

Entrepreneurs' Passion, Home Country's Institutional Voids and Small Firm Internationalization

Abstract

The international entrepreneurship literature has revealed that entrepreneurs' psychological characteristics drive a firm's degree of internationalization. However, drivers that relate to entrepreneurs' passion are not well developed in the international entrepreneurship literature. To fill this gap, this study uses a sample of 233 small firms to examine how entrepreneurs' passion is related to small firms' degree of internationalization and it also investigates whether this relationship is affected by levels of the home country's institutional voids. The results show that passion is positively related to firms' degree of internationalization and this relationship is positively moderated by levels of institutional voids. Implications for theory and practice are discussed.

Key words: *Ghana; Africa; entrepreneurs; passion; institutional voids; small firms*

1. Introduction

Scholarly enquiry into what drives small firms to do business beyond their domestic marketplace continues to dominate the academic literature and the popular business press. Broadly speaking, the international business literature suggests that top management's psychological and personality factors play a significant role in a firm's strategic decision-making process (e.g. Acedo and Florin, 2006; Adomako, Opoku and Frimpong, 2017; Boehe, 2013; Oesterle et al., 2016; Zhang et al., 2016). One often cited psychological factor of top executives that fuels individuals' motivation is passion (e.g. Drnovsek, Cardon and Patel, 2016; Duckworth Peterson, Matthews and Kelly, 2007). Passion is defined as "consciously accessible intense positive feelings experienced by engagement in entrepreneurial activities associated with roles that are meaningful and salient to the self-identity of the entrepreneur" (Cardon, Wincent, Singh and Drnovsek, 2009, p. 517).

Scholarly works indicate that passion is an important element in entrepreneurship which has many implications for the venture process (Cardon et al., 2009), individuals' motivation and energy (Brännback et al., 2008), persistence (Cardon and Kirk, 2015; Smilor, 1997) and work effort (Chang, 2001). Specifically, earlier work on passion focused on outcomes such as motivation and mental activity (Brännback et al., 2006), creativity in discovering and exploiting business

opportunities (Baron, 2008; Sundararajan and Peters, 2007), raising finance from potential venture financiers (Chen, Yao and Kotha, 2009; Mitteness, Sudek and Cardon, 2012), venture growth and performance (Baum, Locke and Smith, 2001; Baum and Locke, 2004; Drnovsek, Cardon and Patel, 2016) and radical innovation (Strese, Keller, Flatten and Brettel, 2016).

Despite the growing body of research on entrepreneurial passion (e.g. Santos and Cardon, 2019), the benefit of passion to the internationalization process of firms has been under-researched. Importantly, it remains unclear whether possession of entrepreneurial passion is a major determinant of firm internationalization. More specifically, efforts to understand the potential benefits of passion in driving the internationalization of small firms remain less understood. This paucity of research is somewhat surprising given that entrepreneurs' personality influences strategy, firm structure and decision-making (Miller and Toulouse, 1986). In addition, knowledge is lacking on the boundary conditions of the entrepreneurial passion–internationalization nexus.

This study builds on previous scholarly work on passion (Cardon et al., 2009; Santos and Cardon, 2019) to propose a model of how entrepreneurs' passion relates to small firms' degree of internationalization and the institutional frameworks which determine whether this relationship is effective. This paper uses entrepreneurs' passion for developing because small firms have many goals including market expansion and performance. This paper suggests that entrepreneurs' passion for developing will enhance motivation, desire and effort to acquire the resources needed to grow and expand the business beyond its home country.

The contribution of this paper is twofold. Firstly, the paper builds on previous work on entrepreneurial passion (Cardon et al., 2009) to contribute to the current literature on international business (e.g. Adomako, Opoku and Frimpong, 2017; Lai, Lin and Chen, 2017; Oesterle et al., 2016; Sadeghi and Biancone, 2018; Van de Laar; De Neubourg, 2006) that investigates factors relating to personality characteristics. For example, it has been suggested that

personality characteristics, such as the cognitive and psychological orientations of individuals, are critical for firms' international expansion decision-making process due to the risks associated with foreign market operations (e.g. Hsu, Chen and Cheng, 2013; Francioni, Musso and Cioppi, 2015; Nielsen and Nielsen, 2011). Indeed, scholars have often examined the degree of internationalization of firms from a firm and macro-environmental perspective and thereby have overlooked the importance of the role played by passion in doing business outside the borders of a firm's domestic market. This study contributes to this under-researched but vital area of internationalization to show how the entrepreneur's passion leads to international venturing decisions.

