5. Absence of networks show clear more difficult access to multiple markets.

Dynamic networking capabilities have a key role in early and rapid internationalization for BG to facilitate development of knowledge intensive innovative products which itself forecasts superior results in terms of international market performances for rapid entries in multiple markets. A BG actively builds and nurtures networking capabilities. It also minimizes risks associated with global market entry decisions for BG. The role of networking capabilities appears similar for high- and low-tech firms (Mort & Weerawardena, 2006). The evolution of networking capabilities is path dependent and conforms to capability view of competitive strategy. It is built and nurtured through primary and secondary networks. Networking capabilities change over evolution of internationalization process. It starts with good set of networks which should reconfigure and extend on the go while also developing new ones. There exists a network rigidity which may limit strategic options when activities have to happen within the network borders. This rigidity suggests necessity to reconfigure dynamic capabilities for new opportunities in growth markets.

Mainela and Puhakka (2011) considered the need to cross-analyze internationalization and entrepreneurship as suggested by Oviatt and McDougall (2005). The focus was put on studying the relationships in networks and their role in the internationalization process of INV. Thus, they challenged the view to use the entrepreneur with his prior experience as the central unit of analysis instead showing how opportunities develop over time in networks then creating INVs. Relationships' role in the internationalization process of INV can be traced even before the firm establishment and the actions taken at that time are crucial for successful international expansion. ICTs foster the creation of relationships which lead to new opportunities for INVs. Due to their newness, INVs can and should overcome liability of newness learning helpful routines from scratch with the use of adequate networking behaviors, and this even before the firm establishes itself. Relationships allow actors to team up and help each other face the early challenges of INVs at the same time committing to new opportunities (Mainela & Puhakka, 2011). Opportunities abroad and rapid market entries are not sole determinants of internationalization success and very early stages should be considered by entrepreneurs as they could already capitalize and influence future international endeavors.

Oparaocha (2015) studied the impact that public institutional support had on networks and SMEs internationalization. His study cross analyzed institutional theory and internationalization network perspective. Institutions generally have a positive impact on SMEs networks. They provide good market information but also very needed financial support, business contacts and partner searches. These contributions help firms gain knowledge, speed up and lower risks linked to foreign environment, thus easing market entries. These supports have been known to help firms at different stages of their internationalization process hence fostering international entrepreneurship overall. External resources of the firm are not separated from internal ones and institutional networks may be the link to make the best use out of it. Resources can be found in the network but also rise from the network. This knowledge embeddedness allows firms to make better use of international opportunities (Oparaocha, 2015). This research is consistent with previous research on SMEs and network theory (Andersson, 2000; Holmlund & Kock, 1998; Kiss & Dani, 2008) which notably states the use of networks to lessen resource constraints, hence helping international endeavors.

Local but also international networks influence the internationalization process of SMEs in industry cluster settings (Andersson et al., 2013). SMEs account for 80% of the firms in the medical sector and are source of innovation thus rapidly growing. Yet, it is quite complex and highly regulated. Due to the high costs of R&D, firms tend to expand on international market early. The role of local institutions thanks to the knowledge they bring is strong creating cluster attracting startups. The site where firms will take hold and the dynamic of cluster which is present are two factors impacting both the network dynamic of the firm and its internationalization process. Internationalization is impacted by international and local networks in different ways. BG rise from entrepreneur’s local networks to resource and accelerate internationalization process while local actors did not have much of an influence for

BG again. However, merging helped to internationalize and re-launch on international markets BG again and being in the cluster encouraged MNCs' takeover. Growth internationalization and innovation of the products have mutually reenforcing and cumulative effects. International connection of local institutions on their side fostered the creation and evolution of knowledge for innovation. This highlights one of the main roles of institutional actors on knowledge share and product development. In this med-tech domain, research institutions (hospital, universities…) have greater influence than non-research ones (provincial administration…). Greater knowledge is source of trust on local infrastructures (Andersson et al., 2013). To me, firms in all tech sectors relying on knowledge for innovation should highly consider the location where they will start their activity as clusters and benefits of their proximity can both help succeed locally and internationally.

In another sector, Masiello and Izzo (2019) focused on traditional SMEs and the role of interpersonal social networks in their international strategy. They consider business networks and social networks as the focus of attention and acknowledged once again pre and post phases of internationalization important but with different roles. Trust is an informal mechanism of governance in international settings for relationships, but it can also negatively impact performances sometimes with opportunity costs of social networks contributing to some market exits or lower international growth. In pre-entry, weak interpersonal ties can ease exploration of opportunities and relevant networks include actors from the host market. Strong ties will help firms in post-entry phases to overcome discontinuities, it will allow them to better adapt. Trust sends a signal of credibility, reliability and ability enhancing the role of indirect ties. Good reputation is an asset for firms to develop new partnership abroad hence better succeed. Blind trust can however be harmful and explain some failures and withdrawal from markets. Relying too much on a relationship can create dependence and incapacity to maintain a presence without them but also not try to identify better options that may arise. Cognitive bias can be source of international impediment. There is an opportunity cost and switching cost dynamic to networking which must be considered yet, trusting long term relationship remain powerful overall. Dynamics of internationalization is a socially embedded enterprise heuristically built and path dependent linked to features of interpersonal social networks rather than planned strategies and market analysis.

SMEs decisions often rely on one person, the entrepreneur's decision-making is very important, but they should consider their own cognitive bias (Masiello & Izzo, 2019).

Networks can also help fight the liability of outsidership. However, transitioning between outsider of the network to insider is the pre-requirement. Business networks lower costs thus minimizing risks, help gain credibility, but they can also constrain SMEs future scope and market opportunities (Schweizer, 2013; Masiello & Izzo, 2019). Business networks give access to new relations in other networks and relationships and to local market knowledge. Internationalization is reactive when it occurs due to a relationship in a foreign network. Becoming insider in a relevant foreign market to fight against liability of outsidership and foreignness. Indeed, outsidership is fought with learning, trust building and knowledge creation while liability of newness with credibility in the network (Schweizer, 2013).

Institutions in developed economies have different profiles (Busenitz et al., 2000) and regulatory environments (Coeurderoy & Murray, 2008; Capelleras et al., 2008) offer various possibilities and challenges for startups from all sectors willing to rapidly internationalize (Bürgel et al., 2001). VCs can help fundings international endeavors and foster local economic development (Guler & Guillén, 2010). Networks and institutional environment can and should be used by firms as DIC (Pinho & Prange, 2016). They are of really great importance with substantial positive outcomes (Torkkeli et al., 2019; Mort & Weerawardena, 2006) not only when the firm is established but also in phases prior to the firm's establishment and internationalization (Mainela & Puhakka, 2011; Masiello & Izzo, 2019). Yet, there exist risks and they can constrain further internationalization and performances (Schweizer, 2013) for firms over relying on them and have switching and opportunity costs linked to them which must be considered (Masiello & Izzo, 2019).

4.2 The role of institutions in emerging economies

This section has been produced studying 17 articles and 1 book ranging from 2006 to 2016.

As observed before, strategic choices by western companies are the opposite of institution free (Peng, 2000) and rely heavily on the existence of frameworks. Institutional perspective therefore explains why differences exist between firms. Due to the existence of different perspective and institutional environment we can undeniably say that emerging economies will have different rules of the game (North, 1990). Indeed. developing countries tend to show little laws and regulations linked to an absence of market-based institutions (Manolova et al., 2008). This leads to the absence of property rights, fair competition, and financial discipline. Often considered in the background before much research conducted in 2008 and the following decade, institutions were not to be underappreciated in emerging economies where they seemed to play a major role for startups and SMEs willing to internationalize (Narayanan & Fahey, 2005). Transition economies are highly influenced by institutional environment in which they evolve, which depend on the approach for the transition (Hitt et al., 2004). Firms are constrained with institutional environments with little generosity (Yiu et al., 2007). Emerging economies, where radical transformations and fundamental changes in form of institutional transition occurred led to massive deregulations, privatization, and liberalization of their economies from 1980 onwards (Perez & Eden, 2008). This led them to become strangers in a strange land (Eden & Miller, 2004: 196). The question that rose is: how to survive in the unknown and by the new rules? Regulations change highlights past inefficiencies of the market previously protected by protectionist policies (Perez & Eden, 2008). Uncertainty which characterizes emerging economies requires understanding of underlying processes, formal and informal institutions and will eventually facilitate internationalization of firms (Cheng & Yu, 2008; Peng et al., 2008). To internationalize and integrate in the global economy startups and SMEs will learn to capitalize on opportunities from foreign markets. Internationalization due to its competitive feature is an opportunity to grow and create wealth, hence for firms to exist and thrive (Zhu et al., 2006).

