Institutional support for entrepreneurship and new venture internationalization

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Institutional support for entrepreneurship and new venture internationalization: Evidence from small firms in Ghana

Abstract

Drawing on institutional theory, we propose that emerging market new venture internationalization is impacted by the entrepreneur-institution fit (the compatibility between home institutional support for entrepreneurship, entrepreneurial alertness, and political ties). Using two sets of primary data from 203 and 194 Ghanaian new ventures respectively, we tested our three-way interaction model. Our results show home country institutional support for entrepreneurship has a positive relationship with new venture internationalization. This relationship appears the strongest for founders with higher levels of entrepreneurial alertness and weaker political ties. This paper enriches the literature of international entrepreneurship and institutional theory by (1) introducing an overlooked entrepreneurship factor, entrepreneurial alertness, to the international entrepreneurship literature; (2) context-theorizing the construct of emerging market new venture internationalization; and (3) drawing upon the context-relevant formal institution (institutional profile for entrepreneurship) and connecting it with the informal institution (political ties) to investigate their impacts on new venture internationalization.

Key words:

Emerging Market; Home Country Institutional Profiles; New Venture; Internationalization; Entrepreneurial Alertness; Political Ties.

1. Introduction

The research on international entrepreneurship has grown substantially in the past decades (Autio, George, & Alexy, 2011; Dimitratos, Voudouris, Plakoyiannaki, & Nakos, 2012; Gabrielsson & Gabrielsson, 2013). The main research object is new ventures defined as "companies six years old or younger" (Brush, 1992) that expand into international markets early in their life cycles (Oviatt & McDougall, 2004; Zahra, Ireland, & Hitt, 2000). However, our understanding of how and why new ventures develop internationalization strategies remains incomplete (Zander, McDougall-Covin, & Rose, 2015). Current research on new venture internationalization has recognized factors such as survival (Puig, González-Loureiro, & Ghauri, 2014), reputation and venture capital type (Park & Lipuma, 2020), entrepreneurs' knowledge (Park, Lipuma, & Prange, 2015), international experience, and growth aspiration (i.e., Gruenhagen, Sawang, Gordon, & Davidsson, 2018) that are influential for new ventures' foreign expansion. However, the effectiveness of these factors can be contingent on the context in which the new venture internationalizes. The issue of context-dependent theorizing needs further emphasis (Zander et al., 2015).

In the literature of new venture internationalization, the context of emerging markets has gained considerable attention mainly because of the increased foreign expansion from emerging market new ventures in the past decades. New ventures in emerging markets encounter a different set of resource constraints and challenges with respect to their internationalization, compared with those from developed countries (Hessels & Terjesen, 2010; Shaw & Darroch, 2004). They have their unique motives and novel strategies of internationalization (Child & Rodrigues, 2005; Elango & Pattnaik, 2007; Ramamurti & Sigh, 2009; Yiu, Lau, & Bruton, 2007). Developed country firms venture abroad to *exploit* existing internal competitive advantages, while emerging market firms expand across borders to *acquire* resources, sustain innovation, and build new competitive advantages (e.g., Greene & Mole, 2006; Luo & Tung, 2018). Emerging market firms venture into foreign markets to escape from the poor institutional home country environments that do not support them to survive or to grow (termed as "institutional escapism") (Witt & Lwein, 2007; Yamakawa, Peng, & Deeds, 2008; Wu & Deng, 2020).

As emerging markets are characterized by underdeveloped institutions with significant institutional voids (Carney, Gedajlovic, & Yang, 2009; Estrin, Mickiewicz, & Stephan, 2013; Mair, Marti, & Ventresca, 2012; Puffer, McCarthy, & Boisot, 2010; Webb, Khoury, & Hitt, 2020; Dieleman, Markus, Rajwani, White, White, & George, 2022), they make it harder for new ventures to survive and grow because they innately endure resource constraints both internally and externally. Fortunately, many new ventures are born with entrepreneurial characteristics which resemble internationalization and reflect the core of their unconventional internationalization strategies (Johanson & Vahlne 2009; Zander, et al., 2015). Accordingly, the entrepreneurial characteristics, together with the institutional environment, may boost or catalyze new ventures' internationalization. However, the investigation into whether and how home country institutional support for entrepreneurship impacts new venture internationalization is remarkably scarce (Wu & Chen, 2014; Cuervo-Cazurra, Luo, Ramamurti, & Ang, 2018). To offset this paucity of research, we seek to shed light on the potential of home country institutional profile for entrepreneurship (Busenitz, Gómez, & Spencer, 2000) to add to important foundations for understanding the degree to which small, new ventures internationalize. Our first research question is, if the home country's institutional environment is supportive of entrepreneurship, would it encourage new ventures' internationalization?

Further, we question whether other contextual factors are magnifying or diminishing this relationship. We theorize about the strength of the impact of institutional support on new venture internationalization by investigating the interactions between institutional support and contextual factors. In the context of emerging markets, despite the harsh institutional environment and the lack of institutional resources, new ventures depend on both internal and external tools to seek opportunities and resources that they need to grow. Internally, emerging market entrepreneurs take advantage of their entrepreneurial alertness to sense, associate, and combine information for potential business opportunities (Tang, Kacmar, & Busenitz, 2012; Lanivich, Smith, Levasseur, Pidduck, Busenitz, & Tang, 2022). Externally, they actively cultivate political ties that serve as a compensation mechanism of the institutional void (Ge, Carney, & Kellermanns, 2019) to reduce the barriers of doing business in the home country. We argue that these two overlooked factors interact with each other and jointly influence the strength of the impact of institutional support for entrepreneurship on new venture internationalization.

We situate our study in Ghana because the World Bank and International Monetary Fund predict Ghana's economic growth rate to be 8.8%, making Ghana the fastest growing emerging economy in 2019 (Fröhlich, 2019). Reemerging as the beacon of Africa's democracy and stability, Ghana is touted as a leader among African frontier markets (Nambware, 2013). We interviewed 855 and 500 local Ghanaian firms in Study 1 and Study 2; and received 203 and 194 complete responses, respectively. Applying confirmatory factor analysis and hierarchical regression analysis, we found that the home country institutional support for entrepreneurship increases the propensity of new ventures' internationalization. Furthermore, this propensity is affected by the entrepreneur-institution fit, that is, the compatibility between institutional support, entrepreneurial alertness, and political ties. Entrepreneurial alertness intensifies the relationship between institutional support and new venture internationalization, while political ties compress the positive effect of entrepreneurial alertness on the relationship between institutional support and internationalization.

By considering new venture internationalization as an entrepreneurial act and building upon the institution-based view, the current research provides an important first step toward identifying the most crucial individual-level, firm-level, and institutional-level factors and testing how they jointly determine new venture internationalization. In responding to Zander et al., (2015), our study contributes to the international entrepreneurship literature in three ways. First, it fills a gap by investigating the impact of *home* country institutional profile on new ventures' internationalization. Second, it adds one piece of explanation on why and when new ventures choose internationalization strategies by bringing in the overlooked factors of entrepreneurial alertness and political ties, helping paint a fuller picture of emerging market new venture internationalization. This study found an offsetting effect between entrepreneurial alertness and political ties on the relationship between home institutional support and internationalization. Third, it provides context-dependent theorizing by exploring the new venture internationalization in the context of emerging markets. Further, the study offers practical implications to both emerging market governments and new ventures. It recommends that emerging market entrepreneurs gauge the levels of entrepreneurial alertness and the domestic political ties to exploit more opportunities abroad. It also suggests that emerging market governments strengthen the institutional support for entrepreneurship to encourage new ventures' internationalization.

