

**MOMENTUM FOR ENTREPRENEURIAL INTERNATIONALIZATION:  
FRICTION AT THE INTERFACE BETWEEN  
INTERNATIONAL AND DOMESTIC INSTITUTIONS**

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**ABSTRACT**

In response to profound and emerging challenges arising from changes in the international order that affect international entrepreneurship, we address a gap in explanations for how the system for international relations shapes entrepreneurial internationalization. To do so, we develop a model that further explains the role of institutions in supporting international new ventures. We focus on how frictions in the interface between international and domestic institutions can influence momentum for entrepreneurial internationalization. We theorize how institutional work *on* the international-domestic interface can facilitate entrepreneurial internationalization that occurs *in* that interface. As such we provide additional understanding regarding factors that influence entrepreneurial internationalization.

## **1. Introduction**

Entrepreneurial internationalization has long been a core topic in international entrepreneurship research (Knight & Cavusgil, 2004; McDougall et al., 1994; Oviatt & McDougall, 1997). Specifically, the study of factors that affect “ventures that operate across national borders” (McDougall et al., 1994, p. 470) has intrigued and animated the work of international entrepreneurship scholars since this research began in earnest in the 1990s. Over the years scholars have conducted entrepreneurial internationalization research on performance (McDougall & Oviatt, 1996), cognition (Zahra et al., 2005), speed (Oviatt & McDougall, 2005), motivation, scale, and scope (George et al., 2005), optimal levels (Chiao et al., 2006), networking (Fernhaber & Li, 2013), international opportunity recognition (Ellis, 2011), learning (Milanov & Fernhaber, 2014), expected behaviors (Autio, 2017), and its degree/sequence (Schwens et al., 2018; Clark et al., 2018). Moreover, from the perspective of entrepreneurial agency and action (McMullen et al., 2021), this prior research provides an important foundation for further explorations of the factors that enable or impede the internationalization of new ventures within the global economy. Understanding these factors is especially important given the profound and emerging changes in the international order within which international entrepreneurship occurs (Zahra, 2021).

However, while such prior work has fruitfully explained the antecedents, processes, and outcomes associated with entrepreneurial action and entrepreneurial actors that cross national borders (Autio, 2017; Keupp & Gassmann, 2009; McMullen et al., 2021; Schwens et al., 2018; Zucchella, 2021), we suggest that this notion of the national border, in an international system, has been somewhat undertheorized in international entrepreneurship research. Helpfully, exceptions include Mainela, Puhakka, and Servais (2014) and Mainela, Puhakka, and Sipola

(2018). These authors have demonstrated “how international opportunity, as an object of international entrepreneurship, takes shape under the broader aspirations of society” (2018, p. 545). In this sense they view opportunity as an international phenomenon that exists at the collective (cross-border) level. Likewise, Nasra and Dacin (2010) focused on Dubai to introduce the idea that a state can function as an institutional entrepreneur that enables entrepreneurship. Further, Xing, Liu, and Cooper (2018) stressed the potential role of local government in shaping institutions as a way to develop international entrepreneurship opportunities at a regional level.

These studies draw attention to the idea that international entrepreneurship research is different from other entrepreneurship research in terms of the “international frictions” resulting from differences in institutions across borders (McMullen et al., 2021, p. 1207). This framing of international entrepreneurship is noteworthy—especially the focus on friction between institutions that arises from both crossing borders and relations that are international in nature. Indeed, international interactions amongst institutions and the consequent frictions that arise have yet to be fully theorized in the research on entrepreneurial internationalization. This is especially true with regard to how relations between states can facilitate entrepreneurial action—the entrepreneurial internationalization of new ventures.

Accordingly, in this paper we extend the observation that entrepreneurial internationalization occurs at an interface between international and domestic institutions (see, e.g., McMullen et al., 2021). We introduce a theoretical framework for explaining how international and domestic institutions interact with one another to produce frictions that influence entrepreneurial action that spans national borders. These frictions in entrepreneurial internationalization can be understood more clearly through combining research in international relations on cooperation among states (Axelrod, 1981; Keohane, 1984, 1988, 2012, 2020; Keohane & Nye, 1977; Oye,

1986) with research in entrepreneurship on entrepreneurial opportunity in the international setting (Busenitz et al., 2000; Mainela et al., 2018; Smith et al., 2009). We conceptualize a model of momentum for entrepreneurial internationalization that takes into account frictions and contingencies in the interface between international and domestic institutions. In our approach, we specifically identify structural properties of social systems that enable us to differentiate two types of entrepreneurial action. One is entrepreneurial action that works *in* the interface of international and domestic institutions of entrepreneurial internationalization (i.e., pursuing an international opportunity given momentum for entrepreneurial internationalization in a specific interface). The other is entrepreneurial action that works *on* the interface of these institutions (i.e., creating/transforming institutions to enable momentum for entrepreneurial internationalization).

To develop this model, we draw on research on institutional work (Lawrence & Suddaby, 2006; Lawrence et al., 2009; Lawrence et al., 2013) and on the associated idea that institutions are rules and resources recursively derived from social structure and reflexive agency (Archer, 2003, 2007; Giddens, 1984; Suddaby et al., 2016). In particular, we suggest that the interfacing of international institutions that shape relations between countries (e.g., Lake, 2003; Mearsheimer, 2001) with domestic institutions that shape levels of entrepreneurship within a country (Busenitz et al., 2000; Stenholm et al., 2013) can influence momentum for entrepreneurial internationalization. We focus specifically on those international institutions involved in the *anarchic international system*<sup>1</sup> that we theorize help shape the frictions associated with entrepreneurial internationalization (e.g., Mearsheimer, 2001; Morgenthau et al.,

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<sup>1</sup> The term anarchic here refers to the principle that because no higher authority is entitled to regulate the actions of a sovereign state, the free will of a state is constrained only through its interactions with other sovereign states (Hinsley, 1986).

2005; Waltz, 1979). And we also focus specifically on those domestic institutions involved nationally, which we likewise theorize help shape the frictions associated with entrepreneurial internationalization (e.g., Acs et al., 2014).

Theorizing the interface between the anarchic international system and national systems contributes to entrepreneurial internationalization research in a number of ways. First, in response to recent work that broadens understanding of entrepreneurial internationalization (e.g., Mainela et al., 2014, 2018; Nasra & Dacin, 2010; Xing et al., 2018), we introduce theory relating to the concept of friction as this has been applied in both entrepreneurship research (e.g., McMullen et al., 2021) and in international management research (e.g., Shenkar et al., 2008). We seek to explain more comprehensively how friction in various forms can occur at the interface of international and domestic institutions and how it can enable or impede entrepreneurial internationalization. Second, by drawing upon foundational concepts from the international relations literature to explain the institutions within which entrepreneurial internationalization occurs, we contribute to existing work that addresses *how* entrepreneurial internationalization is, in fact, international. Relatedly, we further elaborate *what* this means for international entrepreneurship research. Third, we also contribute to research on institutions and entrepreneurship by beginning to conceptualize how institutional work that generates momentum for entrepreneurial internationalization is an important, but undertheorized, aspect of the anarchic international system. Specifically, our theorization involves both the international entrepreneurs that are working *in* the interface of international and domestic institutions and institutional entrepreneurs working *on* the interface of these institutions. Fourth, we contribute to recent research that recognizes entrepreneurial action as being fundamentally defined by the transformation of broader social structures (e.g., McMullen et al., 2021). We explain how

purposeful entrepreneurial action occurs as international new ventures span national borders and also as states engage in institutional work to generate momentum for entrepreneurial internationalization. Taken together, these contributions better explain, for example, why, all things being equal, it is harder to internationalize new ventures in and between some countries than in and between others.

## **2. Entrepreneurial internationalization, social structure, and the interface between international and domestic institutions**

Recently, McMullen et al. (2021) investigated the role of agency and social structure in entrepreneurship and the question of what makes research in the domain of entrepreneurship entrepreneurial. In doing so, they identified international entrepreneurship as a primary subcommunity in the entrepreneurship literature. As a subcommunity of entrepreneurship research, international entrepreneurship has two key traditions: entrepreneurial internationalization and comparative international entrepreneurship (Oviatt & McDougall, 2005; Jones et al., 2011). Our work falls squarely within the former (see, e.g., Autio, 2017; Jones et al., 2011; Mainela et al., 2014; 2018; McDougall & Oviatt, 2000; McMullen et al., 2021; Oviatt & McDougall, 2005). In this sense, we follow the established convention which holds that the international element of entrepreneurial internationalization research is understood and utilized as entrepreneurial action that crosses borders (e.g., McDougall et al., 1994; McDougall & Oviatt, 2000; Reuber et al., 2018). Underlying this foundational notion of the national border is the idea that both international and domestic institutions, as social structures, shape how entrepreneurs as agents act within an international social system (McMullen et al., 2021), and by doing so, help to shape that system.

Both international and domestic institutions—as well as their interface—have been theorized

in research on international relations as crucial institutions in the global economy (Weiss, 2003; Tilton, 2003). Drawing upon this research, our theorization on entrepreneurial internationalization develops an explanation for the interactions among both international and domestic institutions. On the international side, these institutions can include entities that, for example, facilitate intergovernmental cooperation, international standards, trade agreements, and the concept of sovereignty (Drezner, 2003). On the domestic side, these institutions can include, for instance, government spending priorities, innovation policy, the regulatory environment, tax policy, and the business climate of a country (Weiss, 2003). In international entrepreneurship research generally, these different types of institutions are investigated from the perspective of understanding how variance in domestic/national institutions affects international entrepreneurship outcomes (e.g., Bowen & De Clercq, 2008; Guler & Guillén, 2010). Less work, however, has been done on understanding the international institutions that influence international entrepreneurship (see Mainela et al., 2018; McMullen et al., 2021 for exceptions). This is surprising since addressing the influence of the international system is essential for further broadening our understanding of what makes the phenomenon of entrepreneurial internationalization, international. Thus, for a research area that investigates “opportunities across national borders” (Oviatt & McDougall, 2005, p. 540), there is an opening to follow Mainela and colleagues (2014, 2018), who emphasized the role of opportunity in the international system, and the work of Zahra (2021), who highlighted the role that international institutions play in international business, to then explore further how international entrepreneurship is shaped by institutions affecting the larger international system.