4.2.1 Regulatory environment, state, and home market exploitation

Following the research conducted by Busenitz on country institutional profiles Manolova and colleagues (2008) tried to identify the institutional characteristics of emerging economies such as Latvia, Hungary, and Bulgaria. Despite a will to promote entrepreneurship, they failed. Institutional frameworks created across countries should only constitute a first approximation on which to rely and more precise scale such as Busenitz and colleagues' (2000). The study showed that all countries performed poorly in the measures of their institutional environments highlighting the importance of the three dimensions. Entrepreneurs when facing irregular or ineffective regulatory institutions will tend to rely on informal norms to come up with alternative governance structures. It can also and often will discourage business endeavors. Normative rules then appear to be of the greatest importance in developing countries where they yet lag (Manolova et al., 2008). Peng (2000) considered the business strategies at large undertaken by firms from transition economies. His old-based view on institutions confirmed the importance of knowing the common institutional background carried by firms for entrepreneurs. The institutional perspective allows to explain and predict incentives made by institutions through transition periods. It allows firms to dim their boundaries with help of relationship built by managers through their own trust and informal agreements to reach growth and expansion and gives perspective to the time progress aspect as the transition unfolds. Imitation when facing uncertainties often takes place and firms must choose between network-based strategy using entrepreneurs' ties and the firm's relationships or a market-based strategy relying on the firm's capabilities and competitive advantages. Three types of firms emerge from these environments namely: incumbent, startups, and foreign entrants (Peng, 2000). Both strategies and firm types are to be considered throughout this section.

In central and eastern European nations, Nowiński and Rialp (2013) acknowledged that some of the drivers in these regions rely on the existence of barriers to business and arbitrage opportunities from developed economies. INV from transition economies have similarities in many respects to INV from developed ones but also differences. Institutional environments in emerging countries do benefit INV but not necessarily determinant to have fast and early internationalization. Due to a lack of international experience and know-how, firms in transition economies suffered financial, social, and human capital constraints, restraining but not blocking internationalization. Firms then relied on domestic networks in a first time to expand internationally and lack of market knowledge and international experience are overcome with technological innovation. Early internationalization happens with market experimentation rather than forecasting and being responsive to emerging opportunities. INV can grow with the help of resource-saving strategies and operations. They also can count on domestic ties and ICT technologies which lower entry barriers in international markets. These are bricolage undertaken by entrepreneurs in transition economies and allows to build something out of nothing (Nowiński & Rialp, 2013).

Peng and colleagues (2008) suggested the use of a strategy tripod using industry and resource-based views to understand firms' drivers and institutional-based view to connect capabilities strategy decisions with macro and micro-branches of the transaction cost research. This provided a more precise picture of the environment and drivers leading to successful internationalization. Antidumping barriers they say are the materialization of the liability of foreignness applying to foreigners discriminatorily and rely on institutions. They can be bypassed by FDIs yet still block international entrance. Poorly regulated countries still can achieve growth and performance using interpersonal networks which replace weak formal institutions (Peng & Health, 1996) by creating a link between formal and informal institutions. Governance structures must be properly studied as many differences exist between countries that appear to have similar institutional environment in the first place. Institution-based view can help emerging economies to enhance competitiveness and their ventures abroad (Peng et al., 2008). Institution-based view from a developed economy standpoint may help firms generate growth when more successfully internationalizing.

A question that can arise from the existence of complicated home-based institutional environment. Can home firms suffer from those measures initially intended for protectionism? They can and it is called liability of localness. It hinders startups and all firms alike when going international. The situation happens when there are additional socio-political and relational costs forced on firms by their domestic markets. Regulatory punctuations create the discontinuities in the business landscape causing the liability and additional costs (Perez-Batres & Eden, 2008). A before/after period is observable, and the regulation changes only highlight past inefficiencies in business which were protected by protectionist policies. Regulatory punctuations have negative impact on firms' survival in the home market, but international diversification will lessen the effect and increases survivability in the "after" period. When institutional landscape evolves firms will focus on learning how to deal with the new rules rather than exploit their capabilities. Goes hand in hand with (Guler & Guillén, 2010) who said firms expand where they foresee knowledge, so it is a prerequisite to internationalize, and VC provides it. Networks will provide what's necessary to developed knowledge intensive products leading to better international performances (Torkkeli et al., 2019). The international experience will then also grant market knowledge which they can bring home to cope with those regulatory changes and best practices. If the pressure is strong to internationalize, firms with specific advantages should upgrade their resource to do it and weak advantages should stay close to home (Perez-Batres & Eden, 2008).

4.2.2 Institutional change, pressure to internationalize and capabilities

Institutional changes occur with changing political landscapes and there exist supra-national external pressures with an instrumental effect on liberalization of emerging economies (Aulakh & Kotabe, 2008). It is also important to understand "the interplay between the structure of social networks and environmental conditions to assess unique industry evolutions in emerging economies." (Lorenzen & Taübe, 2008). A role of organization heritage which hinder or favorize evolution of firms in their environment is observable. Micro personal ties with executives and government members can help improve organizational performances (Peng & Luo, 2000). Kshetri & Ajami (2008) identified "societal structure, internal and external change agents, the nexus between economic and political actors, and external political relations influencing the nature and extent of institutional reforms in these countries." They are of interest to provide policymakers and mangers with the implications linked to the frameworks proposed throughout institutional environments.

Cheng and Yu (2008) studied the pressures exerted by home country external institutions as determining factors of internationalization. Internationalization which if an opportunity cost could also answer critical decisions related to costs and risks. Hymer's perspective on ownership advantages (1960) they argue could hinder expansion rather than foster it while external institutional pressures may push towards greater, faster, and more radical internationalization. Usually more risk-averse, SMEs have been proved to be more strongly influenced by external factors than their MNEs counterparts (Kraatz, 1998). Studying home rather than host country goes hand in hand with Scott's (1995) idea that own institutional context matters more. Cheng and Yu's result highlight the role of cognition of coercive, mimetic, and normative pressures by SMEs' CEOs on speed, style and hiring consequences linked to internationalization. They confirm that internationalization is not only a response to opportunity but also a reaction to pressure from home markets. CEOs awareness of institutional pressures will enact radical change as follow:

1. Stronger perception of institutional pressures will drive earlier international activities
2. Stronger perception of institutional pressures will drive the setup of a subsidiary and not be incremental to better handle isomorphic pressures
3. Stronger perception of institutional pressures will open hiring people with skills related to the initiation of internationalization
4. Stronger perception of institutional pressures under radical change context will drive the setup of wholly owned subsidiaries to cope with higher degree of risks and gain control.

High home institutional pressures then lead to riskier endeavors from CEOs and puts the human experience and decision-making at the core of the process of internationalization (Cheng & Yu, 2008).

Todd and Javalgi (2007) studied the role of technology as a determinant of successful entrepreneurship for firms. Due to the competitive forces at play, all the factors potentially helping firms are worth studying and can foster internationalization would they be put against it. Competitivity can arise from factor conditions turning it into solid foundations for entrepreneurship and internationalization. The absence of factor condition on the other side blocks development of demand, supplier presence and competitiveness on home market. Education, workforce quality and ICTs help coping with a lack of natural endowment and infrastructures and countries invest in them as advanced factors. E-commerce is one means by which to assess the overall economic wealth of nations. Speed, connectivity, and information are key to them. Besides, E-commerce application tend to cut enterprises costs and to foster business operations. They lead to international growth when present, just like would science park and incubators do if present. We can say that it is possible to cope with a lack of infrastructures and that creating and promoting links between SMEs and technology is a support to institutions. Information infrastructures and knowledge assets are wealth creating tools and internet is undeniably the most powerful medium of communication across national borders. Promoting innovation, supporting entrepreneurship granting fundings is essential to boost SMEs internationalization globally (Todd and Javalgi, 2007).

Absorptive capacity is the ability to transform domestic operational routines by creating new routines to exploit market foreign. Realized capacity corresponds to the transformation and exploitation of the former. These definitions are important to consider the institutional embeddedness and dynamic capabilities facilitating international strategizing of SMEs and startups in emerging economies. Institutional variance being greater in emerging economies requires heavier reliance on economic actions embedded in structures of social relations (Zhu et al., 2006). Technological capital and managerial expertise brought by developed economies intensified competition in emerging economies. The absence of previous protectionist barriers and the scarcity of resources created the institutional void. Therefore, incumbent SMEs embed themselves in institutional relation (business groups and governments) granting them resource and legitimacy in the early stages of country transitions affecting their strategy and their internationalization often occurring at the middle stages of the transition. Startups embedded with other institutional relations (business groups and foreign firms) will tend to develop competitiveness in the middle stage of the transition and they will base it on resources and capabilities. Firms through their exchange networks' opportunities will gain in survivability until a certain point where a threshold is met, and inertia and dependencies start. Yet startups, unlike incumbent SMEs, will develop potential absorptive capabilities allowing them to update their knowledge base and exploit opportunities abroad maintaining competitive advantage on international markets (Zhu et al., 2006).