2. Theory and Hypotheses

2.1 Home Country Institutional Profiles

Institutional environments within nations are a blend of regulatory, cognitive, and normative systems (Scott, 1995). They help shape firms' behaviors, guide firms' strategic activities, and predict the nature and amount of innovation in the country (North, 1990; Nelson, 1993). Kostova (1997) pointed out that a country's regulatory profile (e.g., government policies), cognitive profile (e.g., widely shared social knowledge), and normative profile (e.g., value systems) can help explain domestic business activities. These three profiles combined are referred to as a country's institutional profile (Kostova, 1997). Busenitz et al. (2000) further developed and validated a measure for country institutional profile for entrepreneurial context. Accordingly, Busenitz et al.'s (2000) country institutional profile explains how regulatory, cognitive, and normative institutions support entrepreneurship development, and provides a solid foundation for exploring cross-national variations in entrepreneurship. Regulatory institutional profile "consists of laws, regulations, and government policies that provide support for new businesses" (Busenitz et al., 2000). Cognitive institutional profile is defined as "the knowledge and skills possessed by the people in a country pertaining to establishing and operating a new business" (Busenitz et al., 2000). Finally, normative institutional profile refers to "the degrees to which a country's residents admire entrepreneurial activity and value creative and innovative thinking" (Busenitz et al., 2000).

Although a country's institutional profile provides a powerful tool for us to examine entrepreneurial development, two gaps have emerged in the current research. First, studies that apply country institutional profile to advance our understanding of international entrepreneurship are remarkably scarce. The few studies that investigate a country's institutional profile have only examined partial institutional profiles. For instance, normative and cognitive country institutional profiles have been found to influence internationalization and new business activities (Arregle, Miller, Hitt, & Beamish, 2016; Muralidharan & Pathak, 2017). Further, these two profiles have been found to moderate the relationship between associational activity and new business activity (Danis, De Clercq, & Olga, 2011; De Clercq, Danis, & Dakhli, 2010). However, to the best of our knowledge, research examining the full country institutional profile (i.e., all three profiles) and its effect on internationalization is limited.

Second, extant research on institutional profiles primarily focuses on *host* countries and regions, leaving the impact of *home* country institutional profiles underexplored. One assumption of the literature on institutions (Scott, 1995; North, 1990; Sobel, 2008) and entrepreneurship (Busenitz et al., 2000; Estrin & Mickiewicz, 2011; Stenholm, Acs, & Wuebker, 2013) is that institutional environments create the settings for individual decision-making, which plays an important role in entrepreneurial cognition. In the case of entrepreneurs' tendency for internationalization, home contextual factors help shape new ventures' behaviors such as early internationalization in the global market (Hayton & Cacciotti, 2013; Liu, Li, & Xue, 2011). It is thus imperative to assess the relationship between home institutional profiles and international entrepreneurship.

It is worth noting that Busenitz et al.'s (2000) cognitive institutional profile differs from Scott's (1995) cognitive-cultural pillar of institutions. Scott's (1995) cognitive institution stresses the cultural framework and embraces a broader scope and multiple levels of culture nested within the broader cultural framework. It addresses the "internal interpretive processes" shaped by "external cultural frameworks" (Scott, 1995). While Busenitz et al.'s (2000) cognitive institutional profile emphasizes cognitions related to entrepreneurial activities, such as knowledge and skills of starting a business.

As institutions are issue-specific and should be considered in regard to a specific phenomenon (Busenitz et al., 2000; Kostova & Roth, 2002; Tang, Yang, Ye, & Khan, 2021), this study intends to glean a relevant piece of the institution from the general institutional environment, namely, institutions that support entrepreneurship, and investigate its impact on new venture internationalization. Accordingly, our paper follows Busenitz et al.'s (2000) construct of the three pillars of institutional profile for entrepreneurship.

2.1.1 Regulatory support

A nation with supportive regulatory institutions for entrepreneurship would formulate laws, regulations, and policies that facilitate new firms' access to financing, reduce their risks, and assist them in acquiring crucial resources for business development and expansion (Busenitz et al., 2000). In addition, regulatory institutions facilitating entrepreneurship help offset the new firms' disadvantages and accentuate their international competitiveness (Luo, Xue, & Han, 2010), and assist new firms in reaching new markets, increasing efficiency, and acquiring strategic assets, that are difficult to obtain in home countries, through internationalization (Cuervo-Cazurra & Genc, 2008; Dunning, 1998). Such governmental assistance may stimulate new ventures to enter foreign markets. Although indirect, existing research offers evidence that outward foreign direct investment in emerging markets such as in Brazil, China, or India has been increased, at least in part, due to these home governments' favorable policies for entrepreneurship (Luo et al., 2010).

2.1.2 Cognitive support

If regulative institutions would serve as hardware to help shape firm behaviors, cognitive institutions would function as software in providing "patterns of thinking, feeling, and acting" (Hofstede, 1991:4) and helping form organizational actors' "interpretive process and actions"

(Ventresca & Mohr, 2002:819). In the case of entrepreneurship, the cognitive dimension reflects matters such as prior experiences in exporting or starting a business, perceived abilities to assemble necessary resources, knowledge about spotting good business opportunities in the home market and/or institutionally distant markets, or confidence in selling products or launching and maintaining a business in the home country and/or on foreign soil (Busenitz et al., 2000; Reynolds, Bosma, Autio, Hunt, De Bono, Servais, Lopez-Garcia, & Chin, 2005).

Further, in countries with higher level of cognitive support, more professional associations exist to help new firms search for information and resources for establishing and operating domestic and foreign business, such as routines and procedures, related industrial conventions, partner selection, and codes of pursuing internationalization for small business. The knowledge of developing a new business in foreign markets may be deeply embedded or even institutionalized in some nations. In contrast, in other countries, a large number of people may have a paucity of deep understanding of the basic steps of starting and operating businesses. Consequently, entrepreneurs in nations with stronger cognitive support should face less cognitive burden given that the information of establishing, operating, and expanding new businesses abroad are widely dispersed (Spencer & Gomez, 2004), and the assistance with market research for exporting and foreign direct investment is easily attainable (Hawkins, 1993). For instance, the knowledge and skills nurtured by strong cognitive institutional environments can help entrepreneurs effectively locate and assemble information for foreign market analysis, make expansion plans, select foreign partners, seek governmental support, and invite external financial capital.

2.1.3 Normative support

In countries with supportive normative institutions for entrepreneurship, entrepreneurial activities and innovative thinking are admired and respected by the public and media (Busenitz & Lau, 1996; Knight, 1997; Tiessen, 1997; Busenitz et. al, 2000). In countries where starting a new business in a foreign market is deemed desirable and valuable, individuals and new ventures are encouraged to apply their resources and human capital to seek, evaluate, and take on entrepreneurial opportunities in global markets. Further, in these countries, international knowledge and cultural differences are embraced to a greater extent. New ventures tend to grasp information crucial for international expansion with lower searching costs (Lu, Xu, & Liu, 2009), have greater risk-taking propensity (Clarke & Liesch, 2017), and are better prepared and confident in expanding or starting business across borders. As a result, they will be more likely to explore new markets, seek efficiency, or acquire strategic assets across national borders despite the associated uncertainty and unpredictability. In contrast, in countries where entrepreneurial activities are associated with negative perceptions (DeSoto, 1989) such as parasitism or profiteering (Hisrich & Grachev, 1993; Manolova, Eunni, & Gyoshev, 2008), individuals are less likely to leverage their personal resources to starting a new business, not to mention starting new business in foreign countries.

In addition, with more foreign firms investing in liberalizing emerging markets, more emerging market firms are exposed to foreign firms in the home market. In countries with strong cognitive and normative institutional support for entrepreneurship, domestic new ventures tend to be encouraged to interact with foreign firms in the home market. This provides domestic new ventures scalable learning opportunities from incumbents and their foreign culture, business norms in the foreign markets, and laying a fine foundation for new ventures' readiness for future internationalization. This interaction may lead domestic firms to actively respond in forms of cost reduction or product innovation, resulting in augmented competitive advantages (Sakakibara & Porter, 2001; Yiu et al., 2007). The augmented competitive advantages, in addition to the knowledge of foreign cultures and foreign market obtained from domestic competitions with foreign firms, enhance small firms' readiness for internationalization and smooth out their transition into foreign markets (Fernhaber, Mcdougall-Covin, & Shepherd, 2009). To summarize, stronger home country institutional support for entrepreneurship (i.e., regulatory, normative, and cognitive support) will encourage small, new ventures to explore international markets. On the basis of the logic and evidence above, we hypothesize that:

> **Hypothesis 1**: Stronger home country institutional support for entrepreneurship is positively associated with new venture internationalization.