This idea of international and domestic institutions is an old one grounded in the notions of state sovereignty conceived in or around the seventeenth century. As the term suggests, a

sovereign state constitutes the highest form of political authority that is recognized by the collection of treaties that comprised the Peace of Westphalia in 1648. Indeed, the concept of sovereignty itself represents a good example of the relationship between social structures and agents (e.g., McMullen et al., 2021). As Giddens (1984) noted, “the notion of sovereignty and associated theories of the state were stunningly new when first formulated; today they have in some degree become a part of the very social reality which they helped to establish” (p. xxxiv). Sovereignty thus is generally understood as the full and absolute discretion of a state in deciding its own affairs autonomously without external interference (see Biersteker, 2012; Ertman, 1997).

The notion of sovereignty as described by Giddens (1984) is especially telling with respect to our theorizing on entrepreneurial internationalization insofar as it reveals in part the nature of international and domestic institutions and their relationship to social structure and agency. For Giddens (1984) institutions in a social system represent structural properties that arise from social practices as they are reproduced by agents through time and space. He writes, “the most important aspects of structure are rules and resources recursively involved in institutions” (1984, p. 24). In this sense, the structural properties of social systems with respect to international and domestic institutions represent rules and resources because they are “drawn upon and reproduced by knowledgeable agents in the course of interaction” (1984, p. 15). These properties also represent a way whereby power can be exercised by these agents over time and space. In this sense institutions are in motion, being reproduced and altered by agents to constitute the contexts and structures in which entrepreneurial action occurs (e.g., Urbano et al., 2019; Welter, 2011). This idea that institutions are in motion through time and space is a defining feature of historical institutionalism in both international relations and entrepreneurship research, which focuses on “the evolution of constraints and opportunities in the multiple institutions that shape human



interaction” (Fioretos, 2011, p. 371; see also Suddaby et al., 2014). Among these multiple institutions, we focus herein on international and domestic institutions that are based in notions of sovereignty. We suggest that these can be maintained as rules that represent structural properties of social systems and, consistent with Giddens (1984), also constitute resources for the pursuit of interests at the interface between these institutions.

### *2.1. Rules and resources of international institutions*

Entrepreneurial internationalization can arise from the overarching global institutional context within which all state actors are embedded (e.g., Urbano et al., 2019). In general, institutional contexts “provide individuals with opportunities and set boundaries for their actions” (Welter, 2011, p. 165). Accordingly, institutional contexts may be seen, not merely as external environments, but also in terms of levels of analysis (Davidsson & Wiklund, 2001; Coviello & Jones, 2004). For example, individuals interact within networks to establish, maintain, and govern sovereign states which, in turn, exist relative to other sovereign states within an overarching system of international relations. International institutions permeate across levels. They give rise to rules and resources for individuals, networks, states, and intergovernmental entities. Through these rules, which are derived from the notion of sovereignty, international institutions can be carried forward and maintained as resources for interactions between states.

Ironically perhaps, the “rules” underlying sovereignty in the global institutional context, studied extensively by scholars of international relations, are referred to as the *anarchic international system* (e.g., Mearsheimer, 2001; Morgenthau et al., 2005; Waltz, 1959, 1979). Anarchic, in this sense, does not mean anarchy and chaos; rather, in this system, no claim supersedes sovereignty and no other greater authority can regulate the actions of a state (hence

the term *anarchic*). Even though the anarchic international system is considered to be the most consequential effect of sovereignty on the world order (Bull, 2012; Lake, 2003), it cannot necessarily be concluded that a state has unconstrained discretion in this system. Instead, sovereignty means that the free will of a state is constrained only through institutionalized interactions between sovereign states (e.g., through bilateral interaction or even multilateral interactions). Primarily, this constraint relates to *the power of a sovereign state relative to another state* or, as described in the international relations literature, its *relative power* (Mearsheimer, 2013).

Relative power has been described as the “currency of international politics” (Mearsheimer, 2013, p. 51; see also Snidal, 1991). In the interest of their own welfare, sovereign states are compelled to achieve two goals: to pursue relative power and, in the long run, to prevent other states from gaining relative power. This is because they are all—practically speaking—trapped in an institutionalized system of relative power politics. For sovereign states, the pursuit of relative power is essential to their survival and thus considered the ultimate explanation for the actions of a state (Mearsheimer, 2013). It follows then that in the anarchic international system the more relative power a state has, the less it is constrained by other states. It also follows that with differentials in relative power between states, opportunities for cooperation will likely arise, since cooperation is theorized as a primary means for the weak to engage the strong in the anarchic international system (e.g., Axelrod & Keohane, 1985; Keohane & Nye, 1977). Therefore, differentials in power relative to other states are a key element of institutional structure (i.e., the rules and resources that underlie international institutions) that help shape entrepreneurial internationalization. Given that differentials in relative power between states generate likely opportunities for cooperation (Axelrod & Keohane, 1985; Keohane & Nye,

1977), this surplus in relative power brings no substantial value unless a state can cooperate with other states. Thus, for relative power to be expended productively, a state must have possibilities for its surplus in relative power to be traded with other states in exchange for the more tangible gains that can be achieved through cooperation, such as economic benefits. In this sense, the possibility of trading relative power between specific states can enable cooperation between states.

## *2.2. International relative power and cooperation between states*

This conception of international relative power extends the idea of international cooperation, which is a well-established concept in the international relations literature (e.g., Axelrod, 1981; Keohane, 1984, 1988, 2012, 2020; Oye, 1986). In our view, international cooperation can be considered as essentially entrepreneurial in nature. This is because it enables exchange relationships between states that concern the recognition, evaluation, and exploitation of international opportunities for future economic gains by specific international new ventures (see, e.g., Mainela et al., 2014, 2018; Vandor & Franke, 2016). Such cooperation to enable the entrepreneurial internationalization of new ventures involves two or more states working together to pursue shared interests, which usually are intended to promote peace and prosperity, often through enabling mutual economic benefits (Gourevitch, 1996; Snidal, 1991). According to the international relations literature, the expending of relative power to enable international cooperation often centers around relationships between states that possess a surplus in relative power and states with little to no surplus. The concept of relative power rests on the notion of comparison, where the spendable “currency” of relative power between states is determined case-by-case. Thus, the relative power of a state may change, depending on the comparison (i.e., in some state-to-state comparisons a particular state may have high international relative power,

and in others it may be low).<sup>2</sup>

We argue that the use of relative power to enable international cooperation efforts within the institutionalized norms of international relations is mutually beneficial and possible because such efforts provide a platform where both powerful and less powerful states can trade relative power. Through international cooperation a state with a surplus in relative power can transfer a portion of its power, which is not needed for its survival, to another state in order to achieve other benefits (e.g., economic gains, internal political benefits.). However, as this is a give-and-take relationship (Mearsheimer, 2013), when a state grows more powerful via international cooperation, other states become less powerful in comparison. More powerful states, by allowing less powerful states to grow in relative power that would not constitute an imminent threat (Nau, 1990; Shiffrinson & Beckley, 2012), are then set to gain substantive economic benefits by occupying favorable positions globally (Krugman et al., 2018).

The possibility of trading international relative power with the intent to benefit both relatively more powerful and relatively less powerful states, as determined by their respective positions in the anarchic international system (e.g., Powell, 1991), is thus inherently entrepreneurial in the “exchange for gain” sense (Burt, 1992; Kirzner, 1973; Shane & Venkataraman, 2000). In our theorizing around international relative power, our conceptualization of momentum for entrepreneurial internationalization describes how the international cooperation between states enables the cooperation that sustains the efforts of international new ventures in their pursuit of international opportunities over time. Thus, from

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<sup>2</sup> Although states may have various shared interests (e.g., from humanitarian affairs to military cooperation), in this paper, our focus is limited to only shared state interests that are economic in nature. Examples of international cooperation promoting shared economic interests include the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the European Free Trade Association (EFTA), the United States–Mexico–Canada Agreement, (USMCA); the North American Free Trade Agreement, or (NAFTA), the Regional Comprehensive Economic Partnership (RCEP), and so forth.

the perspective of entrepreneurial internationalization, interactions between states can be conceptualized as varying in terms of cooperation based in international relative power (from less cooperation to more cooperation). Cooperation based in international relative power constitutes, then, a key element in the interface between international and domestic institutions in international entrepreneurship.

### *2.3. Rules and resources in domestic institutions*

Just as international institutional contexts delimit the opportunities and boundaries available for entrepreneurial action (e.g., Welter, 2011), domestic institutional contexts likewise provide rules and resources for entrepreneurial action. Domestic institutional contexts may be seen, not merely as external environments, but also in terms of their levels of analysis (Davidsson & Wiklund, 2001; Coviello & Jones, 2004). For example, individuals interact to establish firms which, in turn, exist within identifiable industries that aggregate to constitute economies within broader national systems. Domestic institutions permeate across levels. They give rise to rules and resources for individuals, firms, industries, economies, and national systems. These structural properties of domestic institutions can be carried forward and maintained through country-level institutions which enable and impede entrepreneurial internationalization.

The role of domestic institutions in shaping the economic activities of industries, firms and entrepreneurs has long been recognized. North (1991), for example, observed how “humanly devised constraints that structure political, economic and social interaction” combine to “create order and reduce uncertainty in exchange” (1991, p. 97). Porter (1990), similarly, argued that nations play an important role in shaping “the institutional structure within which competition operates” (1990, p. 129). In this way, prior research has explored how domestic institutions arise from the efforts of the “strategic state” (Murtha & Lenway, 1994). However, following Giddens

(1984) domestic institutions may also be seen as social practices which are reproduced by reflexive actors across levels of analysis. Individuals and firms reproduce national cultural, political, and economic systems not only through their support for the formal institutions of the state, but also, and perhaps more importantly, through their reproduction of informal institutions (e.g., national culture, national identities, national myths) in their economic activities (e.g., Li et al., 2021; Urbano et al., 2019). Domestic institutions are, in this sense, instantiated as much through industries and economies as they are through governments and states. It is in this broad sense that domestic institutions may be seen as rules and resources that can be managed to generate momentum for entrepreneurial internationalization in the form of country institutional profile for entrepreneurship, as we now explain.

