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## Article

# Internationalization of the entrepreneurial activity of social purpose organizations

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## **Internationalization of the Entrepreneurial Activity of Social Purpose Organizations**

### **Abstract**

The objective of this paper is to analyse and identify patterns of international entrepreneurial activity of social purpose organizations. The article utilizes international social entrepreneurship literature to develop an understanding of the international activity of social entrepreneurs and to identify factors that differentiate their activity. A cluster analysis was conducted to identify patterns of international social entrepreneurial activity, which included: the subject of activity, the types of beneficiaries, the scope of activity, and the legal type of organization. As a result, a survey sample of 55 international social ventures was divided into 3 homogeneous groups. The groups were (1) solution providers, (2) entrepreneurial charities, and (3) intermediaries. The results of the analysis show the diversity of the international activities of social entrepreneurs, although only a portion of them operate internationally. These findings contribute to a greater understanding of social entrepreneurs' motivation and the paths of their internationalization activity.

**Keywords:** non-profit organization, social entrepreneur, internationalization, cluster analysis

**JEL:** L26, L31

## Introduction

Selected processes related to business activity apply to social purpose organizations. One of them is economization of activity. Many organizations use business models and tools to generate a surplus, which is used to meet social needs. Others use business tools directly to solve social problems (such as unemployment or social exclusion by offering employment opportunities). One type of these organizations is social enterprises. In some countries special regulations and legal forms have been implemented to enable this kind of activity. Social entrepreneurs usually strive to help people or groups in their local communities, focusing on local problems. But some of the social problems are universal by nature and are present in many communities, and are sometimes global. Some solutions invented by social entrepreneurs are applicable in different places and may be adopted within many communities. Through communication technology and social networks, social activity has become increasingly international.

The objective of this paper is to examine the types of entrepreneurial activities internationalization in organizations that prioritize social goals, and to identify and describe some patterns of their internationalization. A cluster analysis is utilized and the survey sample includes social enterprises conducting entrepreneurial activity, as well as traditional non-profit organizations (such as charities or foundations), that resemble for-profit enterprises at least in a portion of their activities.

The structure of the paper is as follows: first, the social entrepreneurship concept is briefly described. Next, that concept is presented in the context of internationalization. Then, some examples of international social ventures described in the literature are demonstrated and the patterns of international social entrepreneurial activity are identified. To do so, a cluster analysis is conducted within a group of 55 social entrepreneurs. Finally, the results are discussed in the context of previous studies, limitations are pointed out, and recommendations for future research are suggested.

## Entrepreneurial Activity with Social Goal

There is an emerging body of literature on social entrepreneurship and the internationalization of enterprises. Social entrepreneurship is still a relatively new field of knowledge, and its definition is still evolving. Some authors, such as Bornstein and Davis [2010, p. 1], define social entrepreneurship broadly, as “a process by which individuals build or transform institutions to advance solutions to social problems”. Yunus [2008, p. 14] states, that “any innovative initiative to help people may be described as social entrepreneurship”. Mair and Marti [2006, p. 37] are more specific, defining social entrepreneurship as “a process involving the innovative use and combination of resources to pursue opportunities

to catalyse social change and/or address social needs". Zahra et al. [2009, p. 519] perceive social entrepreneurship in a similar way, proposing that it "encompasses the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner". Kerlin [2006, p. 259] has identified several aspects that distinguish social entrepreneurship in the US and Europe, such as focus (revenue generation in the US versus social benefit in Europe), common organisational type, legal framework (which is lacking in the US and "underdeveloped but improving" in Europe), and spectrum of activity (all non-profit activities in the US versus human services in Europe), among others. She found that there are many types of social enterprises, but just a few operate in Europe. Dees and Anderson [2006] have distinguished two schools of thought emerging from the practices of social entrepreneurs in the US. The first is the social enterprise school which focuses on "earned-income activity by non-profits" [p. 44]. The second is the social innovation school, which is rooted in an economic understanding of the term 'entrepreneur' as value creators who revolutionize patterns of production, and is identified with innovations that lead to social change [p. 45].