2.2 Entrepreneurial Alertness

New ventures are featured with entrepreneurial spirit, which are the innate features of internationalization (Johanson & Vahlne 2009). But surprisingly, very limited research has noticed the influence of entrepreneurial characteristics on internationalization, although they have been widely studied in the domain of entrepreneurship.

Derived from an Austrian economics perspective, Kirzner (1979: 148) defined alertness as an individual's "ability to notice without search opportunities that have been hitherto overlooked." Entrepreneurial alertness helps explain a basic and essential question in entrepreneurship research: why some people, but not others, recognize valuable business opportunities (Shane & Venkataraman, 2000). The behavioral view of alertness suggests that entrepreneurs spend more time searching for information and engage in more non-verbal scanning than managers, hence representing higher alertness (Kaish & Gilad, 1991). The psychological and cognitive perspective of alertness posits that alert individuals are better able to activate chronic schema, notice cues, and break means-ends frameworks (Gaglio, 1997), which ultimately leads to opportunity recognition (Gaglio & Katz, 2001). Similarly, Baron suggested that alert individuals are more likely to "think outside the box" (2004: 232); characterized with higher levels of creativity, optimism, intelligence, and risk perception (2006); and better able to connect "the dots between seemingly unrelated events or trends" (Baron, 2007: 171).

Drawing upon the insights of the cognitive view of alertness, Tang et al. (2012) re-conceptualized alertness as consisting of three distinct dimensions: (1) scanning and searching the external environment to seek new business information, (2) associating and connecting seemingly disparate pieces of information, and (3) evaluating and judging whether the newly-sought and newly-connected information has any business potential. This re-conceptualization of alertness has been utilized to predict individual and organizational outcomes such as career attitudes (Uy, Chan, Sam, Ho, & Chernyshenko, 2015), entrepreneurial intentions (Obschonka, Hahn, & Bajwa, 2018; Westhead & Solesvik, 2016), firm innovation (Levasseur, Tang, Karami, Busenitz, & Kacmar, 2020; Tang, Baron, & Yu, 2021), and new venture performance (Adomako, Danso, Boso, & Narteh, 2018; Amato, Baron, Barbieri, Bélanger, & Pierro, 2017; Crespo, Simões, & Fontes, 2021; Xie & Lv, 2016).

Recent research (i.e., Crespo et. al., 2021) highlighted the key role of entrepreneurial alertness in explaining s' international performance. Along with other researchers (e.g., Adomako et al., 2018; Sambasivan, Abdul, & Yusop, 2009), they argued that high entrepreneurial alertness is positively associated with new venture performance. More specifically, entrepreneurial alertness mediates the relationship between firm capabilities and international performance (Crespo, et al., 2021).

Entrepreneurial alertness (EA) is also a hierarchical set of alertness schemata (Patel, 2019; Rezvani, Lashgari, & Yadolahi Farsi, 2019; Roundy, Harrison, Khavul, Pérez-Nordtvedt, & McGee, 2018) that helps to identify changes in the environment and anticipate the necessary decision-making processes and the intrinsic value of opportunities (Patel, 2019). There are clear affinities in the entrepreneurial alertness schemata and in the dynamic capabilities approach, namely in the sensing and seizing phases. By "connecting the dots" of the existing knowledge and the changes in the environment, firms will afterward make decisions about discarding unnecessary information and supporting the entrepreneurial adaptation during the opportunity development phase, particularly so in international markets (Patel, 2019; Rezvani et al., 2019).

While continuously sensing and anticipating new business opportunities in international markets, identifying the ones that are worth exploring and the ones that should be abandoned, and acting upon those decisions, international new ventures try to improve their performance in international markets (Pinho & Prange, 2016; Roundy et al., 2018). Nevertheless, entrepreneurial alertness builds upon entrepreneurial posture, previous knowledge, and existing routines of identifying valuable external information (Adomako et al., 2018; Patel, 2019; Rezvani et al., 2019).

By extension, we argue that entrepreneurial alertness can also help identify or develop business opportunities in the global marketplace. In a less developed institutional environment, high information asymmetry and low information transparency (Hull, Tang, Tang, & Yang, 2020) make it difficult for entrepreneurs to spot profitable business opportunities. For small new ventures, insufficient resources make it even more difficult to capitalize on the opportunities identified in a timely manner because there is a discrete window as to how long opportunities will last (Tang, Levasseur, Karami, & Busenitz, 2021; Lévesque & Stephan, 2020). In addition, the high volatility of regulatory institutions in emerging economies implies that regulations for foreign expansion may change drastically and quickly. In such harsh institutional environments, a high level of entrepreneurial alertness is critical for new ventures, particularly internationalizing new ventures who strive to identify and exploit opportunities in foreign markets. This capability is considered an "asset of emergingness" (Madhok & Keyhani, 2012). In addition, entrepreneurial alertness does not exist in a vacuum, it is positively associated with organizational capabilities, namely, entrepreneurial orientation, foreign market knowledge, and absorptive capacity (Crespo, et al., 2021). New ventures with high levels of these organizational and entrepreneurial capabilities would be more likely to proactively and innovatively sense and seize opportunities by "connecting the dots" of the existing home and host market knowledge and changes in international markets with a high level of risk-taking orientation. Consistent with these logics, we contend that entrepreneurs with high levels of entrepreneurial alertness will be better able to take advantage of the home country institutional support for entrepreneurship for their new firms to explore and exploit opportunities overseas. Thus, this entrepreneur-institution fit will lead to greater new venture internationalization.

> **Hypothesis 2**: Entrepreneurial alertness moderates the relationship between home country institutional support for entrepreneurship and new venture internationalization so that this focal relationship is intensified when entrepreneurial alertness is higher.

2.3 Political Ties

We further argue that the entrepreneur-institution fit that leads to greater new venture internationalization is contingent on an exclusively critical factor in doing business in the emerging markets: political ties. Although political ties are not limited to emerging markets, the intensity of the efforts in gaining them in emerging markets is highly accentuated because of its value in mitigating the hinders of doing business in the home country and of its substitutive role in filling the rampant institutional void in emerging markets (Ge et al., 2019).

Institutional voids, including the absence or underdevelopment of regulatory systems, contract-enforcing mechanisms, and legal protection of shareholders (Khanna, & Palepu, 1997; Puffer, McCarthy & Boisot, 2010) harshen the business environment for establishing new ventures. It makes emerging market new ventures' growth harder given they are innately disadvantaged by limited internal resources. Thus, new ventures from home countries that have large numbers of institutional voids tend to seek more business opportunities abroad for survival (Adomako, Amankwah-Amoah, Dankwah, Danso, & Donbesuur, 2019; Fariborzi & Keyhani, 2018). To help them survive and grow in the home country, entrepreneurs enthusiastically foster political ties with politicians and government officials because government plays a critical role in business in emerging markets (Dacin, Beal, & Ventresca,1999; Ge et al., 2019).

The political ties (e.g., *Ubuntu* in Africa, *Wasta* in the Middle East) assist entrepreneurs in obtaining preferential market information, tax relief, government subsidies, land, bank credits, complementary technological resources from research institutions and universities (Walsh, Mitchell, Jackson, & Beatty, 2009), interpreting regulations, enforcing contracts, and reducing uncertainties (Batjargal, 2003; Danis et al., 2011; Hillman, Keim, & Schuler, 2004; Lux, Crook, & Woehr, 2011; Peng, 2003; Peng & Luo, 2000). Political ties serve as compensating mechanisms to fill institutional voids and facilitate entrepreneurial growth in the *home* country (Ge et al., 2019).

As a result, political ties also improve firms' ability to endure risks in dynamic environments and place firms in an advantageous position to do business in the home country (Zhang, O'Kane, & Chen, 2020). Emerging market entrepreneurs with strong political ties in the home country enjoy the advantages of easy and quick access to critical resources that are only available to key members of the political network in the home country (Acquaah, 2007). Even with a high level of entrepreneurial alertness to all opportunities across countries, emerging market entrepreneurs tend to be prompted to pay more attention to the favorable opportunities brought by political ties in the home country. This occurs because these opportunities are born with strong institutional support, reduced uncertainty and transaction costs (Hillman, Keim, & Schuler, 2004; Lux, Crok, & Woehr, 2011), and are free from the cost of doing business abroad (Hymer, 1976) and the liability of foreignness (Zaheer, 1997). These emerging market new ventures tend to gain rigidity in terms of sticking to their existing market (Park & Luo, 2001) and reduce the strategic flexibility of adapting resources to explore new opportunities (Gibson & Birkinshaw, 2004).