#### *2.4 Country institutional profile for entrepreneurship*

Past research in international entrepreneurship has developed the concept of a “country institutional profile for entrepreneurship” (e.g., Busenitz et al., 2000; McDougall & Oviatt, 2000). The work of Busenitz and colleagues (2000) represents an early effort to explain why entrepreneurs in some countries have an advantage compared to entrepreneurs elsewhere as a result of institutional differences at the country level. These authors developed a country institutional profile for entrepreneurship along cognitive, normative, and regulatory dimensions. More recent extensions of this work have addressed how institutions interact with various personal determinants of entrepreneurship to: (1) shape whether individuals decide to start a venture (Lim et al., 2010), and (2) influence whether the businesses they create are complex with high growth potential (Wyrwich, 2013). Such work also has demonstrated how domestic institutions for entrepreneurship affect both the quality and quantity of entrepreneurship that occurs, and how a recursive relationship exists between institutions of a sovereign state and

economic gains for actors within that state (Chowdhury et al., 2019).

While the institutional profile of a country for entrepreneurship has been argued to involve cognitive, normative, and regulatory institutional dimensions that affect entrepreneurship in a given state (Busenitz et al., 2000), Stenholm and colleagues (2013) have more recently suggested that a conducive institutional dimension be added to capture the potential of a country to enable entrepreneurship that is more high-impact and value creating. We therefore see the institutional profile of a country for entrepreneurship as the extent to which a state possesses the institutions that can support the creation of new value by entrepreneurial actors within that state.

Interestingly, Stenholm and colleagues (2013) included in their construct of high-impact entrepreneurship, the concepts of newness of the technology, the potential for growth, and also internationalization. This last point is important because it leads explicitly to calls for institutional entrepreneurship research to include how a country's institutions impact entrepreneurial internationalization (Su et al., 2017).

In our theorizing around institutional profile for entrepreneurship, our conceptualization of momentum for entrepreneurial internationalization also describes how domestic institutions for entrepreneurship enable the creation of high growth potential ventures that direct the efforts of international new ventures in the pursuit of international opportunities. Thus, from the perspective of entrepreneurial internationalization, entrepreneurship in a given state (Busenitz et al., 2000) can be seen as being more or less entrepreneurial (e.g., high growth potential ventures) based in the institutional profile of a country. In this respect, a state can be conceptualized as varying in terms of its country institutional profile for entrepreneurship (from less entrepreneurial to more entrepreneurial). Country institutional profile for entrepreneurship

(Busenitz et al., 2000) constitutes, then, another key element in the interface between international and domestic institutions in international entrepreneurship.

Considering this interface, we seek to integrate understandings of the anarchic international system, as developed in the international relations literature, with entrepreneurial internationalization research. We do so by situating cooperation based in international relative power and country institutional profile for entrepreneurship with respect to one another in an explanatory model, thereby to better explain the agentic aspects of generating momentum for entrepreneurial internationalization in that interface. We next proceed to develop a model that explains how cooperation based in international relative power and country institutional profile for entrepreneurship, as key elements of international and domestic institutions, interface. This model elucidates how the different manifestations of friction in the international-domestic interface will affect new venture internationalization and the generation of momentum for entrepreneurial internationalization.

### **3. A model of institutionalized frictions in the international-domestic interface**

This paper presents an account of how the entrepreneurial internationalization of new ventures is shaped by two key elements of international and domestic institutions: the interface between (1) cooperation based in international relative power, and (2) country institutional profile for entrepreneurship. As depicted in Figure 1, entrepreneurial action is conceptualized as both working *in* and *on* the interface of international and domestic institutions.

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Note that this interfacing of institutions can result in both negative and positive effects. For example, past research has described the negative aspects of this interface in terms of



international frictions, where “variance in institutional familiarity manifests as [the] international frictions that prevent start-ups and established firms from engaging in the internationalization of sales and operations” (McMullen et al., 2021, p. 1207). McMullen and colleagues (2021) argued that it is the response to such friction that sets international entrepreneurship apart from other forms of entrepreneurial action. Specifically, they noted that some actors have the capacity “to exploit international frictions as opportunities” (2021, p. 1208). We seek to complement this approach by theorizing the contingencies that shape the extent to which friction, or lack thereof, at the interface between international and domestic institutions will hinder or help enable momentum for entrepreneurial internationalization.

### *3.1. Friction and momentum for entrepreneurial internationalization*

The notion of friction is an established analogy. Past economics research, for example, has asserted that there is an “economic equivalent of [the] friction” that exists in a physical system (Williamson, 1985, p. 19; see also Arrow, 1969; Williamson, 1981). Similarly, strategy research has argued that friction in alliances between businesses is based in resource incompatibility between partners (Greve et al., 2010). International management research likewise has proposed that friction can be viewed as a substitute analogy for cultural distance (Shenkar et al., 2008; Zaheer et al., 2012). This prior research primarily has viewed friction from the perspective of its hindering role, largely ignoring the idea that friction can also play a helping role. A more complete approach to using this analogy in international entrepreneurship research involves seeing friction as both hindering *and* helping. We suggest that such a perspective can inform our understanding of entrepreneurial internationalization.

Whether friction helps or hinders depends upon the nature of the interface and the extent to which it is effective for the accomplishment of desired goals (see McMullen & Shepherd, 2006).

A physical-world illustration can be analogically useful for visualizing the nature of the different kinds of interfaces. In such an analogy, questions arise regarding the extent to which the exertion of effort in an interface extends beyond the particular moment in time of that exertion (temporality) and whether the exertion of effort supports the direction in which an entity is moving (directionality). In this respect, the idea of momentum in the physical world is based in both the temporality aspects that extend beyond a single moment and the directionality aspects that move an entity or object toward—as opposed to away from—a desired goal. Momentum toward a goal thereby is influenced in varying ways through different manifestations of friction in the interface.

Specifically, the presence of friction in an interface can be negative, such as when a vehicle is in motion and a tire goes flat or even falls off. The result of this interface is *drag*, where the presence of friction hinders the driver by impeding vehicle momentum. Drag thus exists when the exertion of effort does not extend beyond a given moment in time, and the contacting surface conflicts with the direction of the vehicle. Alternatively, the presence of friction in an interface can be positive, such as when a vehicle is climbing a hill, and the tires are able to grab the road. The result of this interface is *traction*, where the presence of friction helps the driver by supporting vehicle momentum. Traction thus exists when the exertion of effort does not extend beyond a given moment in time, and the contacting surface complements the direction of the vehicle. Likewise, the absence of friction in an interface can be negative, such as when a vehicle is driving in the winter, and comes across a patch of ice causing it to slide, such that the vehicle is unable to stay on course. The result of this interface is *slippage*, where an absence of friction hinders the driver by misdirecting vehicle momentum. Slippage thus exists when the exertion of effort does extend beyond a given moment in time, and the contacting surface conflicts with the

direction of the vehicle. Finally, the absence of friction in an interface can be positive, such as when a vehicle is making a long drive, and its aerodynamic nature saves on fuel. The result of this interface is *glide*, where an absence of friction in the interface helps the driver to prolong vehicle momentum. Glide thus exists when the exertion of effort does extend beyond a given moment in time, and the contacting surface complements the direction of the vehicle.

An analogically similar set of principles can apply to the interface between the international and domestic institutions within which international new ventures act intentionally to pursue international opportunities (as illustrated in Figure 1) (see Ellis, 2011; Mainela et al., 2018). Similar to prior work in the international management literature, we view friction in terms of “contact between specific entities” (Shenkar et al., 2008, p. 911), but do so in terms of friction in interfacing institutions that can both hinder *and* help in entrepreneurial internationalization (see, e.g., McMullen et al., 2021). Here, such effects can be conceptualized in terms of momentum for entrepreneurial internationalization—a construct that can enable researchers to identify and situate the rules and resources that constitute the institutions implicated in entrepreneurial internationalization. Specifically, levels of cooperation based in international relative power and the levels of country institutional profile for entrepreneurship combine to influence the nature and effectiveness of entrepreneurial internationalization.

This approach complements the work of Mainela and colleagues (2018), who have developed the notion of international opportunity and “define an opportunity as an object of activity that carries with it a collectively motivated need” that drives “the activity of international entrepreneurship” (p. 537). Their work shifts the focus away from entrepreneurs alone as the producers of international opportunities for international ventures, to focus instead on the system of collective activity and the cultural-historical context for international opportunity. Our work

likewise focuses on the collective level in a broad sense. Specifically, we adopt the perspective of the anarchic international system and consider its effect on how internationalization occurs for new ventures working *in* the international-domestic interface. Also using this perspective, our work later focuses on how countries working *on* this interface can affect momentum for entrepreneurial internationalization.

### *3.2. Entrepreneurial internationalization and work in the interface of institutions*

Drawing upon a friction analogy illustrates how, *in* the interface, cooperation based in international relative power and country institutional profile for entrepreneurship combine in four distinct ways to affect the entrepreneurial internationalization of new ventures (Figure 2).

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We draw a comparison between an interface in the natural world (e.g., road and vehicle) and an interface of institutions (e.g., international and domestic). For our purposes, and as illustrated in Figure 2, at a given point in time, cooperation based in international relative power (e.g., the road) and country institutional profile for entrepreneurship (e.g., the vehicle), can vary from less or more cooperative and from less or more entrepreneurial, respectively, to enable the pursuit of international opportunity as a goal. Thus, cooperation based in international relative power and country institutional profile for entrepreneurship are two key elements of international and domestic institutions. In this way, frictions in the interface of these key elements impact momentum for entrepreneurial internationalization.

The contingent effects of the interfacing of these institutions on entrepreneurial internationalization are further illustrated in Figure 2. Box A (Institutionalized Drag) identifies the condition in which less cooperation based in international relative power combined with a

country institutional profile for entrepreneurship is less entrepreneurial, impedes momentum for entrepreneurial internationalization in the anarchic international system. In this condition, new ventures seeking to internationalize will struggle to extend their efforts as a result of these institutionalized impediments that provide neither international nor domestic support. While such ventures may successfully internationalize, they will do so with limited momentum from international and domestic institutions.