Secondly, we draw on institutional theory (North, 1990; Powell and DiMaggio, 1991) to identify institutional voids as a mechanism that may explain when entrepreneurial passion is related to a firm's degree of internationalization. This issue is very important given that past studies indicate that institutional voids serve as a constraint that can neutralize any market or individual level competence or advantage (Amankwah-Amoah et al., 2019; Amankwah-Amoah & Hinson, 2019; Khanna and Palepu, 2005). This is reinforced by the fact that expansion and developing new markets with the limited resources which characterize small businesses may be predicated on the passion of the entrepreneur (Cardon et al., 2013).

Thirdly, our study contributes to the international business literature by using data from the context of a developing country – Ghana – to test the research model. This consideration is critical because, despite sub-Saharan Africa being considered one of the fastest-growing regions in the world (World Bank, 2018; see also You et al., 2019) and being home to many multinationals (Amankwah-Amoah, Boso and Debrah, 2018; Amankwah-Amoah & Debrah, 2010), studies focusing on this region are limited. This is surprising, especially given the recognition that research from this region can boost our understanding of international business (Boso, Adeleye, Ibeh and

Chizema, 2018).

The rest of the paper is structured as follows. The next section presents the theoretical background and research hypotheses. This is followed by examinations of the study methods, data analyses and results. The final section highlights the limitations and future research directions.

2. Theoretical background and hypotheses

2.1 Entrepreneurial passion

Passion reflects a “strong inclination toward an activity that people like, that they find important, and in which they invest time and energy” (Vallerand et al., 2003, p. 757). Cardon et al. (2009) conceptualized passion to include activities in the entrepreneurial and small business context which builds on identity theory (Burke and Reitzes, 1991). This study builds on the conceptualization of passion of Cardon et al. (2009, p. 517) which views passion as “consciously accessible, positive feelings” that result from “engagement in activities that have identity meaning and salience to the entrepreneur”. This view of passion has replaced the trait approach and an aggregate measure of passion with an approach drawing on identity theory (e.g. Murnieks, Mosakowski and Cardon, 2014; Cardon et al., 2013) and disaggregated passion, which can be split into three distinct entrepreneurial role identities: inventor, founder and developer.

Passion for founding reflects how the individual puts together the necessary financial, human and social resources required to create a new business. In addition, individuals with passion for inventing scan the environment for new market opportunities, developing new products or services and working with new prototypes. In this way, individuals who are passionate about inventing perceive their inventor identity as bringing innovative ideas into the business (Cardon et al., 2009). However, this study’s focus is not on the disruptive innovation appropriate to a passion for inventing (Strese, Keller, Flatten and Brettel, 2018). Rather, this study focuses on the entrepreneur’s passion for developing as a conduit for small firms’ internationalization.

Entrepreneurs with passion for developing concentrate on activities that involve expanding the business including international expansion. Individuals are motivated to grow their firms (Cliff, 2008) because achieving growth is the essence of founding the business (Sexton, Upton, Wacholtz and McDougall, 1997). For example, entrepreneurs devote much attention to expanding the customer base, and increasing the number of employees and the sales of their firms.

2.2 Firm internationalization: theory and motives

Internationalization involves the extension of a firm's activities outside the borders of the domestic marketplace (Hitt, Hoskisson and Ireland, 1994). Two major models have been established to understand the drivers of internationalization within firms. The traditional models of internationalization (e.g. Johansson and Vahlne, 1977; Welch and Luostarinen, 1988), often referred to as the Uppsala models, suggest that there are stages a firm goes through before it internationalizes. A major thesis of these models is that firms gradually build capabilities in their domestic markets and thereby slowly accumulate the resources required to tackle the challenges of foreign markets (Eriksson, Johanson, Majkgard and Sharma, 1997). In other words, firms grow in the domestic marketplace before they concentrate on exporting activities or internationalize. In this case, firms learn well in their domestic markets before they face the unknown in foreign markets (see De Clercq, Sapienza, Yavuz and Zhou, 2012). This helps firms acquire the extensive knowledge and resources needed to overcome uncertainties in foreign territories.