One of the most common definitional elements of social enterprises is an emphasis on social goals. Peredo and McClean [2006, p. 63] propose "the continuum of social goals", wherein at one extreme enterprise goals may be exclusively social and, at another social goals may be among (but subordinate to) the goals of an enterprise. Furthermore, social ventures explicitly emphasize social impact and change capabilities, which further distinguish them from for-profit enterprises. Comparing social ventures with for-profit ones, which also may have a social impact, for-profits do not invest in social impact and social system change capabilities as a core business [Zahra et al., 2014].

Parallel to the ongoing discussion on social entrepreneurship definitions, attempts to implement regulations in this area have been undertaken in some countries. As a result, different legal forms of social enterprises exist. In some countries the status of a social enterprise may be related to a limited range of activities. They may refer to the labour market and be expected to solve problems connected with the access of disadvantaged groups of people to that market. Researchers gathered in the European Research Network define social enterprises as "organizations with an explicit aim to benefit the community, initiated by a group of citizens and in which the material interest of capital investors is subject to limits. Social enterprises also place a high value on their autonomy and on economic risk-taking related to ongoing socio-economic activity" [Defourny, Nyssens, 2006, p. 5]. The model proposed by the European Research Network distinguishes three sets of criteria (three economic and entrepreneurial, three social, and three related to the participatory governance) according to which entities and initiatives are classified as parts of a social economy. The economic criteria comprise a continuous activity, producing goods and/or selling services, a significant level of economic risk, and a minimum amount of paid work. Social criteria include the explicit aim of benefiting the community, initiatives launched by

groups of citizens or civil society organisations, and a limited profit distribution. Finally, the dimension of participatory governance is characterized by a high degree of autonomy, decision-making power not based on capital ownership, and the involvement of various parties affected by the activity [Defourny, Nyssens, 2012, pp. 12–15].

In EU documents the term ‘social enterprise’ is used to refer to the following types of businesses: (1) those for which the social or societal objectives of the common good are the reason for the commercial activity, often in the form of a high level of social innovation; (2) those where profits are mainly reinvested to achieve a social objective; and (3) those where the method of organisation or ownership system reflects their mission, using democratic or participatory principles or focusing on social justice [European Commission, 2011, p. 2].

In this paper, the broad approach to social entrepreneurship is applied. Accordingly, social entrepreneurs can act both within traditional non-profit organizations (e.g. charities, associations, foundations) and social enterprises (regardless of legal form). These variations can each be called “social purpose organizations”. The broad approach partially addresses the inconsistency of laws, regulations, and legal forms that developed in different countries and their reference to (and, in some countries, very limited) fields of activity. Some social entrepreneurs operate in countries where social entrepreneurship is a novelty concept, not yet reflected in the legal system, and act as charities or business enterprises. To conclude, when examining international social entrepreneurial activity, the diversity and incomparability of local regulations should be taken into account.

## **Internationalization of Entrepreneurial Activity**

One process faced by the non-profit sector is internationalization, which also has an impact on the entrepreneurial activity of social purpose organizations. The internationalization process has been observed in business and examined by researchers representing business schools. In the business context, international entrepreneurship is defined as a process of creatively discovering and exploiting opportunities that lie outside a company’s domestic market in pursuit of competitive advantage [Zahra, George, 2002]. International entrepreneurs are described as “actors (organizations, groups, or individuals) who discover, enact, evaluate, or exploit opportunities to create future goods or services and who cross national borders to do so” [Oviatt, McDougall, 2005, p. 540]. Since social entrepreneurs may be guided by a collectivistic (rather than individualistic) sensibility, and they inherently value collaboration and consensus-building [Hemingway, 2005], they can be expected to look for potential partners, including those located abroad. Social entrepreneurs are expected to be sensitive to social problems regardless their location (in their local area, or abroad), although most of them are “community-based organizations” [Austin et al., 2006]. Therefore, the phenomenon of internationalization occurs also in social entrepreneurship.

To support the development of the theory of internationalization of social entrepreneurial activity, the international entrepreneurship and social entrepreneurship body of knowledge could be applied. However, most definitions of social entrepreneurship focus on local-level problems and activity, and are inapplicable to the international context.