Although entrepreneurs have a high level of tolerance of risks, they have less propensity to internationalize when the entry barriers to foreign countries, such as perceived cross-cultural risks and the demand for foreign market knowledge are high, compared with the risks of the privileged domestic opportunities brought by political ties (Arbaugh, Camp, & Cox, 2008). Accordingly, strong political ties tend to compress the positive effect of entrepreneurial alertness in capturing and choosing business opportunities abroad. The effects of higher entrepreneurial alertness and stronger political ties will be mutually offsetting, and the effect of institutional support on internationalization will be somewhat mitigated.

Conversely, the effect of entrepreneurial alertness on the relationship between institutional profiles and new venture internationalization tends to restore with weaker political ties. Emerging market entrepreneurs with weaker political ties tend to be more open-minded (Marquis & Qiao, 2020), regard equally both domestic and foreign opportunities prompted by entrepreneurial alertness, and creatively amalgamate all available resources (Luo & Tung, 2018). Due to inadequate resources and limited business opportunities allocated to new ventures with weak political ties in the home institutional environment, emerging market entrepreneurs may consider the opportunities highly in foreign markets. These opportunities are facilitated by favorable trade and foreign investment policies, attractive markets, and other supportive institutional resources that motivate entrepreneurial internationalization activities of small and medium sized enterprises (Jones et al., 2011; Bruton et al., 2010). All of this may be accomplished despite various international business constraints (Johanson & Vahlne, 2009).

In addition, consistent with the insights of selective attention (Johnston & Dark, 1986), with weaker political ties, entrepreneurs will be better able to interpret and synthesize the newly-sought and newly-connected information resulting from high alertness, highlighting the importance of institutional support for new venture internationalization. This will provide an ideal context for new ventures to take advantage of the dual benefits of institutional support for entrepreneurship and entrepreneurial alertness to increasingly consider internationalization opportunities, thereby accelerating the impact of institutional support on internationalization. On the basis of the rationales above, we propose that:

> **Hypothesis 3**: Political ties reduce the moderating effect of entrepreneurial alertness on the focal relationship between the institutional support for entrepreneurship and new venture internationalization. In particular, the positive relationship between institutional support for entrepreneurship and new venture internationalization is the strongest when entrepreneurial alertness is high and political ties are weak.

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Insert Figure 3 about here

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3. Study 1

3.1 Sample and Data Collection

We collected data from small ventures operating in Ghana for three reasons. First, Ghana's open market policy provides an important setting to examine theories based on contextual institutional factors in an emerging economy setting. Second, Ghana is considered a low middle-income country (World Bank, 2018) and has played a leading role as a pioneering democracy since 1992, following a post-colonial history. Ghana has championed contemporary reforms in terms of deregulation, privatization, and liberalization to ease cultural, regulatory, and political constraints. These reforms have helped to cultivate an atmosphere for the development of new ventures (Adomako et al., 2020). Third, the Ghanaian economy has been rated as being among the best performing economies in developing markets (World Bank, 2018) during the last decade, with increased GDP growth rates that outstrip many emerging markets. Therefore, given the impressive reforms in the macro environments of Ghana in the last decade, it is considered an appropriate natural laboratory to investigate how institutional support has propelled international entrepreneurial behaviors.

In Study 1, we sought to assess the reliability, dimensionality, and validity of the institutional support and internationalization scales. In addition, we examine the direct effect of institutional support on the degree of internationalization. A two-part survey was designed and completed by two different respondents within the same firm. Part 1 of the survey included measures for institutional support (completed by founders) and Part 2 asked questions on the degree of internationalization (completed by finance managers).

We derived our sampling frame from the Association of Ghana Industries (AGI) database. The AGI database contained 1,500 active firms operating in Ghana. We selected 855 firms to seek their participation in the study. Our sample met the following criteria: (1) firms classified as independent with no link to any company group, (2) firms owned and controlled by entrepreneurs/founders, (3) firms involved cross-border activities, such as exporting, and (4) firms engaged in their first internationalization within five years of incorporation. We approached the founders (entrepreneurs who had taken part in the inception of the business) of these firms and handed them the questionnaire in person to obtain information on institutional support. These participants were requested to return the questionnaire within two weeks. After two reminders (two weeks and four weeks apart), we received 232 complete responses. To obtain information on internationalization, we approached finance managers of these same 232 firms, and received 209 responses. Discounting missing values, we obtained 203 complete responses, representing a 23.74% response rate for Study 1.

Our sampled firms operated in a variety of industries: food and berevages (17%), financial services (11%), engineering (8%), agro-processing (34%), and texttiles and garments (30%). On average, firms employed 29 full-time employees and were 11 years old. Research on non-response bias indicates population parameters can be over- or under-estimated when respondents and non-respondents differ on variables of interest (Armstrong & Overton, 1977). To investigate the possibility of non-response bias influencing our findings, we compared early (N=122; firms that returned the questionnaire before the deadline) and late respondents (N=81; firms that returned the questionnaire after the deadline) on such variables as firm age, firm size, entrepreneurs' age and education, and industry (Rogelberg & Stanton, 2007). Pearson's chi-square test for categorical variables showed no substantial differences between early and late respondents (Greenwood & Nikulin, 1996).

3.2 Measures

We employed established scales on a seven-point Likert scale ("1" = "strongly disagree" and "7" = "strongly agree") to assess our constructs. Table 1 summarizes the specific items for each measure along with reliability and validity test results.

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We adopted the three-dimensional country institutional profile (CIP) scale (Busenitz *et al.,* 2000) to measure perceived *institutional support* for entrepreneurship at the home country. We deleted one item from regulatory support due to cross loadings (i.e., "Even after failing in an earlier business, the government assists entrepreneurs in starting again."). Thus, four items were used to measure regulatory support, cognitive support, and normative support, respectively. The mean of all twelve items was employed as an overarching measure for institutional support. Several robustness tests were performed to establish the validity and reliability of the CIP scale (see Tables 1 and 2 for more details).

Zahra, Neubaum, and Huse's (2000) four-item scale for *degree of internationalization* has been found to be robust in assessing the intensity of international venturing activities (e.g., Yiu et al., 2007). In this research, we added one item from Acedo and Galán (2011) (i.e., "The firm sells products/services in foreign markets") to better gauge the extent to which firms have already started internationalization activities. This item was added because our CFA models show that five items measure the construct better than four items. Additionally, these five items loaded onto a single factor.

We included six *control variables* which have been found to have the potential to influence small firm internationalization. *Family ownership* was measured by asking respondents whether family members serve on the management team or board of directors ("0" = "yes" and "1" = "no") (Liu, Shi, Wilson, & Wu, 2017). We developed three items to measure *domestic expansion* based on the extant literature (McDougall, 1989; Salomon & Shaver, 2005). We captured *firm age* as the log of the number of years the firm has been operational (George, 2005). *Firm size* was assessed based on the log of the number of employees (Li & Zhang, 2007). *Human capital* was measured with four items (Subramaniam & Youndt, 2005) assessing the overall skill, expertise, and knowledge of employees. Finally, *financial performance* was controlled with five items by asking the finance managers to compare the financial performance of their firms with that of their competitors in the past five years (Greenley & Foxall, 1998; Sheng et al., 2011).