However, the linear route suggested by traditional models of internationalization is problematic (Erramilli and Rao, 1993; Turnbull, 1987). The view that all firms, irrespective of industry type, country context or other variables, follow a linear path to internationalization may not hold for certain types of firms operating in certain industries or contexts (Chadee and Mattsson, 1998; O'Farrell, Wood and Zheng, 1998). As such, McKinsey and Co. (1993) coined the term "born globals" to suggest that internationalization of firms need not necessarily follow a fixed

route to acquire resources and capabilities. The “born global” proponents suggest that firms internationalize soon after their inception.

Two major perspectives have emerged to explain the motives behind a firm’s internationalization decisions – objective and subjective. Objective motives are represented by classical arguments which emphasize goals such as the economic benefits of doing business beyond domestic borders. In contrast, subjective motives reflect managerial motives derived from private gains and benefits (Schotter and Beamish, 2013).

The international business literature has largely ignored the subjective managerial motives for internationalization (Hutzschenreuter, Pedersen and Volberda, 2007). For example, efforts to include subjective managerial motives in entry mode or location choices (e.g. Benito, Petersen and Welch, 2009; Schotter and Beamish, 2013) have not been encouraging. Accordingly, extant research has called for the inclusion of personality variables to understand how and why managers decide to do business outside the borders of the domestic market (e.g. Barkema and Shvyrkov, 2007). In response, we argue that entrepreneurs play important roles in a firm’s internationalization decision-making process and passionate personality is crucial in driving a firm’s internationalization strategy. Figure 1 demonstrates our research model.

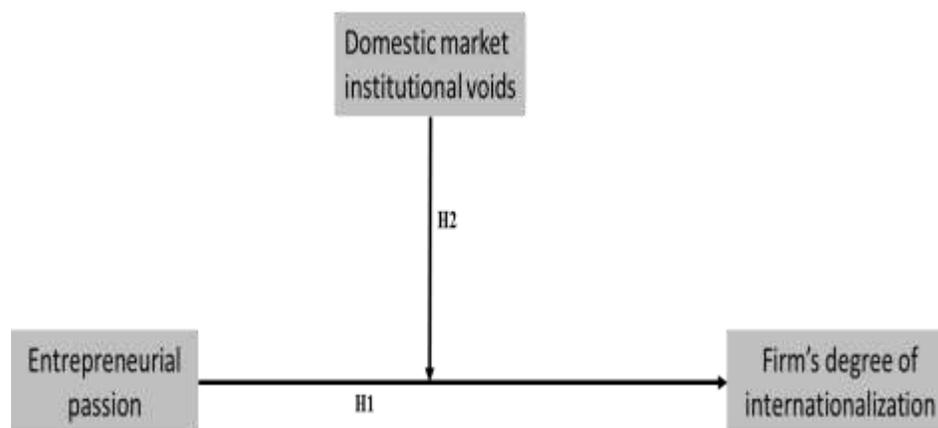


Figure 1: Research model

2.3 Passion for developing and internationalization

Entrepreneurs' passion for developing reflects a proclivity to grow and expand a business (Cardon et al., 2009). Entrepreneurs with passion for developing orientation pursue activities such as enhancing sales, recruiting new employees and seeking external funding to help expand the business operations. It has been established that individuals who associate more deeply with a certain identity, such as "entrepreneur", are more inclined to attain greater goals (Houser-Marko and Sheldon, 2006). Self-determination theory (Deci and Ryan, 1985) indicates that people pursue goals when they enjoy the process of attaining the goals and when their identities reflect the goal-attainment process. Moreover, some entrepreneurs are incentivized to grow their firms beyond the optimal size as growth maximizes the entrepreneur's power through the use of the resources they control. When growth takes place, entrepreneurs enjoy increases in compensation because growth leads to changes in managers' compensation (Jensen, 1986). The challenge to satisfy their needs and meet their objectives serves as motivation for growing the business. International venturing is a good way to enhance the growth of firms.