Chen [2012] combines social exchange theory with international new venture theory to provide a framework to analyse international social ventures and identify the conditions for sustaining them. Desa [2012] examines the relationship between institutional theory and resource mobilization in international social entrepreneurship and shows how regulatory, political, and technological institutions affect resource-mobilization in social ventures. Tukamushaba, Orobia and George [2011] propose a conceptual model integrating entrepreneurial intention knowledge in order to explain international social entrepreneurial behaviours and why some individuals can seize international opportunities. They define international social entrepreneurship as “the process of creatively discovering and exploiting social entrepreneurial opportunities overseas with the application of business expertise and market-based skills, with innovative social goods and services, either with or without profit orientation, but with the pivotal objective of creating societal value rather than shareholder wealth in the overseas territories where the enterprise functions” [Tukamushaba et al., 2011, p. 286]. Marshall [2011, p. 185] defines an international for-profit social entrepreneur as “an individual or group who discover, enact, evaluate and exploit opportunities to create social value through the commercial exchange of future goods and services across national borders”. He further develops this definition by underlining that “the social mission obtains primacy (or at the very least, parity) with other goals, and profitability through commercial transactions and the conduct of trade across borders are explicit” [p. 185]. He underscores that the international for-profit social enterprises analysed by him are “committed to a global social issue and maintain a fundamental belief in the market as a transformational mechanism to address the social issue” [p. 196]. Chen [2012, p. 133] finds that many social ventures are international by their very nature, and that “some ventures have been established with funding from sponsors in developed countries in order to benefit people in less-developed countries or else are global ventures that aim to serve a need that exists in several countries”. Some social problems are also universal, occur in many locations, and are expected to be solved there. Some solutions introduced by social entrepreneurs may be implemented to address different challenges in different locations, stimulating the internationalization of entrepreneurial social activities. When social entrepreneurs observe a social need abroad that can be met, they try to meet it (e.g., microcredits offered by Grameen Bank to very poor people for self-employment projects that generate income [Grameen, 2016]).

Examples of international activities of social entrepreneurs described in the literature are presented in Table 1.

Table 1 shows the diverse international activities performed and organised by social enterprises. One goal of this paper is to identify the patterns of these activities.

**TABLE 1. Examples of international activity of social enterprises**

| Social enterprise                      | Scope of activity  | Source                        |
|--|--|-------------------------------|
| GoodWeave International                | Helps inhibit exploitative labour brokers in the carpet-weaving industry.  | Martin and Osberg [2015]      |
| Kiva                                   | A platform that enables small-scale lenders in wealthy countries to lend to small-scale borrowers in poor countries.   |                               |
| Impact Investment Exchange Asia (IIEA) | A platform for social enterprises to raise capital efficiently; IIEA operates the Impact Incubator and Impact Partners platforms to help social enterprises access impact investment capital in private transactions and Impact Exchange, the world's first social stock exchange.                                       | Wajszczak [2016]              |
| Benetech                               | An incubator of technology social ventures, serving beneficiaries in many countries in diverse domains including human rights, literacy, and disability access.  | Desa [2012]                   |
| Vestergaard Frandsen                   | European international company that specializes in disease control along with complex emergency response products; the company is directed by a unique humanitarian entrepreneurship business model, wherein humanitarian responsibility is its core business and the business model is based on 'profit for a purpose'. | Agrawal and Gugnani [2014]    |
| BeadforLife                            | Selling jewellery in the U.S. market made of paper beads by women in Uganda; these producing women began exploiting their domestic market only after first selling abroad.   | Tukamu-shaba et al. [2011]    |
| MayaWorks                              | Distributing a large variety of Mayan handicrafts; the profit is used to provide poor women in Guatemala with economic power through an income generating businesses.  | Rarick et al. [2011]          |
| Speak Shop                             | Improving the quality of life for Guatemalan Spanish tutors and enhancing cross-cultural understanding by offering an on-line Spanish tutoring service.  | Marshall [2011]               |
| Tropical Salvage                       | Is committed to finding alternatives to destructive forest practices and provides work to un- and under-employed craftsmen in Indonesia by manufacturing furniture.  |                               |
| Guayaki                                | Building the capacity of the indigenous peoples to provide livelihoods for themselves by restoring the Amazonian rainforest and producing Yerba mate beverages.  |                               |
| Flores del Sur                         | Providing employment and job training to female heads of household living in extreme poverty in one of Chile's poorest regions by producing fresh flowers (primarily high-quality carnations) grown in a distinctive variety of colours.   | Chen [2012]                   |
| Arzu                                   | Providing sustainable income to Afghan women by selling their rugs; Arzu weavers receive basic health care and above-market compensation for their rugs in international markets; Arzu also focuses on educating weavers' families.  |                               |
| TransFair USA                          | Helping small farmers in 58 countries by certifying their products as fair trade and signing agreements with more than 700 U.S. companies to source fair trade products.   |                               |
| "Studio for Social Creativity"         | Providing the conceptual and practical basis for promoting development in Israel's northern periphery, a region characterized by socio-economic stagnation as well as deep social divisions.   | Friedman and Desivilya [2010] |