Box B (Institutionalized Traction) represents the condition in which less cooperation based in international relative power combined with a country institutional profile for entrepreneurship that is more entrepreneurial, supports momentum for entrepreneurial internationalization. In this condition, new ventures seeking to internationalize will extend their efforts as a result of the support that domestic institutions provide. In this respect, a helpful condition can still arise despite less cooperation as a result of the conducive environment for high growth (Stenholm et al., 2013) that can emerge from domestic institutions for entrepreneurship.

Box C (Institutionalized Slippage) points to the condition in which more cooperation based in international relative power combined with a country institutional profile for entrepreneurship that is less entrepreneurial, misdirects momentum for entrepreneurial internationalization. In this condition, new ventures seeking to internationalize will have difficulty extending their efforts as a result of a lack of institutionalized direction. That is, this condition emerges when the institutions of their home state are not geared toward promoting and supporting high growth ventures. While such ventures may also successfully internationalize, they will do so in large part as a result of more cooperation based in international relative power, but will not have in these efforts a supportive country institutional profile for entrepreneurship.

Box D (Institutionalized Glide) indicates the condition in which more cooperation based in international relative power combined with a country institutional profile for entrepreneurship that is more entrepreneurial, prolongs momentum for entrepreneurial internationalization. In this condition, new ventures seeking to internationalize can extend their efforts as a result of conducive environments provided by both international and domestic institutions. Such ventures therefore enjoy the momentum for entrepreneurial internationalization that arises from the support of both international and domestic institutions.

These four conditions represent a conceptualization of how the rules and resources that are recursively involved in international and domestic institutions can shape entrepreneurial internationalization across time (i.e., temporality) and space (i.e., directionality) (Giddens, 1984) *in the interface*. Giddens (1984) conceptualized how actors can behave agentially while embedded in social structures. This occurs as actors develop reflexivity: an acute awareness of the social structures in which they are embedded such that “in and through their activities, agents reproduce the conditions that make these activities possible” (Giddens, 1984, pp. 2-3; see also Archer, 2003, 2007). This leads us to see the potential for entrepreneurial action to both work *in the interface* between institutions and *on the interface* between these structures. This work of the international entrepreneur *in the interface* is, of course, particularly important as it represents the predominant focus of research on entrepreneurial internationalization. For international entrepreneurs, and their international new ventures *in the interface*, reflexivity is manifest as they work to understand the nature of the frictions that either hinder or help, and then make decisions about where, when, and how to internationalize. Such action to pursue international opportunity is intentional in nature (Ellis, 2011). This conceptualization of reflexivity is consistent with that proposed by Suddaby and colleagues (2016) as “an individuals’ general awareness of the

constraints *and opportunities* created by the norms, values, beliefs and expectations of the social structures that surround them” (p. 229, emphasis added). In other words, for entrepreneurial actors working *in* the interface, reflexivity can give rise to an understanding of how friction in the interface represents an opportunity to help create new value, given different institutional structures that exist in the anarchic international system.

For international entrepreneurs working *in* the interface, for instance, reflexivity might be manifest in the decisions of new ventures about where to internationalize initially. It might also heighten entrepreneurs’ awareness of the momentum for entrepreneurial internationalization that can hinder or help their internationalization efforts. Such awareness can thus support new ventures’ understanding of the potential challenges given the interface in which they are acting (e.g., institutionalized drag). In this respect, the reflexivity that occurs as entrepreneurs work *in* the interface is reflected in their choices of how to navigate within the anarchic international system in a way that can enable institutionalized traction or institutionalized glide for the internationalizing new venture. Thus, entrepreneurs working *in* the interface are not necessarily changing levels of cooperation based in international relative power between states or the country institutional profile for entrepreneurship of their home country *per se*. That function falls to those working *on* the interface.

There are, however, international new ventures that work *in* the interface, while simultaneously taking action to work *on* the interface. An excellent example of this is the African telecommunications company, Celtel. This Ugandan company began in 1998 and acquired inexpensive or even free wireless spectrum licenses in Uganda, Malawi, Zambia, Sierra Leone, and Congo. Soon thereafter they acquired licenses in Gabon, Chad, and the Democratic Republic of the Congo. As the founder of Celtel, Mo Ibrahim, described:

We created a large company, but we created an even larger economy that grew up to support the business . . . You cannot believe how many workers in Africa benefited from one company's setting up shop there. At the time of the sale [in 2005], Celtel was operating in 13 African countries under licenses that covered more than a third of the continent's population. We'd invested more than \$750 million in Africa and helped to bring the benefits of mobile communications to millions of its people (Ibrahim, 2012, p. 44).

As this example illustrates, for Celtel to be successful as an international new venture, they needed to develop domestic institutions that could support their growth as a new venture. These institutions in turn also were able to support the development of other new ventures. But there were also challenges due to the lack of cooperation between states. Ibrahim further said:

The capitals of the two Congos, for example, are near each other, separated by a river. When we first set up in those countries, a wireless call across the border had to be routed via satellite through Europe, at a cost of more than \$3 a minute—a prohibitive expense for local customers. The Congos were so protective of their borders that they didn't like such transmissions anyway. They were fine with our creating traffic within one country, and they were fine with residents' calling other parts of the world, such as Europe. But telecom traffic across government boundaries in Africa? We had to negotiate with both governments for two years before we were allowed to invest in a microwave link across the border, which eventually enabled us to charge just 28 cents a minute. Traffic between the two countries rose 700% the first week we offered that rate (Ibrahim, 2012, p. 43).

In this example, the two Congos were similar in terms of relative power, meaning that they did not have surplus relative power to trade, thus resulting in less cooperation between these states. Combined with a country institutional profile for entrepreneurship that was less entrepreneurial (see, e.g., Decker et al., 2020), Celtel experienced institutionalized drag, which the new venture needed to address. The next section directs our attention to how institutional work can be done *on* the interface to generate momentum for entrepreneurial internationalization.

#### **4. Institutional work and momentum for entrepreneurial internationalization**

So far, we have introduced the interface between international and domestic institutions; and have theorized that these institutions shape the different types of friction between cooperation based in international relative power and country institutional profile for entrepreneurship.



Entrepreneurial actors within states, such as international new ventures, may reflexively act in ways that perpetuate international relative power and entrepreneurial institutions of the states in which they operate (Suddaby et al., 2015). This reflexivity occurs because the cognitive processes of actors pursuing interests through new ventures are understood to be substantially embedded within the rationalities, logics, and language of institutions in a way that delimits the range of potential ideas and plausible or legitimate practices available to them (Cardinale, 2018; Zucker, 1977).

Giddens (1984) described such reflexivity as “the monitored character of the ongoing flow of social life” that, he argues, is “deeply involved in the recursive ordering of social practices” (p. 3). From the perspective of working *on* the interface of institutions affecting entrepreneurial internationalization, reflexivity enables interested actors to imagine alternative realities, develop social skill, and engage in action pursuant to the creation, maintenance, and transformation of institutions. Suddaby and colleagues (2015) theorized that work geared toward affecting institutions requires this reflexivity—reflexivity that can work to direct institutions to accomplish desired goals (e.g., McMullen & Shepherd, 2006). This institutional work, defined as “the purposive action of individuals and organizations aimed at creating, maintaining, and disrupting institutions” (Lawrence & Suddaby, 2006, p. 215), can be initiated and pursued by various actors and can take several different forms (Lawrence & Suddaby, 2006). In the case of work *on* the interface, the role of states is key since they are well-positioned to work *on* both international and domestic institutions and thus able to influence momentum for entrepreneurial internationalization.

#### *4.1. Institutional work on the interface and momentum for entrepreneurial internationalization*

A notable development in research on institutions in past decades builds on Giddens' (1984) notion of reflexivity to explore the practices through which actors mobilize resources to engage in institutional work that changes or maintains existing institutions or establishes new ones (Battilana et al., 2009; Garud et al., 2002; Maguire et al., 2004; Lawrence & Suddaby, 2006; Zietsma & Lawrence, 2010). Scholars have begun to consider states as actors that, as we see it, engage in institutional work. To illustrate, past research has suggested that the Middle East states of Dubai and the United Arab Emirates acted as institutional entrepreneurs by creating institutional infrastructures that enable international entrepreneurship (Nasra & Dacin, 2010). Likewise, China performed entrepreneurial functions by making new institutional arrangements for regional development and environmental protection (Child et al., 2007; Xing et al., 2018).

In our model institutional work enables a view of entrepreneurial internationalization that accounts for the dynamism of relevant institutions in the anarchic international system. The “purposive actions” of states with respect to momentum for entrepreneurial internationalization appear as various forms of institutional work that can be explained more systematically according to the underlying frictions that we have identified (see Figure 2). We therefore next develop theory that illustrates the pertinent institutional work undertaken by states to influence momentum for entrepreneurial internationalization. As illustrated in Figure 3, we theorize how states can maintain, create, and/or transform (Lawrence & Suddaby, 2006; Suddaby & Viale, 2011) the institutions that can enable momentum for entrepreneurial internationalization.