4.2.3 Startups, agencies, home advantages and political capital

Knowing that startups can act as variables fostering structural changes and reforms (Estrin et al., 2006), and foster economic growth it is important to consider what factors will positively impact their creation and which actors would do so. Startups face all forms of institutional burdens: regulatory, cognitive, and normative and social networks offer a mean to cope with them (Peng, 2003). This is even truer in case of cross-country activities where social networks might be key to success and overcoming these burdens (Meyer & Peng, 2005).

The findings of De Clercq and colleagues (2010) although initially aimed at SMEs in emerging countries conducting business in the same country offer knowledge that can be derived for startups internationalizing to emerging economies on the role of associations in the creation process. Membership in voluntary organizations help compensate for weak institutional conditions. Collaboration with new businesses require learning differing from those necessary to collaborate with established firms, yet it provides a better access to the changing institutional environment to which startups are more adaptative (Peng, 2003). Highly competitive international environments being attractive they also require strong partnership to survive and can highlight strong cultural (informal) environments (i.e. China). Understanding potential local partners' institutional challenges offer leverages for startups willing to internationalize creating a virtuous circle. These understanding can also prevent ethical and legal crisis when operating in grey areas which may in the long run prove counterproductive (Peng, 2003). Both entrepreneurs and foreign parties should develop relationships under changing institutional context to avoid inertia and for mutual benefits (De Clercq et al., 2010).

Firms can benefit from states to facilitate their internationalization but can also rely on their own resource or industry specific forces available. Emerging market enterprises can and do expand with the use of home advantages, notably in China. Hong and colleagues (2015) in this direction challenged the deterministic view of organizations highlighting the power that agencies have over classic institutional factors. When state ownership is high and weak market mechanisms exist, the ability to use institutional factors directly impact successful international endeavors. Weak home specific advantages can be balanced out with home country advantages. Due to the similarity of macro-level institutions at the country level, regions can make a difference and incubators of market-oriented discipline and OFDI. These are mainly driven by firms and their resources rather than the state. Technological resources on their side do not offer competitive advantage (unlike seen before) but marketing capabilities would appear to be much more efficient. Therefore, institutions helping make best use of external factors will allow the development of market mechanisms increasing firms' capabilities, competitiveness and long-term economic growth thus easing internationalization overall (Hong et al., 2015).

Ma and colleagues (2016) opted to cross institution-based view with firm capabilities. The focus was put on subnational home country institutional environment and firm political capital drivers as source of resources for internationalization in emerging economies. Political capital refers to the "accumulation of resources built through relationships, trust, goodwill, and influence between politicians or parties and other stakeholders, such as constituents." It is a currency that firms can use to achieve reforms (hence change institutional environment). It can be appropriately used or not and benefit firms to a certain degree which make it part of internationalization strategizing. Local institutions matter at national and subnational level and good subnational environment leads to increased internationalization. Central, regional, and local governments are pillars to internationalization, and even more so in federalized countries. Low level of political capital and regional governments lead to better capabilities to exploit institutional benefits in terms of information gathering and transfer for entrepreneurial firms. High-level of political capital induced an increase in firms' institutional benefit exploitation enhancing their credibility and legitimacy (Ma et al., 2016). We can see a positive correlation for both in terms of subnational institutional environment and firm's degree of internationalization.

4.2.4 Networking and institutional environment

Home institutions sometimes provide resources and information but also erect barriers hindering international endeavors (Hitt et al., 2004). Networks have been found to reduce different risks turning them into enabler and mediator of firms' internationalization (Chetty & Holm, 2000; Kiss & Dani, 2008). It also explains the presence of institutional support on networks for SMEs (Oparaocha, 2015).

Emerging markets experienced rapid economic development alongside institution changes leading to free-market ideologies. Most of the time, they have a price-based competitive advantage rather than technological or differentiation one when compared to developed economies. Elango and Pattnaik (2007) studied the role that international experience of parental foreign networks had on internationalization. They figured that learning within networks (group members from home country) helped firms cope with a lack of monopolistic advantage and was a viable solution to build international capabilities. It gave firms knowledge and scarce resources. When there exists no such parental connection, ties with foreign firms allowed firms to get the information and opportunities on international markets (Elango & Pattnaik, 2007).

Institutions also have a role in defining strategic alliance partners. Partners selection differs based on the institutional environment where a firm operate. Some countries (Russia) with quick transition paradoxically developed barriers such as heavy taxation, regulation, and corruption while others (China) succeeded into creating an environment foster business development and growth. The type of transition will determine entrepreneurs' resource need. Governments' incentive will direct firms toward either short-term or long-term visions each impacting firms' strategizing and carrying different uncertainties (Hitt et al., 2004). Instability overrides cultural influence putting an emphasis on the role of social connections. Partnership is a product of the institutional environment in which firms evolve and once more appear stronger in developing economies. Firms should adapt their strategizing of alliances based on institutional characteristics and may differ from one country to another. Information is crucial and knowing what parties are looking for provides strategic advantage and lasting rewarding relationships. These findings somewhat nuance Kiss and Danis's findings (2008) where strong ties were associated with weak institutional environments. Does strong mean important presence and control of the state, or simply assurance of free market endeavors? Are weak institutional environments by nature unstable and uncertain only or is there a notion of states priorities?

Kiss and Danis (2010) complemented what we just observed by focusing on the variation an entrepreneurs' network could have depending on the stage of a country institutional transition. INV, they said, are pillar on which transition economies can rely to compete internationally due to the difficulties to privatize and restructure state-owned firms. Strong domestic ties and weak international ties are interdependent. Their impact on speed of internationalization relies on the fact that the emergence of international ties is dependent on strong domestic ties and to the existence of intermediaries such as brokers which are used as linking mechanisms. This is a dynamic process where entrepreneurs will less and less rely on national ties and more on brokers as the transition unfolds. In fact, Structural aspects of social networks are less relevant and valuable when the market mechanisms take hold in the transition economy. However there exist a trade-off that firms must consider between rick weak and rich strong ties. Mindfulness is the key to picking the good types. Strong and numerous ties is a defense mechanism against uncertainty when there are no or few institutional mechanisms and can speed up internationalization speed, but their importance will lessen as INVs obtain legitimacy. Over embedded national ties can cause harm and extols little flexibility.

Yiu and colleagues (2007) studied decision-making process responding to institutional characteristics. They broke the classic view of FDI as an asset exploitation perspective seeing as a mean to gain resource and knowledge as well as capability enhancement across national borders. Institutional and organizational factors affect the relationship between firms' ownership advantages and outward FDIs for emerging economies. Ownerships advantages go beyond firms' capabilities and include relation assets coming from country network ties, yet they are not sufficient to explain IV. They are moderated by degree of home country competition and firms' export intensity. These relationships impacted by firms' strategic decisions themselves taken depending on institutional environment in emerging economies. Ciravegna and colleagues (2014) tried to reveal if proactivity through networks led to faster and better implementation abroad using networks as entrepreneurial resources. Active search leads to more exportation to more markets yet does not affect internationalization speed. Coming across opportunities accelerates the speed of internationalization no matter the origin of the latter. International experience leads to more active search hence more exportation. Networks did not lead to better internationalization performance for speed intensity and scope though which contradicts previous findings for emerging markets. Networks have positive effects on performances until markets liberalize. After this point, experience on international markets is more relevant criteria of success. Proactivity gives better intensity and scope but may extend time to internationalize. The authors caution the use of speed as an indicator of internationalization performances (Cirevegna et al., 2014).

Ties with home grant advantages when venturing abroad as networks substitute for markets and help coping with liability of foreignness (Yiu et al., 2007). Firms depend on institutional advantages to operate in some markets or even sometimes require them for approval. They provide intelligence on new markets, and fundings. Business networks on their side have a weaker impact. Institutions are better options for transition economies mitigating information asymmetry thanks to legitimacy gains. Administrative ties and regulatory relations foster FDI opportunities which in turn becomes an ownership advantage when used for fundings. Innovation orientation of firms' corporate entrepreneurship mediate interaction between business network ties and export intensity on IV. The importance of networking with domestic institutions and entrepreneurial organizational transformation shows that firms capabilities to cope with institutional environment are necessary to venture abroad. The government is at the crossroad between entrepreneurship and liability of foreignness (Yiu et al., 2007).