Source: own elaboration, based on sources indicated in the third column.

## Dimensions of International Social Entrepreneurial Activity

The activities of international social entrepreneurs are quite diversified. To identify their different patterns, many dimensions have to be considered; the basic one being the subject of activity. The cases reviewed above show that international social entrepreneurs operate in diverse types of activities – some in manufacturing, others in education, or finance. Diversity is driven by the nature of pursued opportunities. Boschee [2006] notes that international social ventures may be entrepreneurial in relation to financial, social, and environmental opportunities. Another dimension is the scale of activity – some social entrepreneurs operate globally, while others focus on particular markets. The scale of activity is affected by the nature of the social problem, resource availability, and the entrepreneur's motivation. The next differentiating factor is how internationalization evolves – some social ventures may start at a local level and gradually expand into foreign markets. Other social ventures are designed as social „born-globals” [Marshall, 2011].

Some attempts to classify international social entrepreneurial activities are described in the literature. Marschall [2011] organizes international for-profit social enterprises through mission primacy (commercial and social) and geographic scope (domestic and international). Zahra et al. [2009] distinguish social entrepreneurs according to how they discover social opportunities (i.e. search processes), determine their impact on the broader social system, and assemble the resources needed to pursue these opportunities. This concept is useful in the internationalization context.

Literature discerns the factors influencing the international development of social ventures. Spear [2006] points out three interacting factors influencing the development of social enterprises internationally: demand side factors (i.e., services wanted by the public from social enterprises as customers); supply side factors (essentially, the supply of social entrepreneurs) and contextual and institutional factors that impact the relationship between the two. Borzaga and Defourny [2001] suggest the following factors explain variations of social enterprise activities among countries in Europe: the development level of economic and social systems, the characteristics of the welfare systems, the role of the traditional third sector, and the nature of the underlying legal systems. Chen [2012] highlights the importance of social exchange structures and socially embedded resources in the success of international social ventures.

To conclude, there are many factors that differentiate international social entrepreneurial activities. One factor is not sufficient to fully classify them. There are many two-dimensional matrixes containing possible variables, all of which classify international social entrepreneurs differently. An example of such classification is presented in Table 2.

In this study, we make no assumptions about the number of factors. However, we contend that the two-dimensional classifications is not sufficient in the case of differentiated populations in international social enterprises. The process of selecting dimensions that



distinguish international social enterprises included two steps. First, seven variables were selected from the literature review and social enterprises previously listed. Second, these variables were initially tested with a survey sample to differentiate the surveyed units, yielding four for further scrutiny. These are: subject of activity; type of beneficiary; scope of activity; and type of organization.

**TABLE 2. Example of two-dimensional matrix classification of international entrepreneurial social activity**

| Scope of activity     | Scope of problem   |  |
|-----------------------|--|--|
|                       | Local problem  | Global problem   |
| Local activity        | (no international)<br>community-based social enterprises | global problem solved by local social enterprises ( <i>"think globally, act locally"</i> ) |
| Cross-border activity | local problem solved by social enterprises from abroad   | global problem solved by global social enterprises   |

Source: own elaboration.