3.3 Reliability and Validity Test

Prior to testing the hypothesized relationships, we estimated a confirmatory factor analysis (CFA) model for all the multi-item constructs to ensure validity and reliability. We followed recommended practices (e.g., Kline, 2015; Hu & Bentler, 1999; Bagozzi & Yi, 2012) in examining the appropriateness and fitness of the data to our model. The CFA provided acceptable fit indices: χ^2/d.f. = 2.29; IFI = 0.92; CFI = 0.91; RMSEA = 0.068 and SRMR = 0.052. The standardized factor loadings for each item were significant at 1%, providing support for convergent validity. Further, the Cronbach's alpha and the composite reliability (CR) values for each construct exceeded the required benchmarks of .70 and .60 respectively, confirming internal consistency of the items used to measure the constructs (Fornell & Larcker 1981). To test discriminant validity of our measures, we calculated the square root of the average variance extracted (AVE) for all multi-item constructs (reported in the diagonal in Table 2). The results indicated that for all constructs, the correlation of each construct with another was smaller than the square root of its AVE, suggesting discriminant validity (Fornell & Larcker, 1981).

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Insert Table 2 about here
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3.4 Hypothesis Testing

Table 2 presents the means, standard deviations, and correlations. We employed hierarchical regression in testing the hypotheses in Study 1. Accordingly, two models were estimated (see Table 3). In Model 1, we estimated the effect of the control variables on the degree of internationalization. In Model 2, we added institutional support and estimated its effect together with the controls on the degree of internationalization. Our results indicated that institutional support for entrepreneurship at the small firms' home country had a positive relationship with the degree of internationalization ($\beta = 0.15$; $t = 2.64$; $p < 0.01$).

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Insert Table 3 about here
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4. Study 2

4.1 Sample and Data Collection

For Study 2, we collected two-wave data to test our three-way interaction model in its entirety. We selected 500 small, manufacturing firms held in the Ghana Business Directory (250 from total of 6,700) and the Ghana Revenue Authority (250 from total of 29,500) databases by telephone to elicit their participation in our study. Our sample met the following criteria: (1) independent entities with no affiliation to any group or companies, (2) firms owned and controlled by entrepreneurs/founders, (3) firms involved in cross-border activities such as exporting, (4) firms engaged in their first internationalization within five years of the incorporation, and (5) firms employing a maximum of 50 full-time employees.

We approached all the 500 firms door-to-door to administer the questionnaires, and received 254 responses (50.08%) from founders of each firm. After cases with missing values were removed, our final sample for Time 1 consisted of 221 firms. To capture informant competency, respondents were subject to a competency test. Each respondent was asked to report on a five-point Likert scale ranging from "1" = "strongly disagree" to "7" = "strongly agree" regarding their (1) accuracy of the information given to us on the questionnaire (mean = 4.08, S.D. = 0.70), (2) knowledge on the issues in the questionnaire (mean = 4.10, S.D. = 0.73), and (3) confidence in providing answers to the questions (mean = 4.19, S.D. =0 .94) (Morgan, Kaleka, & Katsikeas, 2004).

One year later at Time 2, we approached the finance managers of the 221 firms face-to-face to elicit information on the degree of internationalization. We excluded 27 firms because they could not identify their finance managers or the finance managers were also the founders. Hence, we employed 194 complete responses for final analyses, which represented a 38.80% overall response rate. The use of multiple sources of information across two different time points is crucial because using single source information is often associated with common method bias (Chang, van Witteloostuijn, & Eden, 2010). The average firm size was 34 employees and average firm age was 10 years.

4.2 Measures

Similarly, we employed established scales on a seven-point Likert scale ("1" = "strongly disagree" and "7" = "strongly agree") to assess our constructs in Study 2. Table 4 summarizes the specific items for each measure along with reliability and validity test results.

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Insert Table 4 about here
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We adopted the same scales as the ones used in Study 1 to measure perceived *institutional support.* We employed the mean of all twelve items to gauge the overall institutional support. We measured *entrepreneurial alertness* by adopting Tang *et al*.'s (2012) three-dimensional alertness scale. Six items measured scanning and search, three items captured association and connection, and four items tapped evaluation and judgment. To arrive at the overall score for the alertness variable, we estimated the combined mean of these three dimensions. The four-item scale from Sheng, Zhou, and Li (2011) has been documented with sound psychometric properties to measure *political ties* (i.e., firms' network relationships with government officials and politicians) in emerging economies. In this study, we added one item from Acquaah (2007) (i.e., "Top managers at our firm have maintained good relationships with officials in industrial and investment institutions, e.g., Investment Board, Export Promotion Council, Ghana Stock Exchange.") because this item more specifically gauged the situation for firms in Ghana. Finally, in order to capture the *degree of internationalization*, we employed the same scale as the one used in Study 1. We also adopted the same set of *control variables* as those used in Study 1.

4.3 Construct Validity and Reliability

Using the same approach as study 1, we performed CFA to ensure that our measurement items were valid and reliable. Following recommended practices (e.g., Kline, 2015; Hu & Bentler, 1999; Bagozzi & Yi, 2012), we used various CFA fit indices to evaluate the appropriateness and fitness of the data to our model. The CFA provided acceptable fit indices: χ^2/d.f. = 1.65; IFI = 0.93; CFI = 0.93; RMSEA = 0.057 and SRMR = 0.052. Further, the standardized factor loadings for each item were all significant (as shown in Table 4). Additionally, the Cronbach alpha values ranged from 0.92 to 0.84, while the CR values ranged from 0.95 to 0.84, confirming internal consistency of the measurement items. Finally, we used the same approach as in study 1 to test discriminant validity. Discriminant validity was established because the correlation of each construct with one another was lower than the square root of its AVE (reported in the diagonal in Table 5).

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Insert Table 5 about here
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4.4 Hypotheses Testing

Table 5 summarizes the means, standard deviations, and correlations. We employed hierarchical regression to test the hypothesized relationships. To create the interaction terms (both two-way and three-way interactions), the relevant variables were mean centered before their cross products (multiplicative terms) were calculated. The mean centered variables help remedy potential multicollinearity issues. As shown in Table 6, the highest variance inflator factor (VIF) was 1.77, which was lower than the threshold of 10 (Aiken, West, & Reno, 1991) and reduced concerns of multicollinearity. Using the stepwise regression procedure, we estimated 4 models. Model 1 showed the effects of control variables on degree of internationalization. Model 2 added the direct effect of institutional support. Model 3 included the two-way interaction variables (institutional support *x* entrepreneurial alertness), while Model 4 estimated the effect of the three-way multiplicative term (institutional support *x* entrepreneurial alertness *x* political ties).

Hypothesis 1 predicted that institutional support was positively related to the degree of internationalization, which was supported ($\beta = 0.29$, $t = 4.31$, $p < .01$). Similarly, we found support for Hypothesis 2 that entrepreneurial alertness positively moderated the relationship between institutional support and the degree of internationalization ($\beta = 0.22$, $t= 3.27$, $p < .01$).

Lastly, we found empirical support for Hypothesis 3 predicting that political ties negatively moderated the positive interactive effect of institutional support and entrepreneurial alertness on the degree of internationalization ($\beta = -0.18$, $t = -2.86$, $p < .01$).

To better understand and interpret the significance of the two-way and three-way interaction terms on the degree of internalization, we followed recommended practices (Aiken, West, & Reno, 1991) and plotted (1) the effect of the two-way interaction between institutional support and entrepreneurial alertness (Figure 1), and (2) the effect of the three-way interaction between institutional support, entrepreneurial alertness, and political ties on the firms' degree of internationalization (Figure 2). Data points for plotting these Figures were computed based on +/- 1 standard deviation for institutional support, entrepreneurial alertness, and political ties. As depicted in Figure 1, the relationship between institutional support and degree of internationalization is stronger for individuals who are high in alertness, providing further support for H2. Furthermore, as shown in Figure 2, consistent with our predictions in H3, the trajectory of these slopes reveals that the relationship between institutional support and the degree of internationalization is the strongest when entrepreneurial alertness is high and political ties are low.

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Insert Figures 1 & 2 about here

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4.5. Robustness check

To ensure robustness of our empirical findings, we undertook a further test using two industry related factors – *environmental dynamism* and *competitive intensity* as controls. This analysis revealed no significant changes (either in direction or magnitude) relative to the initial results – thus, indicating that the industry related factors have no effect on the study findings.