Amal and colleagues (2010) linked entrepreneurship, networking, and their effect on internationalization strategies for SMEs. Their findings highlight those entrepreneurs and networks relationships will affect market selection entry mode and international performance overall. They said market diversification is dependent on companies' abilities to "relate innovative and proactive international behavior to learning's process through the maintenance of national and international networking". More involvement in relationships networks translated in better foreign market performances. Some argued that firm specific factors are more important in determining firms' international orientation (Mtigwe, 2005) some that external do (Cheng & Yu, 2008) thus responding to institutional pressure by adopting risky strategies accelerating internationalization.

4.3 Institutions, emerging and developed economies

This section has been produced studying 15 articles and 1 book ranging from 1995 to 2017 which summarizes can be found in the table 2 below. The section below provides an overview of the findings that were extracted from articles providing insights on both developed and developing economies.

Table 3: Institutions, emerging and developed economies

Articles	Context and insights for both developed and developing economies
Tina Dacin, M., Goodstein, J., & Richard Scott, W. (2002). Institutional theory and institutional change: Introduction to the special research forum. *Academy of management journal, 45* (1), 45-56	Role of institutions at large and change within. Institutions change over time. How to react to change that can occur anytime? Concept of perception of institutions which are variable, formal and informal by nature. Legitimation mechanisms observed: field-cognitive interpretation, market feedback and through development of rules guiding change. Legitimacy is an outcome and motivation of institutional dynamics. Action, meaning and actors central role in evolution of institutions. In depth study of what are institutions, their actors and how they evolve clears the path to studying how they interact with the startup environment.
Garrett, G., & Lange, P. (1995). Internationalization, institutions, and political change. *International Organization, 49* (4), 627-655	Internationalization has notable effects on domestics policies: 1. it reduces governments autonomy in terms of macroeconomics (costly to fight against) and risk of capital leaving rather than fostering trade. 2. It creates political spaces allowing major reforms to take place. Internationalization turned economies vulnerable to economic shocks. Internationalization brings policies' preferences and coalitions. "Ongoing interaction between pressures from internationalization and resistance by entrenched interests and institutions", observable today. Institutions change under pressure and with new opportunities. They shape strategies of leaders to adapt to internationalization. Critic of cross-comparison unless context of world economy considered, every country is different. Capitalism is a game changer, its "ability to destroy established social institutions has not diminished over time".
Henisz, W., & Swaminathan, A. (2008). Institutions and international business. *Journal of International Business Studies, 39* (4), 537-539.	Call for research. Institutional characteristics important to study because it impacts costs of doing business (and IB), spanning over regulative, normative, and cognitive domains. Institutional environment is a configuration of interdependent structures and systems within and between countries and across international state system. Firms' response to variation is key determinant of success of failure. Responses and performances depend on criteria including prior experience. Articles from the call considered in the research: Jackson, G., & Deeg, R. (2008). Coeurderoy, R., & Murray, G. (2008). Capelleras, J. L., Mole, K. F., Greene, F. J., & Storey, D. J. (2008).
Jackson, G., & Deeg, R. (2008). Comparing capitalisms: Understanding institutional diversity and its implications for international business. *Journal of International Business Studies, 39* (4), 540-561	Role of institutional analysis in international business. Incentives and constraints on strategic choices have been created by institutions (Ingram & Clay, 2000). Few attention given to comparing features of institutional landscapes. Notion of comparative capitalisms (CC): how institutions interact across different economic domains to form varieties of capitalism. Institutions exist under different national configurations creating a system of economic actions and competitive advantages dependent on complementarities between the institutions. Institutions provide resources to solve economic problems through non-economic commitments. IB sees to how firms deal strategically with institutions but misses how those strategies are shaped by resources and governance structures given by institutions. Nature of interaction should be considered.

Articles	Context and insights for both developed and developing economies
Neubert, M. (2017). Lean Internationalization: How to globalize early and fast in a small economy. *Technology Innovation Management Review, 7* (5)	Early internationalization of 32 high-tech startups going international from small open economies. Forced to internationalize quickly. Specific abilities, prior experience and willingness of entrepreneurs help. High-tech startups with global orientation can go upstream from inception instead of downstream. Importance of networks. Small and open economies give birth to more BG due to small home market, rending internationalization a must-do. Findings: 1. Succeeding startups know of the importance of early fast and successful internationalization 2. Identify internationalization capability as core competence 3. Lean market development process is a good tool and startups must penetrate global markets as long as they can keep competitive advantage. 4. Entrepreneurial team must network to obtain business opportunities, get new businesses in foreign markets and develop marketing. Startups often follow clients instead of market development.
Stephan, U., Uhlaner, L. M., & Stride, C. (2015). Institutions and social entrepreneurship: The role of institutional voids, institutional support, and institutional configurations. *Journal of International Business Studies*, *46* (3), 308-331	Institutions and social entrepreneurship. Addresses social needs. Analyze of joint effects of formal and informal regulations, 106,484 individuals and multilevel study. Institution context shaped by human behaviors for both formal and informal institutions, with resources, incentives and constraints proper to each. Institutional void perspective increase likelihood of social entrepreneurship and institutional support states that governments support will enhance social entrepreneurship. Institutions are stimulants, motivators and resource providers to support social entrepreneurship. Joining formal and informal institutions offer greater insights than individual effects, namely the holistic approach. Formal and informal institutions have mutually reenforcing effects. Social entrepreneurship higher where governments are active and foster private financial support. Synergy between governments and private company in social entrepreneurship, applicable to commercial entrepreneurship too.
Pike, A., Marlow, D., McCarthy, A., O'Brien, P., & Tomaney, J. (2015). Local institutions and local economic development: the Local Enterprise Partnerships in England, 2010–. *Cambridge Journal of Regions, Economy and Societ* y, 8(2), 185-204.	Link between local institutions and economic development. Identifies cause and impacts of disruption, instability and restructuring of the institutions over time for which local scale is a good indicator. Institutional genealogy shape layering and recombining but also dismantling and improvisation when there is a need to restructure the institutional landscape. in favor of economic development locally. Interaction of formal (system of government and governance) and informal (cooperative work between public and private sectors). Institutions are closely related to a successful economic development.

Articles	Context and insights for both developed and developing economies	Developed economies insights	Emerging economies insights
Desai, M., Gompers, P., Lerner, J., 2003. Institutions, capital constraints and entrepreneurial firm dynamics: Evidence from Europe.	Impact of formal institutional environment on entrepreneurial activities across Europe. Fixed effects such as rates of entry, exit and average size of firm give opportunities to develop hypothesis about the impact of formal institutions. Help defining the competitive nature of a given market and information can help future firms. Weak political, legal and regulatory institutional infrastructures negatively impact entry and favor exits. Fairness and strong property rights lead to higher entry rates and less exits. Measures at initiation for startups correlated with fairness, more entry.	Judicial interference and formalism increase entries. Fairness linked to bigger firms. Less legal formalism, greater court interference and procedures lead to larger firms. Formal institutions less impacting in developed economies where other factors such as labor, taxation and innovativeness matter more. Likely cognitive impact of security and stability feelings.	Judicial interference and formalism lower entries. Fair and strong property rights leads to smaller firms (protection from intellectual theft blocks the need to become big to survive). Less legal formalism, greater court interference and procedures lead to larger firms. Formal institutions more impacting on emerging rather than developed economies.
Klapper, L., Laeven, L., & Rajan, R. 2006. Entry regulation as a barrier to entrepreneurship. *Journal of Financial Economics* , 82(3): 591–629.	Market entry regulation effects on LLCs' size when entering and growth. Focus on costs of meeting regulatory requirements. Cross-country database. Why those costs? Screen out frauds and cheats. Help local authorities collect data. Usually said that costly regulations hinder economic growth (Djankov et al., 2002). Djankov found that higher entry costs leads to more corruption and unofficial economies. If regulations screen out new firms, there is a freeze of competition and environment favors old and lazy firms unlikely to increase productivity thus inhibiting competitiveness effects. This effect grows stronger when old firms and protected industries present.	Less new businesses when high-entry industry and high-entry costs. Truer in developed economies because regulations likely to be enforced. High-entry costs lead to increased size at entrance in high-entry industries (i.e. value added of new firms higher). It discourages small firms and forces some to grow without LLC protection until big enough to register as corporation. Effects of screening debatable since occurring where little corruption mostly. Authorities could gather the information at lower costs.	Less new businesses when high-entry industry and high-entry costs.
Korsakienė, R., Diskienė, D., & Smaliukienė, R. (2015). Institutional theory perspective and internationalization of firms. How institutional context influences internationalization of SMEs? *Entrepreneurship and sustainability issues* , 2(3).	Institutional context, human behavior and relationships between institutions and organizations. External and internal environment apply complex forces that will shape heterogenous responses to institutions. SMEs and startups appear to have a homogenous response to institutions as their young age suggest less intertwinement within markets and face challenges of another nature as opposed to MNEs.	Drivers: learning opportunities, institutional and country risk lower, more market potential, possibility to overcome resource and capabilities issues, leveraging entrepreneurial orientation. Link between institutions and SMEs: firms from emerging economies go there to compensate for a weak institutional environment home as well as to increase legitimacy home.	Drivers: cheap production, expand sales in another country, additional production capacity, avoiding sometimes too strict regulations home. Link between institutions and SMEs: exploit home institutional environment (good fundings, strong equity market…), stronger values supporting internationalization.