## Research Method

When examining entrepreneurial social activity in the international context, a key problem is the lack of a relevant database. There are no statistics or evidence containing the category "international social enterprises". Moreover, 'international activity' has not been identified as a separate category in previous social enterprises research. In this survey, we rely on Forbes' annual lists of "30 Under 30 Social Entrepreneurs" from 2013–2016 for our data. The social entrepreneurs on these lists are people who use business tools to solve major problem, and "are directing their talent and conviction to better the world" [Carlyle, 2015]. Such an understanding of social entrepreneurship is in line with the US tradition of social entrepreneurship (and its 'social enterprise' and 'social innovation' schools). Although Forbes' description is too imprecise to be considered a definition, it does adequately describe social entrepreneurship as an international phenomenon characterized by a diversity of organizational and legal forms, goals, and activities.

The wide focus group included 150 entrepreneurs, 120 from U.S. and 30 from Europe, of which 55 operate internationally and only these were selected to be further cluster analysed. To better define and understand selected social ventures, the descriptions of their activities provided by Forbes, as well as their respective webpages, were analysed. Every organization (founded or led by a "Forbes' entrepreneur") was assessed in terms of: (1) the subject of their activity: selling products, providing free solutions, helping start social enterprises, cooperating with social enterprises, funding of target groups; (2) type

of beneficiary: individuals or organizations; (3) scope of activity: one or more markets; and (4) legal type of organization: charity/associations, foundations, social enterprises, business enterprises (with a predominate social aim). The characteristics of the surveyed group are presented in Table 3.

**TABLE 3. Characteristics of international social entrepreneurs from Forbes' "30 under 30" lists**

| Dimension                  | Sub-dimension                        | Percentage share of the sample |
|----------------------------|--------------------------------------|--------------------------------|
| subject of activity        | selling products                     | 35%                            |
|                            | providing free solutions             | 27%                            |
|                            | helping to start a social enterprise | 11%                            |
|                            | cooperating with social enterprises  | 11%                            |
|                            | providing funds to a target group    | 16%                            |
| type of beneficiary        | individuals                          | 73%                            |
|                            | organizations                        | 27%                            |
| scope of activity          | one (foreign) market                 | 40%                            |
|                            | more than one market                 | 60%                            |
| legal type of organization | charity/association                  | 15%                            |
|                            | foundation                           | 36%                            |
|                            | social enterprise                    | 22%                            |
|                            | business enterprise                  | 27%                            |

Source: own elaboration, based on [www.forbes.com](http://www.forbes.com)

As presented in Table 3, 40% of surveyed organizations operate within a single market. Operations are considered international when an entrepreneur comes from another country and operates abroad (to solve a problem on a foreign market).

The method that we use to classify multidimensional groups is a cluster analysis. In this paper, the cluster analysis was conducted in two stages. First, an agglomerative hierarchical clustering, using Ward's algorithm and squared Euclidean distances, was employed. Ward's method was chosen because it produces more interpretable clusters as compared to other algorithms [Sharma, Wadhawan, 2009, p. 12]. Using the four variables presented previously, objects were classified into relatively homogeneous groups. By a visual inspection of dendrograms three possible cluster solutions were identified, which provided a taxonomy in terms of accuracy (more than three clusters would diminish the size required for statistical analysis). Furthermore, a non-hierarchical technique, k-means cluster analysis, was used to obtain the cluster description. Finally, three clusters were analysed, which included, respectively, 21, 19 and 15 objects<sup>2</sup>. Their description (number of objects, mean and standard deviation) is presented in Table 4.

**TABLE 4. Mean (and standard deviation) of variables for three final clusters**

| Variables                  | Cluster 1<br>(19 objects) | Cluster 2<br>(21 objects) | Cluster 3<br>(15 objects) |
|----------------------------|---------------------------|---------------------------|---------------------------|
| Subject of activity        | 1,16 (0,37)               | 2,14 (0,65)               | 4,6 (0,51)                |
| Type of beneficiary        | 1,37 (0,49)               | 1,09 (0,30)               | 1,4 (0,51)                |
| Scope of activity          | 1,68 (0,48)               | 1,62 (0,59)               | 1,8 (0,41)                |
| Legal type of organization | 3,58 (0,51)               | 1,81 (0,51)               | 2,53 (1,12)               |

Source: own elaboration.