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Insert Figure 3 about here  
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We have argued that cooperation based in international relative power and country

institutional profile for entrepreneurship represent two key elements in the interface between international and domestic institutions. We also have argued that based on these, a predominant condition of institutionalized friction is expected to exist for each sovereign state relative to other states (institutionalized drag, traction, slippage, or glide). While we cannot provide definitive examples of states within these friction conditions without additional research to empirically capture friction in the interface,<sup>3</sup> we can intuit potential examples based on prior research around country institutional profile for entrepreneurship. Busenitz and colleagues (2000) reported levels of country institutional profile for entrepreneurship around the turn of the century. They found that the United States and Sweden were relatively entrepreneurial (as a result of prior institutional work) as compared to Italy and Germany. This would lead us to suggest that international new ventures in Italy and Germany during this time would be more likely to find themselves in conditions of drag and slippage relative to those in the United States and Sweden, which would be more likely to be in conditions of traction and glide. Because we lack empirical observations on cooperation based in international relative power amongst these states for this time period, we can only speculate which states were more versus less cooperative relative to one another. In this respect, future entrepreneurial internationalization research might find that: the condition of institutionalized drag could be exemplified by the experience of new ventures from

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<sup>3</sup> As past research has noted, the measurement of friction in international management research is a challenge (Shenkar, 2012). Our work likewise reflects this complexity of institutions that are extended across time and space at various levels of analysis. There is nevertheless value in future research that explores the question of identifying more specific measures that can inform our understanding of institutionalized friction and its associated contingencies. For example, our theorizing might suggest that friction be instantiated through the development of a measure of cooperation based in international relative power (using, as a basis for this, the work of Baldwin [2016], Hart [1976], Jensen [2003], Leeds [1999], and Mansfield, Milner & Rosendorff [2002] from the international relations literature) that can be combined with specific measures of country institutional profile for entrepreneurship (see, e.g., Busenitz et al., 2000; Stenholm, 2013). The friction condition might then be ascertained through the combination of these measures. The outcomes of friction might also be observed by capturing momentum for entrepreneurial internationalization, which would include the measurement of both temporality and directionality. Future work could also develop specific measures of institutionalized friction in international entrepreneurship. Qualitative and historical research can also empirically inform our understanding of such institutionalized friction.

Italy at that time; the condition of traction could be exemplified by the experience of new ventures from Sweden; the condition of slippage could be exemplified by the experience of new ventures from Germany; and the condition of glide could be exemplified by the experience of new ventures from the United States (at least based on some suppositions from the Busenitz and colleagues [2000] data from that period).

Given that states play an important role in both international and domestic institutions—and, consequently, are involved in whether international new ventures experience conditions of institutionalized drag, traction, slippage and glide—we expect that state actors may sometimes undertake work *on* the interface of international and domestic institutions. In Figure 3, purposive actions that perpetuate the predominant institutional condition are illustrated by arrows that remain within a given box (i.e., maintenance). Also illustrated in Figure 3 are purposive actions that change a predominant condition of institutionalized friction, as depicted by the arrows that cross the boundaries of a given friction condition (i.e., creation and transformation). While states may pursue various forms of institutional work at the international-domestic interface that will adversely affect entrepreneurial internationalization; for the sake of theoretical parsimony we focus only on forms of institutional work that enable momentum for entrepreneurial internationalization. The next sections address each of these types of institutional work.

#### *4.2. Maintaining institutions that enable momentum for entrepreneurial internationalization*

Where institutional conditions exist whereby momentum for entrepreneurial internationalization is deemed satisfactory (e.g., boxes B, or D, where institutionalized traction or glide are the predominant condition), sovereign states can reflexively engage in institutional work processes aimed at maintaining the institutions that enable momentum for entrepreneurial internationalization. This is illustrated by the dashed purple arrows in Figure 3. From the

perspective of working *on* the interface of institutions that enable momentum for entrepreneurial internationalization, this can occur through action geared toward preserving both international institutions of cooperation and domestic institutions of entrepreneurship. The objective of maintaining institutions, consequent to reflexivity of state actors, is to limit dynamism so as to preserve a given condition of institutionalized friction. Hence, as argued by Lawrence and Suddaby (2006), institutions are maintained through “supporting, repairing or recreating the social mechanisms” that engender continuity (p. 230).

The social mechanisms involved in maintaining the country institutional profile for entrepreneurship would include purposive actions around preserving rules and regulations that provide resources to support institutions, and around normative stories that are perpetuated in the public sphere. This can involve providing for the continuity of institutionalized economic, educational, legal, and technological programs through what Lawrence and Suddaby (2006) have described as the enabling work and mythologizing forms of institutional maintenance work. And country institutional profile for entrepreneurship is geared toward fostering high growth potential ventures. In many instances, this involves programs and policies that can provide resources to prospective entrepreneurs in innovation intensive industries. However, as Scherer and Harhoff (2000) noted, governments are often unwilling to sustain the provision of such resources on the grounds that relatively few ventures succeed. Maintaining entrepreneurial institutions can thus involve perpetuating the provision of resources to support such programs and policies in the face of uncertainty and highlighting the stories of those ventures that were successful as a result.

The social mechanisms involved in maintaining cooperation based in international relative power would include purposive actions relating to preserving treaties, alliances, agreements, and programs that exist between states. This can involve providing for the continuity of

institutionalized cultural, diplomatic, fiscal, military, sport, and trade relationships through what Lawrence and Suddaby (2006) have described as the embedding and routinizing forms of institutional maintenance work. Cooperation is a primary means whereby international relative power can be expended in the anarchic international system. For example, taking a short-term perspective with treaties (e.g., exiting due to domestic politics) could be harmful to the overall system of international relations; whereas taking a longer-term perspective to maintaining treaties, alliances, agreements, and programs is helpful to the system overall and to specific states (Eilstrup-Sangiovanni, 2020; Fearon, 1998; Spurling, 2020). In this way, states can be expected to engage in institutional maintenance work processes to enable momentum for entrepreneurial internationalization. This expectation is because the institutional work processes of maintenance conducted and reproduced by states, invokes the reflexivity whereby agents shape the structures within which they function (Giddens, 1984).

#### *4.3. Creating institutions that enable momentum for entrepreneurial internationalization*

Where institutional conditions exist that limit momentum for entrepreneurial internationalization (e.g., for boxes A, or C, where institutionalized drag or slippage occur in the interface between institutions), states can reflexively engage in institutional work processes intended to change such conditions by *creating* institutions that can enable momentum for entrepreneurial internationalization. This can occur through creating institutions related to country institutional profile for entrepreneurship *or* cooperation based in international relative power. As illustrated (solid green arrows in Figure 3), the creation of such institutions occurs through state action that moves the country institutional profile from less to more entrepreneurial (drag to traction, Box A to B; or slippage to glide, Box C to D), or that moves the cooperation based in relative power from less to more cooperative (drag to slippage, Box A to C; or traction

to glide, Box B to D). In this respect, and from the perspective of working *on* the interface of institutions that enable momentum for entrepreneurial internationalization, this can occur through action geared towards establishing new institutions. The objective of creating institutions, consequent to reflexivity of state actors, is to enable dynamism so as to create a new structure (i.e., more cooperation based in international relative power or a more entrepreneurial country institutional profile for entrepreneurship) and thereby change a given condition of institutionalized friction. Moreover, as argued by Lawrence and Suddaby (2006), the role of creating institutions requires an “ability to establish rules and construct rewards and sanctions that enforce those rules... [and] in many fields, such a role is restricted to the state or a delegate of the state” (p. 228).

The social mechanisms involved in creating a given country institutional profile for entrepreneurship would include purposive actions around establishing legislation that justifies the resource allocation to support newly established systems of rewards and sanctions, forging widespread identification with entrepreneurship in the population, and constructing educational systems that develop entrepreneurial expertise. This can involve the creation of institutionalized economic, educational, legal, and technological programs that can support entrepreneurship through what Lawrence and Suddaby (2006) have described as the advocacy, identity construction, and educating forms of institutional creation work. For example, a state can ensure that rewards exist for entrepreneurs to establish high growth potential ventures by establishing conducive intellectual property laws that provide incentives to create high growth potential new ventures; or a state can create laws that limit the use of the non-compete agreements that might prevent entrepreneurs from believing that they can legitimately start businesses (Parker, 2018). Creating entrepreneurial institutions can thus involve establishing the political, technological,

and regulatory support that enables a population with knowledge and skills to envision themselves founding high growth potential ventures.

The social mechanisms involved in creating cooperation based in international relative power would include purposive actions around constructing treaties, alliances, agreements, and programs with other states as a way to effect cooperation with those states as the expectations that emerge therefrom become instantiated in social norms. This can involve the creation of institutionalized cultural, diplomatic, fiscal, military, sport, and trade relationships through what Lawrence and Suddaby (2006) have described as the defining, theorizing, and constructing-normative-networks forms of institutional creation work. For example, summit meetings like the G7 meetings involve extensive preparation and effort in which new agreements are formed in support of future cooperation. An instance of this at the 2021 G7 meeting is the bilateral creation of the “New Atlantic Charter” between the United Kingdom and the United States, in which both countries committed to “building an inclusive, fair, climate-friendly, sustainable, rules-based global economy for the 21st Century” (The White House, 2021). Creating institutions that foster cooperation can thus involve building international support that can enable international actors to collaborate and see themselves as partners in international trade. Taken together, the foregoing institutional work processes of creation conducted and reproduced by states as agents invoke the reflexivity whereby agents shape the structures within which they function (Giddens, 1984), thereby enabling momentum for entrepreneurial internationalization.

#### *4.4. Transforming institutions that enable momentum for entrepreneurial internationalization*

Where institutional conditions exist that limit momentum for entrepreneurial internationalization *and* where reflexivity is manifest by state actors such that they see potential to change both international and domestic institutions to better enable momentum for



entrepreneurial internationalization (i.e., for box A), states have the agency to engage in institutional work processes aimed at *transforming* institutions. This can occur through action geared toward creating the institutions related to country institutional profile for entrepreneurship *and* also toward creating the institutions related to cooperation based in international relative power. As illustrated (the dotted blue arrow in Figure 3), under conditions of institutionalized drag (i.e., less cooperative international institutions and less entrepreneurial domestic institutions) state actors may seek to simultaneously transform *both* international and domestic institutions in the pursuit of greater momentum for entrepreneurial internationalization (drag to glide, Box A to D).

The processes underlying transforming work differ qualitatively from processes of creating work. Giddens (1990) argued that the “push and pull” from the reflexivity that is inherent in the simultaneous interface of two institutions can “combine their power” in transformative ways (p. 73). The objective of transforming institutions, consequent to reflexivity of state actors, is to enable dynamism across structures so as to create two new structures and thereby shift from a condition with the least amount of momentum for entrepreneurial internationalization (institutionalized drag) to one with the most (institutionalized glide).