5. Discussion

Drawing on institutional theory, international entrepreneurship, and international business literature, this study investigated the impact of home country's institutional profiles for entrepreneurship on new venture internationalization. As Johanson and Vahlne (2009) pointed out, internationalization innately features entrepreneurial spirit. Our paper echoed and extended this notion by examining the association between home country institutional support for entrepreneurship and new venture internationalization. Our results verified that entrepreneurs tend to seek and exploit business opportunities abroad if armed with bricolage and knowledge and skills of spotting and developing new business opportunities (cognitive institutions), cultivated with admiration and respect of starting new businesses (normative institutions), and assisted by favorable regulatory support (regulative institutions) in the home country.

While abundant literature suggests that the *host* country institutional environment exerts considerable influence on new venture's decision of internationalization, our paper proclaims that the *home* country institutional environment plays an significent role in new ventures' internationalization, responding to the call on better understanding the effect of home country context on internationalization (Cuervo-Cazurra et al., 2018; Marano et al., 2016; Zander et al., 2015). This holistic view of home and host country institutions' impacts may be justified by the "push and pull" theory where firms are pushed to go abroad by forces (e.g., strong support for entrepreneurial activities, undeveloped institutions to support small business) in the home countries and pulled by the advantageous business environment in foreign countries (Segal, Borgia, & Schoenfeld, 2005).

In addition, the effect of home country institutional support for entrepreneurship on new ventures' decisions to go international is contingent upon both individual-level and firm-level factors. With regard to individual characteristics, new venture internationalization may vary depending on how alert entrepreneurs are to detect opportunities. Our results reveal that high levels of entrepreneurial alertness magnify the effect of home country institutional support on new venture internationalization. That is, entrepreneurs with high alertness are more likely to take advantage of the institutional support for entrepreneurship to seek business opportunities abroad. This is particularly true for entrepreneurs in emerging markets where access to crucial resources for survival and growth is limited.

With regard to firm-level characteristics, we found that firm political ties are further shaped by the moderating effect of entrepreneurial alertness. In emerging markets, informal institutions, such as political ties, often serve as a substituting mechanism for filling institutional voids (Batjargal, 2003; Peng, 2003; Peng & Luo, 2000; Danis et al., 2011). Under such circumstances, emerging market entrepreneurs may find it particularly difficult to acquire critical or scarce resources (Zimmerman & Zeitz, 2002) in the home country unless they have access to substitute mechanisms such as political ties to overcome inefficient institutional structures in home countries (Puffer & McCarthy, 2001). Our results showed that entrepreneurs with weak political ties would be more likely to escalate their entrepreneurial alertness to search for critical resources and markets across borders. As indicated in Figure 2, home country institutional support for entrepreneurship has the strongest impact on new venture internationalization when entrepreneurs have high levels of alertness and new ventures have weaker political ties (slope 2). Aligned with our arguments, Figure 2 shows that strong political ties compress the moderating effect of entrepreneurial alertness on the institutional support for entrepreneurship – augmenting new venture internationalization relationships when entrepreneurial alertness is high (slope 1). When entrepreneurial alertness is low, the compressing effect of political ties on the moderating role of alertness is weaker (slope 3). Consistent with Hypothesis 3, the slopes in Figure 2 indicate that when entrepreneurs are highly alert to business opportunities, stronger political ties prompt entrepreneurs to weigh domestic opportunities born from political ties more heavily, further distracting entrepreneurs from international opportunities. Entrepreneurs with lower alertness would be less affected because they may detect fewer international opportunities.

Although not predicted, Figure 2 illustrated that low levels of alertness combined with low political ties changed the nature of the relationship between institutional profiles for entrepreneurship and new venture internationalization by turning this connection into a negative relationship (slope 4). This suggests that when home institutions provide weak support for entrepreneurship, entrepreneurs with low alertness and weak political ties are more likely to seek opportunities in foreign markets, because entrepreneurs have limited institutional support for starting a new business in the home country, nor do they have network with governments to gain privilege access to resources they need to establish new business. Although they have low entrepreneurial alertness, they are pushed toward outside their home country because of limited available or detectable institutional support to establish new business in the home country. On the contrary, when home institutions provide strong support for entrepreneurs (e.g., a resourceful domestic environment for survival and growth), entrepreneurs with low alertness and weak political ties are less likely to internationalize. It indicates that entrepreneurs with limited alertness to spot business opportunities and restricted access to valuable resources that are only available to members within the political network, they would mainly rely on the strong institutional support for entrepreneurship to grow new business, sticking with domestic opportunities, and leaving international opportunities uncaptured. These results are aligned with our argument that the compatibility among institutional support, entrepreneurial alertness, and political ties jointly affects the strength of the impact of institutional support for entrepreneurship on new venture internationalization.

6. Contributions and suggestions for future research

Recent research has investigated firm internationalization by considering the home context of emerging market. However, some research focuses on the impact of home institutions on firm internationalization without considering the entrepreneurial feature of new venture, some concentrate on the impact of general home institution on firm internationalization without gleaning a subject-relevant institution, and some research looks at the home institution’s impact on firm internationalization without differentiating the origin of home countries which may sidetrack the motivations of internationalization. While current research has partially considered some of the factors, few studies of new venture internationalization embrace all the key factors that may make new venture internationalization a unique phenomenon. Our paper takes into account the entrepreneurial feature of new ventures, topic-relevant home institutions, and the home context of an emerging market to further develop the theory of why and under what circumstances new ventures internationalize.

Our study offers several contributions to research on international entrepreneurship and emerging markets. First, although a multitude of research has examined various institutional and organizational factors that influence new ventures’ internationalization strategies, the effect of entrepreneurship-relevant factors remains overlooked (Zander et al., 2015). This study enriches the literature by introducing entrepreneurial alertness (Kirzner, 1979; Tang et al., 2012), a construct of critical importance in entrepreneurship research, as an integral part in the emerging market new venture internationalization process. This is aligned with previous research resembling new venture internationalization as an entrepreneurial act (Johanson & Vahlne, 2009).

Second, political ties, as informal institutions, have been found to be crucial for firms to obtain competitive advantages, particularly in emerging economies (Peng & Luo, 2000). However, systematic insights into the interconnections between formal institutions (e.g., regulatory, cognitive, and normative institutions) and informal institutions (e.g., political ties) and their effects on emerging market firms' internationalization are still lacking. Integrating these two prominent factors with a crucial individual characteristic germane to entrepreneurship (i.e., entrepreneurial alertness), our findings provide additional, confirming evidence for the influence of political ties on emerging market new venture internationalization.

Third, this study explores the effect of a *home* country institutional environment on emerging market new ventures' internationalization, which is severely underexplored in both international business and entrepreneurship research (Cuervo-Cazurra et al., 2018; Marano et al., 2016; Zander et al., 2015). The investigation of a home institutional profile provides a theoretically integrated picture on the impact of environmental factors on new venture internationalization.

In addition, it provides context-dependent theorizing by exploring the new venture internationalization in the context of emerging markets, which is underexplored in the international entrepreneurship literature (Zander et al., 2015). Lastly, as a departure from previous research examining generalized institutions, the study fills a gap by focusing on the impact of a home country institutional profile concerning the specific domain of support for entrepreneurship (Brouthers, 2013; Bruton, Ahlstrom, & Puky, 2009; Busenitz et.al., 2000; Kostova & Roth, 2002). This is important because "countries' institutional profiles lose meaning when they are generalized across a broad set of issues" (Busenitz et al., 2000: 995). By considering country institutional profiles in the domain of entrepreneurship, the current research provides a new approach to understanding how and why new venture internationalization varies.

Our study also provides practical implications. From the emerging market entrepreneurs' standpoint, the current study recommends that they sharpen their entrepreneurial alertness and enfeeble domestic political ties in order to identify and exploit more business opportunities in foreign markets. For emerging market governments, our study suggests that they strengthen the institutional support for entrepreneurship to help boost new ventures' exporting and outward foreign direct investment.