The values presented in Table 4 show the differences among selected clusters and permit the identification of dimensions that differentiate selected clusters. However, each cluster description requires a qualitative analysis of its structure and characteristics.

## Types of International Social Entrepreneurs

In our subject group the following types of international social entrepreneurs were clustered:

1. solution providers (19 entrepreneurs),
2. entrepreneurial charities (21 entrepreneurs),
3. intermediaries (15 entrepreneurs).

Although the names of some of the clusters mentioned above are known to represent the business world, they also represent entrepreneurs who focus primarily on a social mission, albeit operating similarly to their business counterparts.

Solution providers are social or business ventures selling products that provide solutions to social problems (e.g. the lack of drinkable water or very limited access to health care services). They usually export their products into markets where the social needs occur, and provide solutions directly to individuals facing these problems or to other social ventures that strive to solve social problems. An example of this cluster is the Drinkwell System – a network of entrepreneurs that generate income by selling clean drinking water that can improve the health, wealth, and productivity of the world's poorest populations. Drinkwell uses a micro-franchise model to establish local water businesses in India, Laos, and Cambodia. "By providing affected villagers with water filtration technology and business tools, Drinkwell taps into the entrepreneurial spirit within these communities to create jobs, generate income, and improve health outcomes" [Drinkwell, 2016]. Another example of this group is Coolar. It offers an innovative cooling system that enables doctors to preserve lifesaving medicine, such as vaccines, in a reliable and eco-friendly way by providing refrigerators that run independently from the power grid and are close to carbon

neutral [Coolar, 2016]. Coolar does not directly serve people who are in need but provides a solution to other ventures or individuals who support those in need.

Entrepreneurial charities are non-profit organizations (working as associations or foundations) that provide solutions directly to individuals facing social problems. Their effectiveness depends not only on donations but also on the implementation of their sometimes highly innovative ideas to meet social needs. To solve the problem of poverty, some of them facilitate new businesses by providing resources directly to individuals that want to become entrepreneurs. An example of this behaviour is OneDollarGlasses – an association from Germany that provides simple technology for manufacturing glasses locally in poor regions. The lightweight glasses consist of a flexible spring steel frame and prefabricated lenses, costing approximately 1 USD to produce [OneDollarGlasses, 2016]. Another example is the Local Food Lab – a start-up academy for social entrepreneurs building a healthier food system. It has worked intensively to help 75 start-ups get to market, to scale operations, and to raise capital. It also offers free (or low-cost) online resources to 2,500 entrepreneurs in 51 countries, and has provided in-person training and events to 1,500 entrepreneurs [Carlyle, 2015].

Intermediaries are placed in the value chain of other social ventures, of whom some represent social enterprises or individuals on an external market (sometimes the home market of intermediary). They usually import goods manufactured in developing countries to help increase the incomes of entrepreneurs from those countries through access to foreign markets, and utilize profits to provide social services to entrepreneurs or their local communities. Some intermediaries are positioned between donors and beneficiaries – providing support and also offering some additional value, e.g. enabling donors to measure the social impact of their donation. One representative example of this cluster is Nisolo located in Nashville, TN, and Trujillo, Peru. Nisolo helps talented shoemakers from Peru to grow by gaining access to the global shoe market. They started a fashion label that committed – first and foremost – to ethical production and the well-being of producers. Nisolo supports the employment of over 50 people, facilitates international market access for its producers, pays the trade wages that are higher than fair level, offers skills training, and provides safe working conditions. The results are: “consistent employment, an average income increase of 300% per producer, improved living conditions, inaugural access to education and savings, and above all, dignity and empowerment” [Nisolo, 2016]. Another example is Impact Foundation, which helps donors maximize the impact of their charitable giving. Impact Foundation allows donors to put charitable giving in an Impact Fund, which directs investments and grants according to the investment and program guidelines established by Impact Fund’s board of directors [Impact Foundation, 2016]. This innovative way of managing charitable funds enables different social initiatives to be supported worldwide.