The social mechanisms involved in transforming simultaneously the country institutional profile for entrepreneurship and cooperation based in international relative power would include purposive actions that enable an interface to be created in a manner that did not heretofore exist. As described by Suddaby and Viale (2011), these are forms of institutional work directed at transformation. They suggest that this can involve defining new uncontested spaces and populating these spaces with new actors. For example, transformational institutional work geared toward defining new uncontested spaces involves the use of language to delineate novel

categories of activity that spill over between domestic programs geared toward the development of high growth potential new ventures and international programs geared toward fostering cooperation between states. In many cases, this is accomplished by mapping new domestic initiatives and programs onto the existing legal and programmatic infrastructures of international institutions that are geared towards supporting international trade and development.

It is instructive that the International Trade Centre<sup>4</sup>, an international development agency dedicated exclusively to supporting the internationalization of small and medium-sized enterprises, emphasizes development of institutions in the least developed countries, landlocked developing countries, and small island developing states (International Trade Centre, 2021). The approach that they adopt is to enable entrepreneurial internationalization by focusing on what we see as the spillover that can happen in transforming work. That is, the work of this agency can enable sovereign states to build cooperation based in regional similarities of country institutional profiles for entrepreneurship (invoking both international and domestic institutions) and can develop country institutional profiles for entrepreneurship through education programs that are international and cooperative in nature (invoking both international and domestic institutions).

While the example of Celtel primarily represents an international new venture working *in* the interface of international and domestic institutions, it also illustrates how an international new venture can be involved in work *on* the interface. That is, as part of addressing the friction conditions that were hindering internationalization, Celtel brought on Salim Ahmed Salim, senior statesman and former leader of the Organisation of African Unity, the predecessor of the African Union, as a Celtel director. In this role, he was able to influence international institutions to reduce the potential for corruption and further enable cooperation between states as a result of

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<sup>4</sup> The International Trade Centre has a joint mandate with the World Trade Organization and the United Nations through the United Nations Conference on Trade and Development (<https://intracen.org/about-us/who-we-are>).

his past work. Such purposive action to work *on* the interface can also be done by states (e.g., the creation of the African Union by state actors in Africa) to develop a new uncontested space that is populated by new actors: i.e., the internationalization of new, high growth potential ventures. With respect to international entrepreneurship, the transformative role of states is to engage in institutional work that generates momentum for entrepreneurial internationalization by invoking the combined power of reflexivity that comes from working on both international and domestic institutions. Thus, by working reflexively *on* the interface, momentum for entrepreneurial internationalization is shaped at the state level such that momentum for entrepreneurial internationalization *in* the interface (i.e., within a given country) also can be influenced to enable increased entrepreneurial internationalization.

## **5. Discussion and Conclusion**

In this paper we propose a framework that models how international and domestic institutions interface with one another to produce the frictions that, in turn, influence momentum for entrepreneurial internationalization. Such momentum for entrepreneurial internationalization matters for international new ventures for several reasons. It is an indicator of future value creation. It represents a reservoir of national entrepreneurial potential with respect to specific interfaces between international and domestic institutions. And it is a force for globalization and benefits such as comparative advantage in trade, which lifts economies worldwide. As such it surfaces an important “piece” to aid in the ongoing assembly of the entrepreneurial internationalization puzzle—to help create a more complete picture for explanations of entrepreneurial action and agency in this important stream of entrepreneurship research (McMullen et al., 2021). By theorizing frictions in the interface between international and

domestic institutions, we explain why and how institutionalized drag, traction, slippage, and glide affect this momentum for entrepreneurial internationalization.

In the following subsections, we offer four primary contributions to the literature and provide suggestions for future research (see Table 1): (A) friction as an entrepreneurial enabler and impediment, (B) entrepreneurial internationalization, (C) institutions and entrepreneurship, and (D) entrepreneurial action and transformation. Column 1 of Table 1 outlines these key areas of study to which we make contributions. Column 2 includes future research questions that build upon past calls for research in this area of study as well as on the future directions that we can envision from our research, and thereby can offer further extensions. Column 2 also articulates the various levels of analysis that can apply to each of these questions.

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Insert Table 1 about here  
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### *5.1 Momentum and friction as entrepreneurial enablers and impediments*

#### *5.1.1 Contribution*

Our theorizing primarily contributes to the growing body of international entrepreneurship research on enablers and impediments to value creation (e.g., Autio, 2017; Clark et al., 2018; Zahra, 2021; Zucchella, 2021). Our core observation is that enduring success in entrepreneurial internationalization depends in part on the momentum for entrepreneurial internationalization. This momentum is influenced by the various friction conditions that arise when international and domestic institutions interface (i.e., the institutionalized friction conditions of drag, traction, slippage, or glide that can either hinder or help entrepreneurial internationalization). These conditions affect firms acting in the interface between international institutions (specifically the

element of cooperation based in international relative power) and domestic institutions (specifically the element of country institutional profile for entrepreneurship.)

We therefore contribute to work on the concept of friction in entrepreneurship and international management research (e.g., McMullen et al., 2021; Shenkar et al., 2008; Zaheer et al., 2012). Such research has applied this concept of friction largely to explain how institutional arrangements that are historically situated such as national cultural and legal institutions often act as impediments or constraints on the success of emergent or established international organizations. In this paper, we have expanded this treatment to include conditions whereby friction also acts as an enabler.

We thus theorize how interfacing institutions can enable institutionalized traction and glide in entrepreneurial internationalization. This theorizing contributes to work on the empowering nature of institutions, which has not received sufficient attention in the literature (e.g., Nasra & Dacin, 2010). We also theorize these impacts in terms of how friction in the interface of international and domestic institutions can hinder and help entrepreneurial internationalization. This theorizing speaks to calls for examining various dimensions of country familiarity such as national institutions, regional competition, and so forth, and how they interact (e.g., Clark et al., 2018). Additionally, we theorize how effecting momentum for entrepreneurial internationalization helps, in part, to overcome the frictions experienced by new ventures such as those with low political clout (e.g., Zahra, 2021), thereby benefitting entrepreneurial internationalization.

### *5.1.2 Future research directions*

Early investigations of entrepreneurial enablers and impediments have included research questions that implicate social frictions without identifying such frictions directly. For example,

past research in international entrepreneurship has sought to shed light on “clashes and conflict between institutions” (Nasra & Dacin, 2010, p. 601), which suggests that friction in an interface between international and domestic institutions represents the contingencies that can become enablers or impediments to entrepreneurship. Past calls for research in this area help to inform our suggestions for future research directions (Table 1, Part A) that investigate how institutions interface with one another to generate frictions that influence momentum for entrepreneurial internationalization both positively and negatively. These past calls (e.g., Clark et al., 2018; Nasra & Dacin, 2010; Zahra, 2021), as well as the extensions that we can envision from our research, lead us to suggest research questions that focus on how international new ventures can take advantage of momentum for entrepreneurial internationalization, which can be better understood in terms of friction *in* the interface. In this sense, future research on friction as an entrepreneurial enabler and impediment can help to further extend understanding of how entrepreneurs can work to exploit interfacing institutional rules and resources to enable momentum for entrepreneurial internationalization.

## *5.2 Entrepreneurial internationalization*

### *5.2.1 Contribution*

We also contribute to entrepreneurial internationalization research. Initial research in this area adopted, as an overarching theoretical concern, the question: what is *entrepreneurial* about international entrepreneurship? (e.g., Jones et al., 2011; McDougall & Oviatt, 2000; McDougall et al., 1994; Oviatt & McDougall, 1997). Consequently, much of the subsequent research on international entrepreneurship has devoted substantial and sustained attention to the phenomenon of international new ventures and, more broadly, to the pursuit of opportunities across national borders. In this paper we draw upon the international relations literature to address further the

complementary question: what is *international* about international entrepreneurship? In doing so, we integrate research from international relations that explains variation in cooperation between sovereign states, and research from entrepreneurship that explains variation in how domestic institutions enable high growth ventures. This combined perspective enables us to contribute to emergent research that seeks to address the role of international and domestic institutions in entrepreneurial internationalization (e.g., Mainela et al., 2014, 2018; McMullen et al., 2021; Nasra & Dacin, 2010; Xing et al., 2018). In this respect, drawing on the international relations literature can further contribute to prior work that has been deepening explanations for what makes entrepreneurial internationalization, in fact, international (see, e.g., Mainela et al., 2018).

In particular, in this paper, we theorize how entrepreneurial internationalization involves dimensions arising from the international-domestic institutional interface in which such action occurs. This theorizing responds to calls for research that can address multidimensionality in the action-oriented thinking of international entrepreneurs that occurs in entrepreneurial internationalization (Zahra et al., 1997; Mitchell et al., 2000). What emerges is theory around how institutions permeate across borders, but also across levels of analysis, thereby to include individuals and their reflexive awareness of such institutions. We also respond to questions that inquire about the strategic pathways taken under various conditions—whether it be in emerging versus developed economies or in the face of a fast-changing and unpredictable international environment (Zahra, 2021; Zucchella, 2021). Specifically, we theorize how institutionalized frictions that hinder entrepreneurial internationalization—such as institutionalized drag and slippage—can be addressed. We also theorize that international entrepreneurs can cope with such challenges, in part, through reflexive awareness of the international-domestic institutional interface in which they operate.

### *5.2.2 Future research directions*

Many early research questions that related to firms crossing borders to create new value, offered a more focused view of the phenomenon of entrepreneurial internationalization (Chiao et al., 2006; George et al., 2005; McDougall & Oviatt, 1996; Mitchell et al., 2000; Oviatt & McDougall, 2005). Later work described many of the broader social aspects of entrepreneurial internationalization (Autio, 2017; Clark et al., 2018; Fernhaber & Li, 2013; Mainela et al. 2014; Milanov & Fernhaber, 2014; Schwens et al., 2018). Past calls for research on entrepreneurial internationalization provide the foundation for us to offer future research directions (Table 1, Part B), that might investigate rapid change, unpredictability, and the strategies firms adopt in the face of such change. These past calls (e.g., Mitchell et al., 2000; Zahra et al., 1997; Zahra, 2021; Zucchella, 2021), as well as the extensions that we can envision from our research, lead us to suggest research investigating the contingent effects of variability in friction conditions in the interface on a variety of phenomena across the various levels of analysis noted. Specifically, we see research questions regarding the strategies that firms adopt in different markets, as well as questions regarding how differences in cognitions and motivations internationally can influence outcomes in entrepreneurial internationalization (see Zahra et al., 2005; Kiss et al., 2020). Thus, there is potential for future research in international entrepreneurship to investigate the role of the international in processes of entrepreneurial internationalization.