In addition, entrepreneurs normally dream of achieving superior growth. These aspirations are especially crucial for passionate entrepreneurs. This reflects the subjective motive of top executives to achieve higher gains and profitability for their firms (Schotter and Beamish, 2013). Entrepreneurs pursue such goals because they identify themselves with engaging in certain activities even if they do not have the relevant skills and capabilities to succeed (Houser-Marko and Sheldon, 2006.) Scholarly research (e.g. Schotter and Beamish, 2013) and several theoretical considerations (e.g. Aharoni, 1966) offer an important milieu to suggest that managerial influence plays a crucial role in the internationalization of firms (Kiss, Danis and Cavusgil, 2012). In conclusion, this study argues that entrepreneurs' passion for developing relates to a firm's degree of internationalization. Thus, we hypothesize:

H₁: *Entrepreneurs' passion for developing positively relates to a firm's degree of internationalization.*

2.4 Moderating role of institutional voids

Institutional voids reflect “the absence of the institutions that facilitate economic activity, as well as the absence of an associated set of rewards and sanctions to enforce those rules, norms and belief systems” (Tracey and Phillips, 2011, p. 31). When confronted by institutional voids such as regulatory uncertainties, government bureaucracy and lack of market support mechanisms, entrepreneurs' passion and desire to succeed may be curtailed by frustration. For instance, when domestic market operations are slowed by policies, laws and regulations, political rules, economic rules and contracts, codes of conduct, norms of behaviour and conventions, entrepreneurs may decide to look for opportunities in the international market. Thus, home countries' institutional voids may force entrepreneurs to adopt internationalization as an escape response to domestic constraints.

Based on the foregoing discussion, we argue that stronger domestic market institutional voids increase the risks and uncertainties associated with doing business in developing economies. Thus, it is expected that perceived level of institutional voids will boost the positive effect of passion for developing on the degree of internationalization. This is because stronger institutional voids in the home country may increase the entrepreneur's expectancy of international opportunities, especially in countries where there are mechanisms to enforce policies, laws and regulations, political rules, economic rules and contracts, codes of conduct, norms of behaviour and conventions (Baumol, 1990). Therefore, it is argued that institutional voids help to boost the confidence of entrepreneurs in international markets. Thus, we hypothesise that the effect of entrepreneurs' passion for developing on the degree of internationalization will be boosted by

perceived levels of the home country's institutional voids. Based on the above reasoning, we hypothesize:

H₂: *Home country's institutional voids enhance the effect of entrepreneurs' passion for developing on a firm's degree of internationalization.*

3 Research method

3.1 Sample and data collection

The Ghana Business Directory was used as the sample frame for the study. In all, 1,250 from a total of 35,200 small firms were randomly selected for participation in the study. Firms that met the following criteria were randomly selected: (1) firms with no affiliation to any other company, (2) firms established and run by entrepreneurs or a group of entrepreneurs, (3) firms employing a minimum of five and a maximum of 100 employees, and (4) firms with complete contact information of the founder.

We collected data in two phases. In phase one (T1), we contacted 800 entrepreneurs in person with a questionnaire which generated 279 responses. Informant competency was assessed by asking the entrepreneurs to report on a seven-point Likert scale (1 = strongly disagree and 7 = strongly agree) their (1) knowledge of the issues under examination, (2) accuracy of the information provided, and (3) confidence in the answers to the questions (Morgan, Kaleka and Katsikeas, 2004). The results from the entrepreneurs' competency analyses revealed a mean score of 4.97 (SD = .51) for knowledge of issues, 4.63 (SD = .56) for accuracy of responses and 4.21 (SD = .59) for confidence in answers. This shows that the entrepreneurs were competent in providing answers to the questions.

Secondly, we contacted the finance managers of the 279 small firms who took part in the first study to capture the internationalization measures (T2). The follow-up survey was conducted because cross-sectional studies are often a source of common method bias (Chang, Witteloostuijn

and Eden, 2010). Accordingly, a questionnaire was hand-delivered a year after the first survey and 233 entrepreneurs provided complete responses to the time-lagged internationalization questions. Thus, we relied on the 233 matched questionnaires across T1 and T2 for analysis. This represents a 29.12% complete response rate. On average, the SMEs had been in operation for eight years since their inception and employed 41 full-time employees.