## Discussion

Although our cluster analysis is limited to a particular group of social entrepreneurs, its results correspond to the wider literature review. The results of the cluster analysis confirm the international nature of some social ventures, e.g. those established in less-developed countries with funding from sponsors in developed countries and those focused on needs that exist in many countries (as stated by Chen [2012]) and, furthermore, reveals more possibilities of internationalization. Most of the surveyed objects are examples of social “born-globals”, which were examined by Marshall [2011]. The results reflect the problem of resource mobilization explored by Desa [2012], as well as the significance of the perception of feasibility investigated by Tukamushaba et al. [2011]. The results of the analysis provide examples and patterns of gaining resources internationally and achieving social goals by crossing borders.

Our analysis confirms that the factors identified by Spear [2006], and Borzaga and Defourny [2001] are important in characterizing the development conditions of social entrepreneurship. Moreover, dimensions utilized by Marschall [2011] and Zahra et al. [2009] for distinguishing social enterprises are partly reflected in the research, although other factors (e.g. subject of activity) were proved to be relevant for differentiating and classifying international social entrepreneurs. The selected clusters reflect the diversity of opportunities for social entrepreneurs (as suggested by Boschee [2006]), as they include entrepreneurs focused on different aspects of social problems (e.g. many intermediaries focus mostly on economic issues, whereas the focus of solution providers is on technological issues).

Finally, the results of our cluster analysis suggest an extended definition of international social entrepreneurship. A frequent way to create social value is the cross-border extension of value chains of social ventures and supportive cooperation within these chains; for example intermediaries, which specialize in supporting other social ventures in internationalization. Further research is needed to explore international social value chains and the processes of creating social value in order to reflect them when defining international social entrepreneurship.

This study employed the database created by journalists and practitioners, which reflected their perceptions, rather than the opinions of scientists and academics. On the one hand, this limits the results (since selection criteria are not precisely defined and do not refer to theory). On the other hand, it contributes to the theory by delivering a new approach and examples related to the field. The Forbes’ list was utilized as the only available database and, despite its limits, offers sufficient data for a preliminary study of the internationalization of social entrepreneurship. However, the surveyed sample needs to be developed for advanced studies in the future. The Forbes’ list represents mostly US context (most of the entrepreneurs are somehow connected with the US market, and are

being assessed based on the understanding of social entrepreneurship specific for the US). The study contributes to the interference of different concepts (e.g., analysing concepts that were proposed in the US from the European perspective), and through this, supports theory development. However, future studies may require a database representing different traditions of social entrepreneurship.

The results of our analysis could be questioned depending on assumed definitions of social enterprise. The Forbes list is rooted in the US tradition of social entrepreneurship and, consequently, some clustered entities did not meet formal conditions required in other countries to qualify as “social enterprises”. Moreover, some of them do not meet requirements expressed in certain social enterprise definitions (e.g. regarding profit distribution). Despite that, they are on Forbes list, where social impact seems to be a priority. That refers, especially, to several “solution providers” (for example, to Coolar), as well as to some intermediaries. From a legal perspective, the sample employed in the presented studies consists of entities that are not “social enterprises” in some countries. Other limitations of our results stem from the number of organizations listed (being statistically insufficient) and the quality of data (brief depiction of each enterprise based mainly on entrepreneurs’ self-descriptions; in many cases the information was incomplete concerning the four dimensions of clustering, and additional data was provided by enterprise web-pages). These limitations suggest the need to develop a database of international social enterprises that will include international activity as one social entrepreneurship survey subject (that used to focus more on a local level).