Articles	Context and insights for both developed and developing economies	Developed economies insights	Emerging economies insights
Kreiser, P. M., Marino, L. D., Dickson, P., & Weaver, K. M. (2010). Cultural influences on entrepreneurial orientation: The impact of national culture on risk taking and proactiveness in SMEs. *Entrepreneurship theory and practice, 34* (5), 959-984	National culture, entrepreneurship and SMEs. What cultural influences will affect an entrepreneur risk and proactiveness in SMEs? National culture is in close relation to decision-making process in organizations. i. Uncertainty avoidance negatively influence risk taking and proactive firms' behavior. ii Individualism negatively influence proactive behaviors. iii. Masculinity does not influence risk taking or proactiveness of firms. iv. Power distance negatively influence risk taking and proactive firms' behavior. Institutional variable will be significant predictors of between-country differences levels in both organizational risk taking and proactive firm behaviors.	Low economic risks drive to less risky and proactive behaviors	GPD negatively influence risk taking and proactive behaviors are low in countries with moderate GDP. Moderate technological sophistication and political risk and high economic risks leads to higher risk-taking behaviors. High political risks lead to proactive firms behaviors.
Yamakawa, Y.; Peng, M.W.; Deeds, D.L. 2008. What drives new ventures to internationalize from emerging to developed economies? *Entrepreneurship: Theory & Practice 32* (1): 59–82	Drivers of INV to internationalize from emerging to developed. Host and home country institutional framework impact internationalization. Startups will gain legitimacy internationalizing in home and host countries through normative environment. Better VC help for investments and strategic alliances lower risks of internationalization giving firms more legitimacy. Regulative and normative aspects, the cognition of entrepreneurs and decision-making related will strongly impact INV's internationalization and success.	Pull factor with advantageous institutional environments. No discrimination of regulative environment which provides financing, intellectual theft protection and transparency needed for all.	High level of entrepreneurial orientation in countries that discriminate startups is a push factor. Have regulative environment that favors large firms. Through cognitive assumptions, entrepreneurs valuing international expansion will tend to internationalize to developed economies, sometimes underestimating risks and costs for a contribution to their nation's collective effort.
Networks			
Tonoyan, V.; Strohmeyer, R.; Habib, M.; Perlitz,M. 2010. Corruption and entrepreneurship: how formal and informal institutions shape small firm behavior in transition and mature market economies, *Entrepreneurship Theory and Practice* 1:803–832	Corruption entrepreneurship, formal and informal institutions' role at shaping SMEs. Corruption not specific to transition economies and increasing in the "West". Unregistered firms open field of illegal activities, institutions at play. Impact of formal and informal institutions on likelihood of starting corrupted behavior. Analysis of 2,576 entrepreneurs. Consideration of social networks where entrepreneurs are embedded. Networks closed to outsider are favorable grounds for corruption. Financial infrastructures importance. Informal institutions are enabler and justification for corrupted behaviors.		

Articles	Context and insights for both developed and developing economies	Developed economies insights	Emerging economies insights
Networks			
Kiss, A. N., & Danis, W. M. (2008). Country institutional context, social networks, and new venture internationalization speed. *European Management Journal*, 26(6), 388-399	Speed of internationalization at core of entrepreneurship. International competitiveness for emerging countries' startups by imitation of firms from developed economies. Impact of social networks institutional environments on internationalization speed. Social networks central and facilitator of INV internationalization process. Social ties is a means by which to overcome difficult environments and help coping with bureaucratic institutional structures. Ties become less important when legitimacy is gained and when successful internationalization has occurred.	High level of institutional development weak ties are prevalent. Those ties foster internationalization speed irrespective of institutional context.	Low levels of institutional development strong ties are prevalent. Those ties foster internationalization speed irrespective of institutional context. A weak institutional environment does not necessarily lead to non-internationalization decisions and can be compensated by networks
Narooz, R., & Child, J. (2017). Networking responses to different levels of institutional void: A comparison of internationalizing SMEs in Egypt and the UK. *International Business Review*, 26(4), 683-696	Networking, institutional voids UK and Egypt. Response of SMEs to institutional environments through networking. Institutional void perspective when lack of institutional support but also uncertain environment. Socio-economic environment in which SME embedded is a top factor. Transparency and ease of access important for SMEs. SMEs can form social ties in phase with culture to cope with institutional voids or business ties that have lower cost and greater scope. Choice of tie to favor require thorough analysis of formal environments in home and host countries.		Tend to rely and need institutional support more than developed, lack of their efficiency mitigated by informal social connections through networking. Emerging economies value social connections at an informal stage (China, Russia, Egypt…).
Söderqvist, A., & Chetty, S. K. (2013). Strength of ties involved in international new ventures. *European Business Review*	Importance of ties in pre-founding phase of INV. Study and consideration of ties evolution throughout the relationship and firm's growing can be insightful. Notion of "equally strong as weak relationship" challenges the usual approach to weak and strong ties. Both potentially rewarding relationships co-exist alongside uncertainty. Right ones must be put in place at the right time and need to be considered while they often lack/are underdeveloped/not considered at all the possible phases where they could in INV/BG theories.		

4.3.1 Developed and emerging economies

Actors shape their institutional environments (DiMaggio & Powell, 1983) but differences exist in the institutionalization level of practices across countries and within organizations, success at the task will vary. Important to study factors influencing responses and interpretation of institutional changes. DiMaggio in 1988 developed the concept of institutional entrepreneurship according to which, agents use their resources to create and embrace institutions. Lawrence and colleagues (2002) figured that collaboration has been considered a mean of institutional entrepreneurship. Townley's (2002) interpretation of institutions says it depends on agents of change within an organization and determine the next systems that will be put in place. If not to date, actors will initiate change (creation, transformation, and diffusion) for new institutions which will be more legitimate. The link between local institutions and economic development is important (Pike et al., 2015). It helps identify cause and impacts of disruption, instability and restructuring of the institutions over time for which local scale is a good indicator. Local economic development institutions live in multi-agent, multi-scalar institutional settings and the extent nature and evolution of the institutional space frames possibility and scope of institutions that will affect economic development. Institutional genealogy shape layering and recombining but also dismantling and improvisation when there is a need to restructure the institutional landscape all in favor of local economic development. Interaction of formal (system of government and governance) and informal (cooperative work between public and private sectors) are both produced by actors impacted by conditions and in turn regulate their agencies.

Startups are vital to economic development (Desai et al., 2003) and entrepreneurs engage on international markets when they perceive opportunities to be available (Oviatt & McDougall, 1994). Indeed, SMEs account for a high number of businesses and contribute to the economy realm by adding revenues and offering employment. Limited domestic markets and competition have been known to be a driver for entrepreneurs to search for opportunities abroad thus the need to internationalize (Korsakienė et al., 2015). Internationalization success is closely related to competitive performance (Sousa et al., 2008) greatly impacting firms' survivability.

Luo et al. (2005) distinguished another specificity by identifying two types of firms both being potential SMEs: traditional, which seem to follow the classical path with a more incremental form of internationalization and non-traditional (e.g., e-commerce) notably often part of the INV/born global environment with an internationalization process occurring soon after inception and at a higher speed rate. Both are going to be differently impacted by institutions. Traditional SMEs seem to be equally impacted by the entire institutional context whereas non-traditional SMEs (INV/Born-global) are not.

Cultural parameters including distance will impact traditional SMEs speed of internationalization while non-traditional companies will not be affected so much. This is a reminder of why both types should not strategize based on the same information. Physical infrastructure and its regulations however appear to play an important role in non-traditional SMEs speed of internationalization (Korsakienė et al., 2015). Small firms face power asymmetry and are dependent on intermediaries in the face of institutions. Institutions then establish conditions to be met by organizations to which organizations' decision-makers should adapt to better perform (Narooz & Child, 2017). Notions such as networks, relationships, ties, and their strength should be put to challenge by how institutions impact them. By helping INVs to overcome some of the challenges they face (liability of newness, smallness, outsidership), relationships, ties and networks are determinants of opportunity creation and international success.