Future research is invited to extend our study by investigating the dynamic influence of both home and host country institutional profiles for entrepreneurship on firm internationalization. In addition, future research is warranted to examine firm-level characteristics germane to entrepreneurship, such as entrepreneurial orientation, and their effect on new ventures' foreign market entry strategies. Besides, a finer-grained examination of institutional profiles on individual-level characteristics related to entrepreneurship, such as opportunity-based vs. necessity-based entrepreneurship (Amorós, Ciravegna, Mandakovic, & Stenholm, 2019), would be very interesting. Finally, it would be noteworthy to investigate whether political ties and entrepreneurial alertness jointly exert any impact on new venture internationalization in institutionally developed countries. Considering that political ties are more valuable for firms doing business in emerging markets (Sheng, et al., 2011; Peng & Luo, 2000), it is likely that political ties may exhibit a different pattern and interact in a different form with entrepreneurial alertness in their impact on emerging market new venture internationalization.

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Table 1: Measures and Results of Reliability and Validity Tests for Study 1

Measurement Items	Standardized Loadings
Institutional Support: α = 0.88 CR = 0.87 AVE = 0.65	
Regulatory support	
Government organizations in this country assist individuals with starting their own business	0.85
The government sets aside government contracts for new and small businesses	0.88
Local and national governments have special support available for individuals who want to start a new business	0.86
The government sponsors organizations that help new businesses develop	0.84
Cognitive support	
Individuals know how to legally protect a new business	0.79
Those who start new businesses know how to deal with much risk	0.89
Those who start new businesses know how to manage risk	0.85
Most people know where to find information about markets for their products	0.76
Normative support	
Turning new ideas into businesses is an admired career path in this country	0.75
In this country, innovative and creative thinking is viewed as the route to success	0.78
Entrepreneurs are admired in this country	0.86
People in this country tend to greatly admire those who start their own business	0.79
Degree of Internationalization: α = 0.94 CR = 0.95 AVE = 0.76	
Entering new foreign markets	0.82
Expanding your international operations	0.89
Supporting start-up business activities dedicated to international operations	0.91
Financing start-up business activities dedicated to international operations	0.86
The firm sells product/services in foreign markets	0.88
Human Capital: α = 0.87 CR = 0.87 AVE = 0.63	
Our employees are highly skilled	0.65
Our employees are widely considered the best in our industry	0.86
Our employees are creative and bright	0.85
Our employees are experts in their particular jobs and functions	0.79
Financial Performance: α = 0.89 CR = 0.90 AVE = 0.58	
Profitability	0.78
Net profit margin	0.75
Return on investment	0.80
Return on assets	0.77
Return on equity	0.72
Domestic Expansion: α = 0.84 CR = 0.88 AVE = 0.71	
The business has expanded to other regions in the country in recent years	0.86
The business has opened new offices around the country	0.84
We are keen to develop new distribution contracts around the country	0.83

Table 2: Means, Standard Deviations, and Correlations for Study 1

	M	SD	1	2	3	4	5	6	7	8
Firm size#	3.29	0.42								
Firm age#	2.28	0.45	0.22**							
Ownership†	----	---	0.09	0.04						
Financial performance	5.24	0.80	-0.11*	0.10*	-0.01	(0.76)				
Domestic expansion	4.57	1.37	0.04	0.10*	0.04	0.44**	(0.84)			
Human capital	5.80	0.87	-0.14*	0.05	-0.08	0.43**	0.32**	(0.79)		
Institutional support	4.81	0.85	-0.13*	0.07	0.00	0.38**	0.29**	0.46**	(0.80)	
Degree of internationalization	4.46	1.35	0.01	0.13*	0.04	0.48**	0.65**	0.34**	0.38**	(0.87)

* $p < 0.05$ ** $p < 0.01$ #: Natural logarithm transformation of the original values
M = Mean; SD = Standard Deviation; † = Dummy variable

Table 3: Regression Results for Study 1

	Degree of Internationalization	
	Model 1	**Model 2**
Controls		
Family Ownership†	0.02 (0.48)	0.02 (0.34)
Human Capital	0.04 (0.77)	-0.04 (-0.05)
Firm Size #	0.05 (0.94)	0.06 (1.15)
Firm Age#	0.04 (0.68)	0.02 (0.34)
Domestic Expansion	0.52 (8.94) **	0.51 (8.77) **
Financial Performance	0.19 (3.24) **	0.17 (2.78) *
Main effect		
Institutional Support		0.15 (2.61) *
Model Fit		
R^2	0.47	0.49
ΔR^2	---	0.2

Standardized coefficients were reported with t-values in parentheses (two-tailed test).
* $p < 0.05$ ** $p < 0.01$ #: Natural logarithm transformation of the original values.
† = Dummy variable

Table 4: Measures and Results of Reliability and Validity Tests for Study 2

	Standardized Loadings
Institutional Support: ***α = 0.87 CR = 0.86 AVE = 0.62***	
Regulatory support	
Government organizations in this country assist individuals with starting their own business	0.70
The government sets aside government contracts for new and small businesses	0.88
Local and national governments have special support available for individuals who want to start a new business	0.90
The government sponsors organizations that help new businesses develop	0.81
Cognitive support	
Individuals know how to legally protect a new business	0.66
Those who start new businesses know how to deal with much risk	0.82
Those who start new businesses know how to manage risk	0.89
Most people know where to find information about markets for their products	0.84
Normative support	
Turning new ideas into businesses is an admired career path in this country	0.67

In this country, innovative and creative thinking is viewed as the route to success	0.92
Entrepreneurs are admired in this country	0.65
People in this country tend to greatly admire those who start their own business	0.62
Entrepreneurial Alertness: ***α = 0.87 CR = 0.88 AVE = 0.67***	
Scanning and search	
I have frequent interactions with others to acquire new information	0.83
I always keep an eye out for new business ideas when looking for information	0.95
I read newspapers, magazines, or trade publications regularly to acquire new information	0.75
I browse the Internet every day	0.63
I am an avid information seeker	0.81
I am always actively looking for new information	0.84
Association and connection	
I see links between seemingly unrelated pieces of information	0.89
I am good at 'connecting dots'	0.71
I often see connections between previously unconnected domains of information	0.86
Evaluation and judgement	
I have a gut feeling for potential opportunities	0.81
I can distinguish between profitable opportunities and not-so-profitable opportunities	0.84
I have a knack for telling high-value opportunities apart from low-value opportunities	0.77
When facing multiple opportunities, I am able to select the good ones	0.80
Political Ties*: α = 0.85 CR =0 .86 AVE= 0.55*	
Top managers at our firm have maintained good personal relationships with officials in various levels of government	0.71
So far, our firm's relationship with regional government officials has been in a good shape	0.68
Our firm has spent substantial resources in building relationships with government officials	0.67
Top managers at our firm have developed good connections with officials in regulatory and supporting organizations such as tax bureaus, state banks, and commercial administration bureaus	0.86
Top managers at our firm have maintained good relationships with officials in industrial and investment institutions (e.g., Investment Board, Export Promotion Council, Ghana Stock Exchange)	0.77
Degree of Internationalization*: α =0 .85 CR =0 .87 AVE= 0.58*	
Entering new foreign markets	0.61
Expanding your international operations	0.71
Supporting start-up business activities dedicated to international operations	0.77
Financing start-up business activities dedicated to international operations	0.92
The firm sells product/services in foreign market	0.75
Human Capital*: α = 0.88 CR = 0.87 AVE=0 .63*	
Our employees are highly skilled	0.67
Our employees are widely considered the best in our industry	0.80
Our employees are creative and bright	0.88
Our employees are experts in their particular jobs and functions	0.81
Domestic Expansion: α ***=0 .84 CR = 0.84 AVE= 0.64***	
The business has expanded to other regions in the country in recent years	0.82
The business has opened new offices around the country	0.82
We are keen to develop new distribution contracts around the country	0.76
Financial performance: α =0 .86 CR = 0.86 AVE= 0.56	
Profitability	0.74
Net profit margin	0.82
Return on investment	0.71
Return on assets	0.73
Return on equity	0.73