## *5.3 Institutions and entrepreneurship*

### *5.3.1 Contribution*

We contribute to research on institutions and entrepreneurship. This is done in part through our more explicit focus on the dynamism engendered by the reflexivity inherent in the structure/agency relationship. Similarly, our theorizing helps scholars appreciate how



institutional work that generates momentum for entrepreneurial internationalization is an undertheorized aspect of the anarchic international system. In particular, we explain the roles of the international new ventures that are working *in* the interface of international and domestic institutions, and the roles of institutional entrepreneurs working *on* the interface of these institutions.

We also contribute to answering open questions in the institutions and entrepreneurship literature around the evolution of institutional relations among state and society. For example, questions surrounding dynamism in institutional and cultural contexts (e.g., Manolova et al., 2010), and questions surrounding the formation of institutions over time (e.g., Nasra & Dacin, 2010) have focused on macro-level institutions (Welter, 2011), and have yet to explore the active processes through which the macro-level institutions are constructed. Accordingly herein, we theorize institutions in international entrepreneurship as being in motion over time and space through institutional work at the international-domestic interface. We also theorize the evolution of state-society relations as specific forms of institutional work (maintenance, creation, and transformation) *on* this interface. International new ventures can have reflexive awareness and influence *in* the interface of international and domestic institutions, creating opportunities given such institution-shaping work. This theorizing responds to recent questions posed by Zahra (2021): “... what role do international new ventures play in shaping the roles of institutions or in creating new institutions?” (2021, p. 6).

### *5.3.2 Future research directions*

Ever since Meyer and Rowan (1977) noted the importance of studying how institutions provide the “building blocks” for new organizations (p. 345), research on the reciprocal relationship between entrepreneurship and institutions has flourished (see, e.g., Scott, 2008; Sine

& David, 2010; Welter, 2011). Insofar as this research has been applied to entrepreneurial internationalization, then, this interconnection of institutions with entrepreneurship has prompted calls for future research. For example, such calls include suggestions for research on: “multiple countries, representing multiple cultural groups and institutional environments” (George et al., 2005, p. 229); the identification of “which informal institutions, perhaps interacting with their formal counterparts, are likely to change and how this might affect international entrepreneurship activities” (Zahra, 2021, p. 6; see also Urbano et al., 2019); “structural variation ... across the coordination possibilities afforded by different institutional arrangements” (Reuber et al., 2018, p. 401); and “the heterogeneity of institutional arrangements across international contexts ... and [the] enabling and empowering nature of institutions” (Nasra & Dacin, 2010, p. 601).

Past calls for research provide the foundation for us to offer additional future research directions (Table 1, Part C) across the various levels of analysis. These past calls (e.g., Manolova et al., 2010; Nasra & Dacin, 2010; Zahra, 2021) as well as the extensions that we can envision from our research include suggestions to investigate the contingencies that exist in the interface between international and domestic institutions—especially as they relate to the nature of the institutional work that can foster momentum for entrepreneurial internationalization. Future research on the international-domestic interface can thus focus on explaining the agency-structure duality that can “leverage contingencies” to bring about desired goals over time (McMullen et al., 2021, p. 1218; McMullen & Shepherd, 2006). Such explanations, especially from the perspective of temporal dynamics, can further extend our understanding of the institutional thinking of both international entrepreneurs and policy makers.

## 5.4 Entrepreneurial action and transformation

### 5.4.1 Contribution

Our theorization in this paper also contributes to research on entrepreneurial action and transformation in entrepreneurial internationalization. This is made possible by our conceptualizing two forms of entrepreneurial action that can enable transformation of structures (see, e.g., McMullen et al., 2021): working *in* the international-domestic interface and working *on* that interface. That is, we have theorized more broadly how entrepreneurial agency and action support new venture internationalization as new ventures are able to work *in* the interface between cooperation based in international relative power and country institutional profile for entrepreneurship. Entrepreneurial actors do so by making conscious, reflexive decisions about the specific interface (e.g., country or countries) in which they seek to internationalize, given the institutions that exist (see, e.g., Vandor & Franke, 2016). We also have explained how state actors engage in processes of institutional maintenance, creation, and transformation work *on* the interface between these institutions. This in turn leads to a more developed approach to explaining the conditions of and contingencies associated with institutionalized friction that can hinder *or* help entrepreneurial internationalization. Transformational entrepreneurial action thereby can be conceptualized using a more nuanced understanding of levels. Such an understanding would include action at the level of international new ventures, but also action at the level of the state within what might be considered alternative hierarchies for levels of analysis (Davidsson & Wiklund, 2001; Coviello & Jones, 2004).

We theorize transformations in terms of institutional work on an international-domestic interface. In this regard, we respond to the need to specify more clearly how entrepreneurs should act to align domestic and foreign knowledge reflexively to transform access to

opportunities and lay the foundation for long-term performance based on firm-specific advantages (Autio, 2017; Vandor & Franke, 2016). In this respect, then, knowledge transformation can be conceptualized in terms of reflexive awareness of, and action within, the international-domestic institutional interface across alternative levels of analysis. Attending to the consequent features of the different manifestations of opportunities, thereby enables us to provide a theoretical basis for how the nature of objects can be shaped and fundamentally changed by its institutional context. This theorization responds to calls for "... future research [to] pay attention to the features of the different manifestations of opportunities, [and especially how such] transformations concern how the relationships between an object and its context shape and fundamentally change the nature of the object" (Mainela et al., 2014, p. 120).

#### *5.4.2 Future research directions*

Since "action is central to most theories of entrepreneurship" (McMullen & Shepherd, 2006, p. 133), it is little wonder that within the study of entrepreneurial internationalization, research questions concerning entrepreneurial action have figured prominently in the entrepreneurship literature. For example, Gilbert, McDougall, and Audretsch (2006) called for research on the effects of negative experience on action both internationally and domestically. Fernhaber and Li (2013) likewise have suggested that "fruitful research on the potential endogeneity between the evolution of networks and the evolution of managers' attention to and action upon the evolving networks is warranted" (pp. 331-332). Mainela and colleagues (2014) have further offered a "definition of an international opportunity ... a situation that both spans and integrates elements from multiple national contexts in which entrepreneurial action and interaction transform the manifestations of economic activity" (2014, p. 120).

Given this prior work, research in the entrepreneurial internationalization literature seems to be focusing in greater measure on entrepreneurial action and transformation. Past calls for research in this area prompt us to offer additional future research directions (Table 1, Part D) that investigate the nature and use of entrepreneurial agency. These past calls (e.g., Autio, 2017; Mainela et al., 2014; Vador & Franke, 2016) as well as the extensions that we can envision from our research include suggestions to investigate the effects of time and friction conditions on entrepreneurial action and structural transformation across the various levels of analysis. We, thus, envision avenues for future research in international entrepreneurship focused on the duality of agency and structure both *in* and *on* the interface between international and domestic institutions. We see interesting possibilities to explore how differences in international and domestic institutions introduce contingencies related to the pursuit of international opportunities and specifically suggest that future work consider the normative implications of our theory, as well as providing an explanation for how momentum for entrepreneurial internationalization is shaped and developed over time.

### *5.5 Conclusion*

Government officials, business executives, and international relations scholars all have projected likely changes in the world order in the next decade (e.g., Blackwill & Wright, 2020; Dalio, 2021; Stares et al., 2020). Thus, our work has importance for the development of explanations that can assist entrepreneurs, corporate executives, policy makers, and researchers, to adapt their work to the new realities of our time. Recent escalations of economic and even military conflicts among states—from trade disputes, protectionism, economic warfare, physical warfare, etc. (Choudhry et al., 2020; Cohen, 2022; De Bièvre & Poletti, 2020; Duran & Ersin, 2020; Ting & Gray, 2019)—point to the critical need to understand the international relations

behind international entrepreneurship, not only for scholarly inquiry, but also for informing decision-making by entrepreneurs and policy makers seeking to act effectively on the global stage. The forms of institutional creation and transformation, which we theorize enable international new ventures working *in* the interface, can sometimes occur quickly (Micelotta et al., 2017). In such a context, reflexive actors can accelerate processes of institutional change (Granqvist & Gustafsson, 2016) through institutional work *on* the interface. Understanding momentum for entrepreneurial internationalization as it is affected by the interface between international and domestic institutions, thus represents a step toward increased dialogue between international entrepreneurship research and international relations research. Perhaps even more importantly, we further explain why, all things being equal, it is harder to internationalize new ventures in and between some countries than in and between others. Such an understanding offers an opportunity to further extend the practical resonance of entrepreneurial internationalization research in an age of international uncertainty.