Overall, international business should take greater consideration of country specific configurations instead of resorting to generalizations for home and host countries (Jackson & Deeg, 2008). In my opinion the differences between emerging and developed economies is somewhat linked to one's own cognition (Cheng & Yu, 2008) and preconceived ideas. People seem not to care about institutions, or at least does it not block entry, where they know that fairness occur and should not have to worry about it. Some of the relationship's findings are counter intuitive such as the lack of link between masculinity and risk taking (Kreiser et al., 2010). This exposes the complexity of embedded cultural influences within any context. When it comes to exits, fair countries in eastern Europe show lower exit rates. This once more does not apply to western Europe where legal formalism and interference in court are associated with lower rates of exit (Desai et al., 2003). Institutional environment can be said to matter more in emerging economies for entry and exit than in developed ones.

Depending on the data and characteristics, result can differ a lot (Capelleras et al., 2008; Desai et al., 2003) because although both studies considered formal institutions, they data collection and analysis method may differ and is also subject to some extend to their own bias and interpretation.

From the social and commercial entrepreneurship point of view, institutional support appears to be a stronger determining factor than institutional void (Stephan et al., 2015). This is seen through the study when considering several points such as when SMEs internationalize faster and stronger when facing negative home institutional pressures (Cheng and Yu, 2008) or when SMEs from emerging economies go to developed economies where institutional presence is stronger and positively providing support (Korsakienė et al., 2015).

Institutional embeddedness brings resources and what is needed to have dynamic capabilities which grants long-run competitiveness. Competitive capabilities necessary to compete internationally. Yet, institutional context in EE uncertain and biased in favor of special interest groups. Institutional relations determine if firms can access rare and valuable resources to develop competitive capabilities. (Zhu et al., 2006) while firms in developed economies will not face the same issues.

5 CONCLUSION AND LIMITATIONS

This section will summarize the study in regard to what has been found to answer the research question and sub-research questions. Keys findings will be presented reflecting upon their implications and applications in the business world under the form of recommendations for managers and policymakers. A critical analyze of the study, methodology and data analysis will be provided alongside suggestions for future research.

5.1 Summary of the review

The main goal of this study is to identify the impact of institutional environments on startups and SMEs and how they can be used to facilitate internationalization. To answer this question, the researcher identified country markets with distinct institutional environments, namely: developing and developed economies. This classification seemed relevant as every country worldwide falls under one or the other. Thus, this research offers insights with the potential of helping a wide range of startups and SMEs moving from or to, developed or developing economies. Secondly, throughout the study, networking was quickly identified as a solution and mean by which companies could defend themselves against unfavorable institutional environment. By doing so, networking positioned itself as a determinant of successful internationalization. SMEs and startups as prominent actors of the global economy yet fragile at inception can rely on the findings of this study to foster their economic development.

In order to answer these research question and reach the goals set in the introduction, this study first reviewed existing theories. Startups, SMEs, INV and BG were clearly defined alongside the challenges they face, as the subject of analysis of this research. Institutional theory was acknowledged and delimited the foundation on which the study would be grounded. Then the researcher exposed the main findings of the study. The following section will now introduce the reader to the answers to the research questions and best practices on which startups and SMEs can rely to better internationalize with the use of institutions.

This study identified many institutions. Formal institutions such as infrastructures, regulations, laws and policies. Informal institutions such as networking, culture, norms and cognition. First and foremost, it is important to notice that all have the power to facilitate or hinder internationalization process of startups and SMEs. It mostly depends on their stage and what entrepreneurs decide to do with them. Cognition and cultural heritage, then to me, appear amongst the most important of the informal institutions as they constitute the lens through which entrepreneurs and governments base their decisions. Our reality and its understanding rely on it. Every country as a different history which led to the existence of a given institutional environment. Formal and informal institutional contexts are shaped by human behaviors and extol resources, incentives, and constraints proper to each (Stephan et al., 2015). Cognition will impact all the different types of institutional pressures that exist (coercive, mimetic, and normative) and play a central role when countries are in transition. Consequently, cognition is impacting international performances of startups and SMEs.

5.1.1 Emerging country markets

Developing economies, emerging economies or transition economies tend to have institutional environments deriving from protectionism and late liberalization of markets. Governments in these economies have maintained control over economic questions blocking altogether or at least limiting the interaction made possible by ICT rise for a time being. Firms in these countries have not experimented the harshness of competition specific to international markets. This sets the foundations under which startups, even more vulnerable in their earliest phases of their development, must develop capabilities to become global players. Developing economies are characterized by many elements which will now be presented. It is important to note that all of them will not apply in every country, or at the same intensity. The following information's importance rely on the awareness it provides as this study has shown that despite similarities, every country has a different and own institutional environment. Different country profiles with different implications for firms' internationalization have been identified and will now be presented.

First, emerging economies can be characterized by institutional voids. These voids are defined by situations in which formal institutions have inadequate or inexistant regulations which are not enforced by the government. Infrastructure's enablers of internationalization are lacking, policies do not help or hinder international expansion. There are no IPR and financial discipline is lacking. Startups can rely on their prior experience, cognition and business and social ties should be developed to fight institutional voids (Narooz and Child, 2017). This constitutes a clear disadvantage to internationalization for startups who will eventually face firms coming from supportive environments. In my opinion, firms from supportive environments going to institutional voids should capitalize on the support they have home turning them into fierce actors in a market that will not spare those without external help. Local firms on their side should make best use of their social and business ties and actively seek for changes to be brought to their institutional context.

In contrast to what was said, emerging economies can be defined by strong formal institutions. This often is the byproduct of protectionism and regulatory punctuations highlighting past inefficiencies and creating discontinuities (Perez-Batres & Eden, 2008). Laws and regulations are then in place to protect creating a bubble around local firms. When internationalization occurs, firms are challenged to expand abroad while incoming firms are subject to discriminations, hindering fair competition. It is interesting to note that some research founds institutional barriers do not always block startups from going abroad (Torkkeli et al., 2019). In some cases, however, home barriers have hindered internationalization (Manolova et al., 2008). Other barriers such as antidumping barriers are the materialization of liability of foreignness discriminating foreigners under institutional legality (Peng et al., 2008). Heavy taxation and regulations on the other hand create an environment unfavorable to foreign firms. Interestingly enough local firms can suffer from those too and face liability of localness (Perez-Batres & Eden, 2008). This can active a push factor (Cheng & Yu, 2008) encouraging firms to expand abroad despite the unfavorable conditions they are in. Under this institutional context, the phase of the transition will impact the role that networking will play (Oparaocha, 2015). Ties with home country are an advantage and they will tend to substitute for a lack of market mechanisms while ties with banks with ease access to fundings. Administrative ties will grant much needed information and FDI opportunities for local firms to cope with their disadvantages (Yiu et al., 2007). Foreign firms on their side should develop them to cope with the liability of foreignness and the potential harshness of the current discriminatory practices in place.

It is important to contrast that all the practices done in emerging economies will not hinder startups and SMEs' internationalization. Emerging economies despite their difficulties and challenging institutional environment are also attractive as new markets. Indeed, due to capabilities home, developed economies can benefit from the cheap labor those countries offer and still use the advantages (fundings, information, networking) they have home easing even more their implementation abroad. The lack of regulation in comparison to home sometimes also allow firms to experiment on these markets at a lower cost and risk than if they would want to expand some place with heavier institutional environment.

5.1.2 Developed country markets

Contrasting with developing economies, developed country markets tend to be defined by institutional support. Formal and informal institutions mostly provide resources that will help startups and SMEs to ease their solving of the different economic problems they encounter. The difference with developing economies mostly lies in the fact that developed country markets have liberalized for much longer allowing market mechanisms to take hold. Competitiveness and learning opportunities allow for international expansion and enable markets' full potential to be exploited.

Formal institutions in developed economies will tend to grant protection where it is needed. IPR rights will encourage innovative startups and SMEs to develop there lowering the risk of intellectual theft. Fairness, transparency, and availability to all will ensure that discrimination does not take place hence putting all firms on an equal footing. The policies implemented will foster the creation of capabilities. Such measures will be synonym of more startup entry (Desai et al., 2003). When it happens that market mechanism are not up to date anymore, states can act as a substitute advantaging firms already present on the market. Public grants and subsidies although counter-intuitive do not seem to have much of an impact on the internationalization process (Bürgel et al., 2001).