Among Forbes’ social entrepreneurs, 37% operate internationally (in the European sub-group: 50%). An interesting question concerns the level of internationalization in specific countries, considering activity performed by social enterprises. Examination of such activity in Poland shows that there are few social enterprises operating internationally. Examples are: the social cooperative „Pomorzanka” from Starogard Gdański, which produces seat covers for Lufthansa Airlines [Netka, 2015], the social cooperative “Szklany Świat” from Krośnice which exports Christmas ornaments [Luber, 2012], and the social cooperative “Emaus” from Krężnica Jara (near Lublin), which occasionally exports its products (benches made of wood) to local communities in Switzerland [Spółdzielnia Socjalna Emaus, 2016]. Some signs of internationalization could be identified in social enterprises operating in incoming tourism services, which sell their products to foreign tourists (an example is „U Pana Cogito” Pension in Krakow [Koral, 2010]). Comparing these cases with the total number of social entrepreneurs operating in Poland, it can be stated that Polish social entrepreneurs are less international than those listed by Forbes. However, Forbes’ list gathers the most successful or spectacular social entrepreneurs. It is plausible that the share of social entrepreneurs acting internationally is lower than among those listed by Forbes. Estimating the scale of international involvement of social enterprises would require an additional survey (worldwide and on country level).

The clusters formulated from the study have been identified within specific groups of social enterprises and are related to this sample, although they may also be appropriate in other samples. For example, cases presented in the literature (listed in Table 1) may be identified with proposed clusters (e.g. Vestergaard Frandsen as a solution provider, the Studio for Social Creativity as an entrepreneurial charity and MayaWorks as an intermediary). However, utilization of the same methodology in another sample may result in other clusters. For example, Polish social enterprises listed above represent one more pattern of internationalization of entrepreneurial social activity not reflected within clusters derived from Forbes' social entrepreneurs. This pattern could be described as "exporting social enterprises" and is similar to a basic pathway to the internationalization of business enterprises. It involves gradually expanding the market of the manufacturing company, including internationalization (usually after supplying the domestic market). This pattern was not identified within Forbes' social entrepreneurs, where the most spectacular and innovative initiatives are listed, and "exporting social enterprises" are apparently not perceived as either spectacular or innovative.

The clusters presented in this paper are the result of both research methodology and our assumptions. In the case of multidimensional analysis different classifications within the same sample are possible depending on dimensions, possible priorities, and the algorithm used to cluster the units. The resulting clusters vary in some dimensions but are similar to each other in others (in different configurations, depending on particular clusters). For example, some entrepreneurial charities are similar to solution providers when we bear in mind the activities they are engaged in but differ as to legal structure.

## Conclusions

The objective of this paper was to investigate the internationalization of social entrepreneurial activity. This field of research is at its early stages of development and the dominant research method is the case-study. In this paper the cluster analysis was conducted to find patterns of international activity. The clustering was based on four dimensions. Although the research sample was relatively small, 3 homogenous patterns were identified, showing the variety of internationalization in the surveyed group of organizations.

This study contributes to the social entrepreneurship literature through its proposed classification of the international activity of social entrepreneurs and by offering criteria for distinguishing social entrepreneurs in an international context. Since it is based on sampling, the research results should not be viewed as a final classification of international social entrepreneurs.

Future studies may be developed by relying on a larger sample with more variables to identify internationalization patterns. The gaps in this area that need to be addressed

include the following aspects: the development of a theoretical framework supporting social ventures in their internationalization, the scope of their international activity, the efficiency of this activity, and how the knowledge about entrepreneurial processes applies to international social entrepreneurship. Identifying attributes of entrepreneurship (e.g. pro-activeness, innovativeness, risk-taking) that play a dominant role in international social entrepreneurial initiatives, the degree to which social entrepreneurship can be supported by a theory of international entrepreneurship, and how social entrepreneurship theory may support the development of international entrepreneurship theory [Zahra et al., 2014] are also questions awaiting answers. Because some of these questions involve the reasons and determinants of internationalization of entrepreneurial social activity and the constraints faced by social entrepreneurs in the internationalization process, those answers may be helpful for decision-makers.

Internationalization within the social entrepreneurship realm is an ongoing process. We can expect that more and more social entrepreneurs will become international, as there are many reasons to do so.

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## Notes

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<sup>2</sup> The cluster analysis was performed with STATISTICA software [StatSoft, Inc. (2014). STATISTICA (data analysis software system), version 12. www.statsoft.com].

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