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**Table 1: Future Directions for Entrepreneurial Internationalization Research\***

Area of Study	Suggestions for Continued Contributions through Future Research
<p><i>A. Friction as an entrepreneurial enabler or impediment</i></p>	<p>How do institutionalized traction and glide in the interface between international and domestic institutions enable/empower international new ventures to create new value in entrepreneurial internationalization? <sup>1b, 1e, 2e</sup></p> <p>How can international new ventures familiarize themselves with interfacing institutions, and any interacting dimensions (e.g., industry, economy, network, state, etc.), such that they can better understand the impact of the frictions between international and domestic institutions? <sup>1b, 1c, 1d, 2b, 2c</sup></p> <p>How can an understanding of friction in the interface between international and domestic institutions enable international new ventures to overcome limitations that arise from working <i>in</i> the interface, and how can such an understanding enable countries to better support such ventures? <sup>1b, 2c</sup></p> <p>How do international entrepreneurs work to take advantage of institutional momentum, to what extent are they successful at doing so, and how might other kinds of frictions influence momentum for entrepreneurial internationalization (e.g., friction between new ventures and states)? <sup>1a-e, 2a-e</sup></p>
<p><i>B. Entrepreneurial internationalization</i></p>	<p>How does an understanding of the interface between international and domestic institutions enable additional constructs drawn from a multi-dimensional perspective on entrepreneurial internationalization efforts to be further identified, related, and explored? <sup>1a-e, 2a-e</sup></p> <p>To what extent do entrepreneurs in international new ventures differ in their cognitive maps with respect to an understanding of institutions and the anarchic international system? <sup>1a, 1b, 2e</sup></p> <p>How do the strategies of international new ventures differ under various friction conditions; and are there qualitative differences in these friction conditions in emerging economies? <sup>1a, 1d, 2c</sup></p> <p>How are changes in the anarchic international system influencing the decision making around entrepreneurial internationalization, and how can an understanding of momentum for entrepreneurial internationalization better enable high quality decision making by entrepreneurs? <sup>1a, 2e</sup></p> <p>What additional capabilities might help in entrepreneurial internationalization in conditions of institutionalized drag or slippage, where momentum is lacking because friction is working against such efforts? <sup>1a, 1b</sup></p>
<p><i>C. Institutions and entrepreneurship</i></p>	<p>How does the institutional work that occurs on the interface between international and domestic institutions contribute to systematic differences in these institutions over time, and to what extent are these stable, convergent, and/or idiosyncratic? <sup>1a-e, 2a-e</sup></p> <p>How do the types of institutional work that states can engage in—the purposeful maintenance, creation, and transformation of institutions—enable evolution in momentum for entrepreneurial internationalization over time, and in what settings and/or contexts? <sup>2c</sup></p> <p>How might the influence of international new ventures working <i>in</i> the interface between international and domestic institutions to shape the work that happens <i>on</i> that interface be better identified and understood? <sup>1b, 2c</sup></p> <p>How do states cultivate and sustain the political will to engage in institutional work to foster momentum for entrepreneurial internationalization? <sup>2c</sup></p> <p>How do states address any unintended consequences that emerge from institutional work to foster momentum for entrepreneurial internationalization (or lack thereof)? <sup>2c</sup></p>



Area of Study	Suggestions for Continued Contributions through Future Research
<i>D. Entrepreneurial action and transformation</i>	<p>How might a contingency-based understanding of an interface between international and domestic institutions, and a set of associated friction conditions, further articulate the features of the different manifestations of international opportunities? <sup>1a-e, 2a-e</sup></p> <p>How does depth of knowledge regarding friction that exists in the interface between international and domestic institutions influence the identification of international opportunities and subsequent action that results? <sup>1a, 1b, 2a</sup></p> <p>What are the normative implications for entrepreneurs and policy makers in terms of acting both <i>in</i> and <i>on</i> the interface between international and domestic institutions? <sup>1a, 2a</sup></p> <p>What are the microfoundations of entrepreneurial agency in the interface between international and domestic institutions (e.g., motivations based in entrepreneurial identity, push/pull factors, social and cultural embeddedness, etc.)? <sup>1a-e, 2a-e</sup></p>

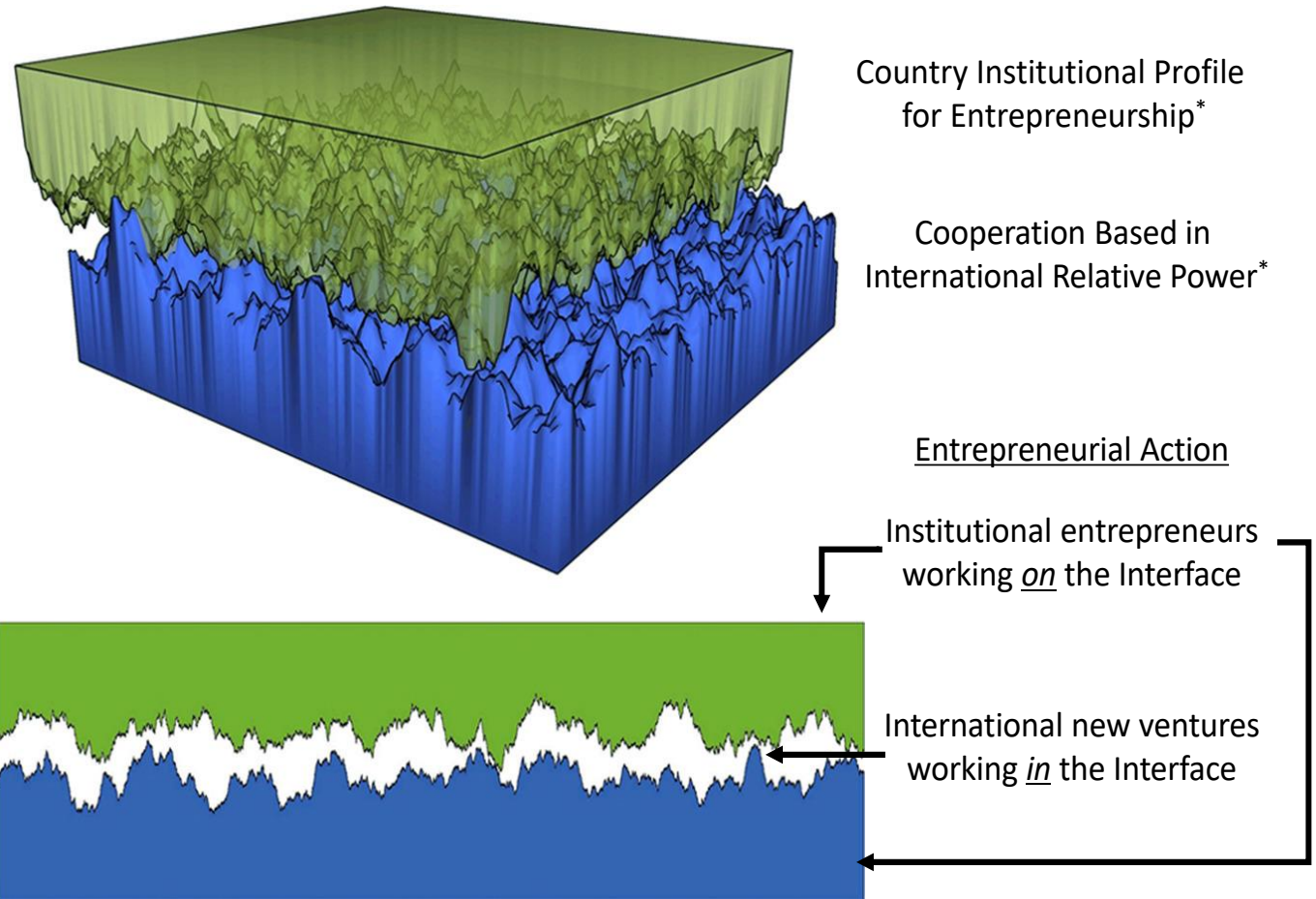
\* Alternative Hierarchies for Levels of Analysis in Interfacing Institutions (Davidsson & Wiklund, 2001; see also Coviello & Jones, 2004):

*Domestic Institutions:* 1a – Individual, 1b – Firm, 1c – Industry, 1d – Economy, 1e – National Systems

*International Institutions:* 2a – Individual, 2b – Network, 2c – State, 2d – Intergovernmental Entities, 2e – Anarchic International System

## Figures

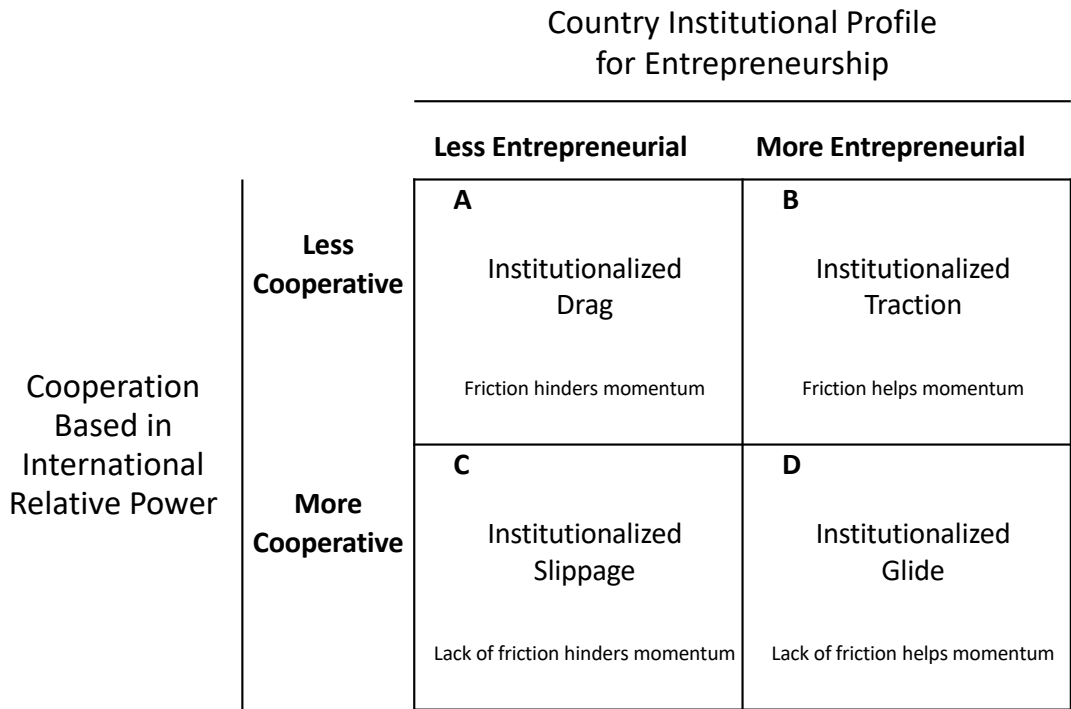
**Figure 1: Entrepreneurial action working *in* and *on* the interface between the institutions of entrepreneurial internationalization**



\* Note that the roughness/smoothness of the surface can vary, contingent upon levels of international *relative* power between states and the nature of entrepreneurial institutions within a country.

Image source: Hanaor, D.A., Gan, Y. and Einav, I., 2016. Static friction at fractal interfaces. Tribology International, 93, .229-238, <https://doi.org/10.1016/j.triboint.2015.09.016> (see graphical abstract)

**Figure 2: A Friction-based Model of Entrepreneurial Internationalization**



**Figure 3: Momentum within a Friction-based Model of Entrepreneurial Internationalization**