Firms go where qualitative infrastructures can support them. Infrastructures which, if not discriminatory will help all the firms located within their reach. They tend to foster innovation, ensure education and workforce quality. Those related to research (universities, hospital…) will help firms working in industries with high R&D costs and are generally more relevant to internationalizing firms, especially if internationally connected to networks. They create clusters that in turn foster location/industry forces (Andersson et al., 2013) and MNEs' takeover that can lead to re-BG phenomenon. Availability of ICTs will foster the formation of relationships and lower entry barriers on international markets as well as foster E-commerce, a non-negligeable part of business activities nowadays (Todd & Javalgi, 2007). Startups based on the weakness brought by their industry or home country should consider developed country markets that will best coincide with their needs. They should gather information based on their targeted markets before even starting the internationalization to be aware of the formal and informal institutions that will best help them. Besides, in my opinion, startups not taking the time to consider this will undeniably lower their chance of success. Indeed, they are likely to face firms that do benefit from those advantages alongside bigger players such as MNEs.

It should be noted that in some scenarios, developed economies do have heavy entry costs which will foster unofficial economies and even corruption (Capelleras et al., 2008). These formal regulations will then freeze entry for new firms due to these barriers. Such regulations will favor old and "lazy" firms with little productivity hence lowering competition on the market (Klapper et al., 2006). This situation similarly happens when an industry has very high entry costs. This tends to lower the positive effects of institutional support hinder internationalization processes and make life more complicated for startups. The best practice to follow here would be for states to ensure that no entry costs block new entrants. They should also provide additional support to startups aiming at fighting in high entry-cost industries as this could have the benefit to revive competition in dormant industries.

5.1.3 Networking

Networking is an informal institution. It has been found to help startups and SMEs throughout all the stages of their internationalization process no matter their home or host environment. They are helping startups cope with a lack or weak institutional environments in many ways. SMEs have people-bound advantages that help offset deficiencies of the markets (Pinho & Prange, 2016). Firms should adapt their strategizing of alliances based on institutional characteristics and it may differ from one country to another (Hitt et al., 2004). The impact of networking is traceable to the phases preceding internationalization (Mainela & Puhakka, 2011). Networks are entrepreneurial resources (Ciravegna et al., 2014) closely related to firms' performances. In this sense they impact internationalization strategies notably helping to cope with high R&D costs allowing the development of knowledge-intensive products. This added to market information gains will foster the rise of BG activities. By building trust firms can fight against liability of outsidership gaining credibility on the market. Trust is an informal mechanism of governance relationships (Masiello & Izzo, 2019). Networking give companies access to much needed information about the market and allow the development of DIC (Pinho & Prange, 2016). The development of these capabilities will increase firms' competitiveness and minimize the risks and costs when expanding to uncertain institutional environments. Domestic networks and ties with the government will increase organizations' performances and favor international expansion. Social entrepreneurship is nurtured by government support. Associative activities will compensate for weak institutional environments and help building political capital (De Clercq et al., 2010).

Because of the existence of a trade-off exist between choice of rich weak ties or rich strong ties (Kiss and Danis, 2010), the timing at which firms will develop ties will matter. Strong ties should be preferred and nurtured in the first stages to cope with uncertainty (Kiss & Danis, 2008) while weaker ties should be preferred in the following phases for less dependency/embeddedness. Weak ties on their side can help startups to speed up their internationalization process.

The ability to leverage social and business networks significantly impact internationalization and presence on global marketplaces. SMEs networking efficiently create value by accessing resources (through flow of internal and external) which affect performances positioning them in the network allowing development of DIC which enhances performances (Pinho & Prange, 2016). This creates a virtuous circle which startups should acknowledge to better succeed on international markets.

It is quite relevant for SMEs who must often create adapt and reconfigure resources and networks to develop DIC. DIC which procure advantage to achieve long term survival on the market. Networking help cope with a lack of monopolistic advantage (Elango & Pattnaik, 2007) and their scope will increase startups and SMEs international exposure. Firms should network with domestic institutions. Being a part of exchange networks will provide resources, opportunities and increase firms' survivability (Zhu et al., 2006). Firms' legitimacy will also improve (Yiu et al., 2007). Social networks will facilitate internationalization process of startups and SMEs (Andersson, 2000). Social networks can increase speed of internationalization due to positive effects on market knowledge, liability of foreignness, competitive advantage, and performances (Narooz & Child, 2017). Firms should not only consider their resources but their network's too as part of an institutional effort for strategic planning to gain quick exposure to international markets and reduce liability of foreignness (Elango & Pattnaik, 2007). When entrepreneurs and networks are closely related, they will greatly co-impact international performances and market diversification (Amal Freitag Filho, 2010) by fostering competitiveness. This turns startups and their networks into pivotal actors of the world economy.

Networking although helpful also presents its limitations. Due to the tendency for firms and individuals to imitate one another, some precautions should be considered for firms evolving in corrupted environments. Firms should beware of networks closed to outsider as they tend to foster corruptive behaviors. Social environments with negative practices will foster and make these practices acceptable for entrepreneurs (Tonoyan et al., 2010). Strong ties with firms can lead to unreceptiveness to external hints, hence missing new opportunities. Strong ties with the government lead to over embeddedness (Kiss and Danis, 2010) harming international endeavors. The relationships maintained throughout firms' networks have opportunity and switching costs (Masiello & Izzo, 2019) which must be kept in mind by startups who lack the time and resources to develop too many of them. This highlights the need for them to cleverly chose their partners which should vary based on startups and SMEs own institutional environment and challenges (Elango & Pattnaik, 2007).

5.1.4 Concluding remarks

The type of institutional environment will impact IB as a whole (Henisz & Swaminathan, 2008), entrepreneurs' need and firms' perspectives (Hitt et al., 2004). It is composed of configurations of interdependent structures and systems within and between countries and across international state system The instability and restructuring of institutions over time is unavoidable (Pike et al., 2015). Internationalization impacts the state of institutional environment, and they will change under pressure (Garrett & Lange, 1995). Different institutional setups have different advantages and weaknesses (Jackson & Deeg, 2008) impacting internationalization in different ways. Institutional variable will be significant predictors of between-country differences levels in both organizational risk taking and proactive firm behaviors (Kreiser et al., 2010). Local, national, and subnational institutions have been proven essential levels of analysis. Conducive institutional environments will help startups and SMEs throughout all the stages of their internationalization process. Institutions are stimulants, motivators and provide resources for entrepreneurs. They foster networking which has proven in return a great help for firms to fights against unstable institutional environments. Empirical analysis joining formal and informal institutions offer greater insights than individual effects (Stephan et al., 2015). Startups and SMEs' successful internationalization is closely related to institutions mercy but are also actors within that can exert pressure for change to happen. Entrepreneurs should profile the institutional environment to which they will expand, identifying the governance frameworks that will best serve their interests or know which will not and how to overcome them. Not only external but also internal environment will apply complex forces that will shape heterogenous responses to institutions (Korsakienė et al., 2015). A multidisciplinary approach, combining formal institutions and psychological informal institutions seem to offer the best overview when considering institutions at large (Stephan et al., 2015). Therefore, cognition, prior experience and networking should at all stages of internationalization be a priority in startups, SMEs and entrepreneurs' minds as a mean to cope with uncertain institutional environments and improve internationalization process.

5.2 Limitations of the study

5.2.1 Language and cognition

The first limitation which has an impact on the entire study is the language and own cognitive bias of the researcher. English is not the researcher's mother tongue. Thus, there exist a possibility of misinterpretation of the elements studied throughout the study and of miscommunication in the written expression of the study too.

5.2.2 Data collection and scope of the study

This work is a systematic literature review, the data collection methods could have benefited from the use of software providing a more comprehensive data collection. The data that was collected is relevant but different insights would have been drawn from the use of alternative methods.

It may prove difficult to draw numerous insights from study for a company due to the scope of the articles used. Developed and emerged countries from all around the world have been used to conduct this study. Yet would a company wish to make use of this research, there is a great chance that the country they intend to expand to would not have been thoroughly studied in this work. The use of country markets is valid and grants general insights and guidance for firms willing to internationalize however not making it fully comprehensive. Secondly, the scope of the research was startups and SMEs which once more allowed many articles to be included and would require for firms to adequately assess which phase, they are currently at for them to make best use of the findings of this study.

5.2.3 Topic's particularities

It is important to point out that considering the scope of institutions, formal and informal, and their inherent nature to change the duration of the research's validity may be limited. A thorough examination of the context in which it is to be used is highly recommended. Indeed, great differences can be felt within each of the studied country markets. Startups and SMEs have been used interchangeably although they are not entirely identical. This is partly to ease research but also because successful startups often become SMEs on the mid-term, and both can benefit from the insights of the research since the focus was not on innovation-driven enterprises. Some findings of this research were derived from papers which did not focus specifically on startups despite the research question. Those were nonetheless insightful and appeared appropriate to the researcher yet can constitute a flow in the methodology.