Table 5: Means, Standard Deviations, and Correlations for Study 2

	M	*SD*	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*
Firm age #	2.21	0.35										
Firm size #	3.80	0.62	0.62**									
Ownership†	---	----	0.01	0.03								
Financial performance	5.53	0.98	-0.09	-0.11*	0.13*	(0.75)						
Domestic expansion	5.25	0.79	0.07	0.02	-0.10*	-0.03	(0.80)					
Human capital	5.14	1.22	-0.02	-0.11*	-0.09	0.07	0.11*	(0.79)				
Institutional support	4.71	0.88	-0.03	-0.02	0.00	0.11*	-0.10	0.10*	(0.78)			
Entrepreneurial alertness	4.83	0.71	0.00	0.00	-0.01	0.16**	0.07	0.12*	.19**	(0.81)		
Political ties	4.35	0.76	0.13*	-0.05	0.10*	0.26**	-0.23*	0.09	-0.02	0.06	(0.74)	
Degree of internationalization	4.86	1.01	-0.07	-0.08	-0.08	0.26**	0.09	0.06	.30**	.11*	0.26**	(0.76)

* $p < 0.05$ ** $p < 0.01$ #: Natural logarithm transformation of the original values
M = Mean; SD = Standard Deviation; † = Dummy variable

Table 6: Regression Results for Study 2

	Model 1	Mode 2	Model 3	Model 4	Model 5
Control Variables					
Firm age #	-0.02 (-0.25)	-0.01 (-0.12)	0.00 (0.06)	-0.07 (-0.78)	-0.07 (-0.96)
Firm size #	-0.03 (-0.39)	-0.05 (-0.57)	-0.07 (-0.87)	-0.03 (-0.32)	-0.01 (-0.12)
Family ownership †	-0.11 (-1.50)	-0.10 (-1.48)	-0.07 (-1.06)	-0.09 (-1.33)	-0.09 (-1.41)
Domestic expansion	0.09 (1.02)	0.12 (1.82)	0.11 (1.78)	0.20 (3.07)	0.19 (3.02)
Human capital	0.03 (0.35)	-0.01 (-0.05)	0.02 (0.35)	-0.00 (-0.03)	-0.00 (-0.04)
Financial performance	0.27 (3.80) **	0.24 (3.49) **	0.24 (3.74) **	0.18 (2.65) **	0.19 (2.95) **
Independent Variable					
Institutional support (IS)		0.29 (4.31) **	0.26 (3.89) **	0.29 (4.44) **	0.27 (4.21) **
Two-Way Interaction					
Entrepreneurial alertness (EA)			-0.06 (-0.83)	-0.07 (-1.02)	-0.09 (-1.34)
IS x EA			0.22 (3.27) **	0.23 (3.58) **	0.22 (3.43) **
Three-Way Interaction					
Political ties (PT)				0.29 (4.26) **	0.28 (4.11) **
IS x PT				0.07 (1.01)	0.05 (0.92)
EA x PT				0.06 (0.93)	0.08 (1.25)
IS x EA x PT					-0.18 (-2.86) **
Model fit					
F	3.25**	18.59**	5.39**	6.42**	7.18**
R-square	0.09	0.18	0.22	0.29	0.33
Change in *R-square*	-----	0.08	0.04	0.07	0.04
Adjusted *R-square*	0.06	0.15	0.18	0.25	0.28
Highest VIF value	1.66	1.66	1.68	1.75	1.77

Standardized coefficients were reported with t-values in parentheses (two-tailed test).
* $p < 0.05$ ** $p < 0.01$ #: Natural logarithm transformation of the original values. † = Dummy variable

Figure 1: Interaction effect of institutional support and entrepreneurial alertness on degree of internationalization

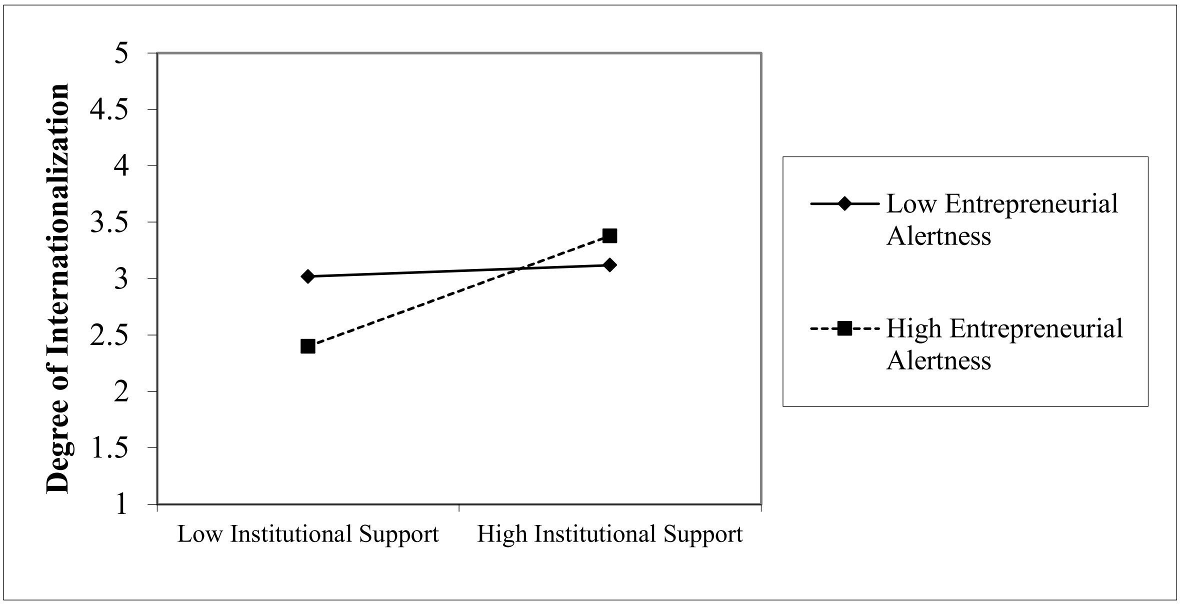

Figure 2: Interaction effect of institutional support, entrepreneurial alertness and political ties on degree of internationalization

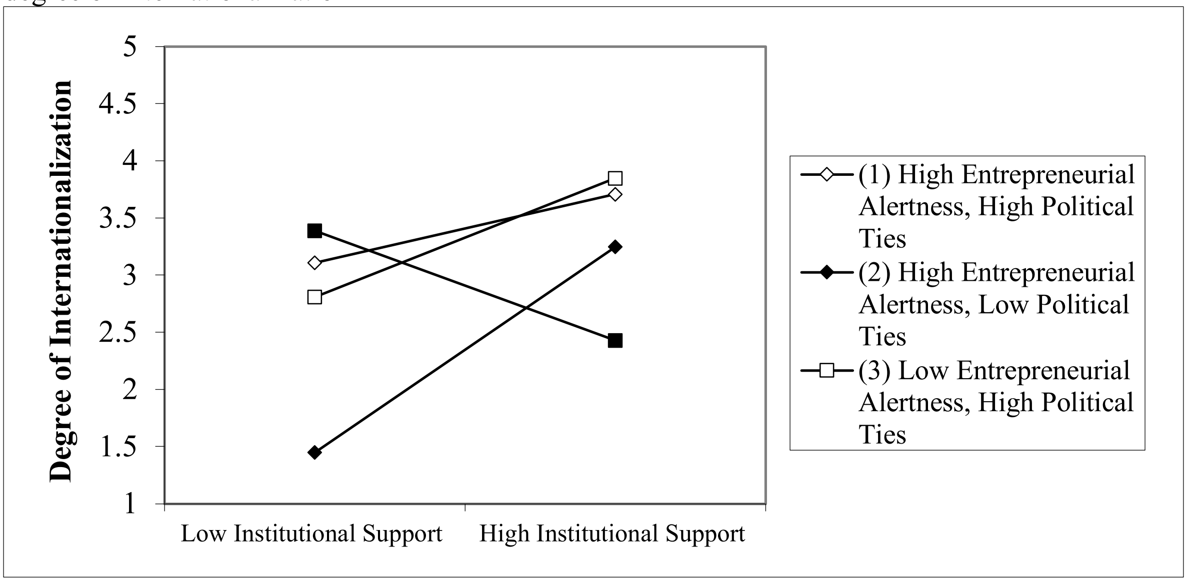

Figure 3 The research model of home institutional support and new venture internationalization with moderating effects of entrepreneurial alertness and political ties