5.3 Recommendations for policy and practices

Based on the research conducted the following section will give recommendations and best practices for managers and policymakers to respond to institutional environments.

5.3.1 Developed economies

In developed economies, entry regulations burdens (cost and administrative) should be lowered as much as possible to lessen unregistered firm’s implementation and bribes (Djankov et al., 2002; Klapper et al., 2006).

Governments can encourage foreign entry by introducing horizontal improvements (reforms benefiting all firms and entrepreneurs rather than a few) in scientific, financial, and political institutional infrastructures (Guler & Guillén, 2010). Governments should also make the information about local opportunities and institutional mechanisms available.

Policy makers should seek regulatory changes bringing good payoffs. Cost of regulation for incomes forgone to entrepreneur and society is often overstated when studying registered firms (Capelleras et al., 2008). Events and trade fairs are not the best use of public money when aim to support SMEs entrepreneurial activities and international growth (Torkkeli et al., 2019).

Policymakers in home countries should consider creating the institutional support network that will foster SMEs’ international competitiveness accordingly. Indeed, doing so will grant SMEs a greater impact on the economy at large generating both innovation and economic gains (Oparaocha, 2015). Awareness is also key so collaboration is highly recommended from both side for firms to make the best use of the support at every stage of their internationalization.

Practitioners should favor network level capabilities (Torkkeli et al., 2019). Managers should build and reinforce networks and use them to lead development of capabilities. Development of specific capabilities in specific context/environments/stages of internationalization (Pinho & Prange, 2016). Social network relationship is rather efficient on performance in context where specific DIC are in place. There are better results for firms with international experience. Managers should consider early capabilities developing over time which are conducive to performance like consolidation and disruption (Pinho & Prange, 2016).

Entrepreneurs should favor hiring of managers with international networks since it encourages firms to expand internationally (Andersson et al., 2013). They can impact network size thus would benefit from being proactive to create maintain and develop them to feed international growth. They should consider risks linked to networks who do not always bring unconditional advantages on international grounds (Masiello & Izzo, 2019). Managers also should lift resources secured in embedded relationships and extract knowledge about foreign market, internalize it. It would help avoid employee turnover to be too damaging. Soft skills aimed at these goals should be set within startups.

5.3.2 Developing countries

States in developing and transition economies should accept international market pressures, adopt policies facilitating funding and fostering competitiveness (Garrett & Lange, 1995). Indeed, it has proven that fighting against liberalization was not viable considering cost-opportunities abroad unless a country would be entirely closed from good exchanges with the outer world. Barriers highlight past inefficiencies and should be lowered (Perez-Batres & Eden, 2008). Independent agencies with no political power also have their role and importance in terms of international policies (Becker, 1983). It is important for managers and reformers from transition economies to note the importance of the common institutional background which they carry and should confront (Peng, 2000).

Policymakers should figure the determinants of the corruption when present and prevent it to offer safe business environments for foreign firms to develop in (Tonoyan et al., 2010). Entrepreneurs may tend to act in corrupted ways under mimetic pressures and use it as a justification to their act at the same time. These points topped with anti-corruption institutions put in place by governments as well as non-governmental organizations (UN Convention against Corruption) are measures that would help reducing corruption hence potentially benefiting countries stuck in corruption and likely fostering internationalization of firms that may be scared to engage under these conditions.

It is important to note that public policies are not sole determinant of international performance (Amal & Freitag Filho, 2010). The start of foreign activities by SMEs is often due to the whole set of public institutions engaging and fostering international competitiveness of firms.

Opportunities existence and resource requirements should be made available to all (and not only to political or economic actors) for networks to promote business creation. This task is incumbent upon policymakers. By doing so, emerging economies are likely to attract startups willing to internationalize offering some part of what can be defined as a proper institutional environment (De Clercq et al., 2010). They should promote private sector development and entrepreneurship to gain impact on international markets. This would lead to better innovation, exports, economic growth, and employment. It would also help through transition for firms to gain access to brokers and information. There should be an evolution of network strategy while home market is maturing to speed-up new ventures internationalization (Kiss& Danis, 2010).

Entrepreneurs in transition economies should not hesitate to make use of bricolage (resource saving strategies and operations including market focus, rely more on domestic ties in the first place and strong use of ICTs/internet) for successful early internationalization (Nowiński & Rialp, 2013). Environmental variables, such as competition, and changes in tech policies must always be kept in mind by entrepreneurs and policymakers. High-tech boom can help SMEs being propelled and help through internationalization process. Firms can rely and thrive on them (Todd & Javalgi, 2007).

5.3.3 Emerging and developed economies alike

Policymakers should be conscious of their culture and norms making information available to ease foreign firms' implementations. All countries alike would benefit from defining their institutional profiles (Busenitz et al., 2000) to evaluate their strengths and weaknesses and see how they can improve their domestic institutional environment (regulative, cognitive, normative) and how their current state affects business based on studies offering tailored insights on each of these topics. Entrepreneurs on their side could decide where to go based on either similarity to their own country, or to countries identical to those of their prior experiences. It is quite relevant to survive and internationalize quickly. However, prior experience does not mean constant use of previous networks. It is important for entrepreneurs and managers to be proactive especially in the search of the first business opportunity. Proactiveness is the reflection of entrepreneurial commitment and internationalization mindset while international experience tends to offer a more proactive mindset (Ciravegna et al., 2014). Proactiveness allow firms to better respond to economic and political risks (Kreiser et al., 2010). Internationalization is an active strategic process involving people whose skills matter.

A proper study of governance structures which completely differ country to country and dictates the way reforms should take place to reach fairer practices and enhance international endeavors would help if implemented (Peng, 2008).

Managers should be aware of their own cultural bias and how it impacts their decision-making process (Hitt et al., 2004; Kreiser et al., 2010). Partnering is dependent on a firm's origin and formal cultural characteristics seem to rule informal ones out when fighting one against the other (Hitt et al., 2004). This would allow them to take a step back and observe the situation they face from a different perspective ideally taking into consideration the norms and cultures of the country they are expanding into. It can help them understand and pre-analyze the responses to endeavors they will have abroad. It also allows better assessment and prevision of competitors future strategies considering what institutions will legitimize or constrain behaviors in terms of proactiveness and risk taking. Perception and cognition are of the utmost importance, they can help policymakers adapt and analyze situation and enact policies that may help SMEs in the face of these pressures (Peng, 2008). What's more, it enables to respond to institutional voids. Decision makers' interpretation are source of evaluation of their use of networks under institutional voids while being impacted by their own culture (Narooz & Child, 2017).

Managers should consider adaptative strategies to their environments to internationalize successfully. If the institutional environment is weak, strong networking ties should be preferred as means to cope with it (Kiss & Danis, 2008). The relationship with their distributors must be nurtured and consider it as a reciprocal investment (Bürgel et al., 2001). This amongst other things allow to get known faster hence reducing the liability of alienness. They should also know how to use resources, capabilities, and relationships. Recognizing problem early is better and require self-criticize yet mandatory for subsequent internationalization and overcoming liability of outsidership. Managers should be aware of external and internal triggers and act on them fast, have a clear vision (Schweizer, 2013). They should hire professionals with high level of international experience, use high technology, when possible, to gain legitimacy, be prepared to exploit new opportunities to further expand after their first successes abroad (Bürgel et al., 2001).

Considering the learning process undertaken by entrepreneurs, firms would greatly benefit from further reflections at policy/manager levels about the entrepreneur/regulation relationship (Capelleras et al., 2008).

5.4 Suggestions for future research

This study contributes to the research in international entrepreneurship, institutions and successful internationalization strategies undertaken by startups. A systematic literature review was conducted further to the researcher's choice. Although insightful this methodology has limitations and by itself provides possibilities for future research. This study due to its scope offers insights valuable to a vast range of firms from different economic horizons. Therefore, more targeted studies - such as some of those used throughout the research – could prove useful for firms to obtain a picture of the institutional context tailored to their ambitions. Due to the uniqueness of every country in the world, the diversity of institutions and their ever-evolving character an infinity of studies could then be considered. However, this could prove laborious to do. Country markets are reliable levels of analysis, and qualitative and quantitative research with multiple case analysis could be conducted to validate or challenge the results of this research. Secondly, the same research could be produced narrowing the scope further down to specific industries or sectors. Last, this research reflects on international success as impacted by both external and internal factors, focusing on either type as main determinant could produce different and interesting insights.

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