The average age of the entrepreneurs was 47 years. To assess non-response bias, respondents and non-respondents were compared in terms of firm age, firm size and entrepreneur's age. Since no substantial differences were found, it was concluded that non-response bias does not affect the current study (Armstrong and Overton, 1977).

3.2 Measure of constructs

In this study, established measures from existing research were used to operationalize the constructs (Table 1).

Passion for developing. The entrepreneurs' passion for developing ($\alpha = .95$) was assessed by using the Cardon et al. (2013) scale. In all, four items were used to measure the passion for developing construct on a Likert scale ranging from 1 = strongly disagree to 7 = strongly agree. To compute the final score for the passion for developing construct, the identity-centrality score was multiplied by the intense positive feeling measure (e.g. Cardon and Kirk, 2015).

Institutional voids. The institutional voids scale ($\alpha = 0.84$) was adapted from Giachetti (2016). Overall, four items were used to capture institutional voids. The scale taps managerial perception of the extent to which institutional voids are present in the business environment. The respondents were asked to indicate their rating on a seven-point scale with anchors ranging from 1 = not at all to 7 = to an extreme extent. [1] [2] [3] [4] [5] [6] [7]

Degree of internationalization. Internationalization was defined as a firm's activities beyond the borders of the domestic marketplace (Hitt et al., 1994). Using the scale developed by Zahra et al. (2000), a firm's degree of internationalization ($\alpha = .89$) was measured in this study. Four items were selected that asked respondents to assess their firm's degree of internationalization in the past three years using a seven-point Likert-like scale (1 = very small extent; 7 = very large extent). The international business literature has found this scale to be robust in measuring the intensity of international venturing activities of a firm (e.g. Yiu, Lau and Bruton, 2007).

Control variables. This study used six control variables (family ownership, firm international experience, firm size, firm age, entrepreneur's age and financial resources). Family ownership was included as a control variable because it has the ability to influence management decisions (Liu, Shi, Wilson and Wu, 2017; Lin and Shen, 2015). Family ownership was measured with a dummy variable by asking respondents to indicate whether founding members of the firms hold a large portion of shares of the companies or whether family members serve as the board of directors of their firms. International experience was measured by using a log-transformation of the number of years a firm had operated in international markets. To measure firm size, the log of the number of employees was used. Firm age was controlled for by using the firm's year of inception as a proxy. That is, firm age was measured as the number of years the firm has been in operation (George, 2005). Entrepreneur's age was also controlled for, as this might be an indicator of decision-making confidence (Oesterle, Elosge and Elosge, 2016). Finally, availability of financial resources was controlled for because SMEs suffer from limited financial resources, which can constrain their foreign market commitment (Ripollés et al., 2012). Financial resource items were taken from existing literature (e.g. Cooper et al., 1994; Wiklund and Shepherd, 2005). Entrepreneurs were asked to indicate the extent to which their firms have

sufficient financial resources to enter a foreign market along a seven-point Likert-like scale (1 = very small extent; 7 = very large extent).

Table 1: Descriptive statistics, validity and reliability tests

Model variable	Item descriptions	Mean (SD)	Factor loadings (t-values)	Cronbach's α	CR	AVE
Latent variables						
Passion for developing (Cardon et al., 2013)	-Ipf_dev: I really like finding the right people to market my product/service to.	4.82 (1.13)	.89 (Fixed)	.95	.93	.67
	-Ipf_dev: Assembling the right people to work for my business is exciting.	4.61 (1.12)	.78 (11.90)			
	- Ipf_dev: Pushing my employees and myself to make our company better motivates me.	3.80 (1.92)	.94 (17.31)			
	Ic_dev: Nurturing and growing companies in the international market is an important part of who I am.	4.66 (1.10)	-			
Financial resources (Cooper et al., 1994; Wiklund and Shepherd, 2005)	- We are satisfied with the financial capital available for the business operations.	3.88 (1.84)	.78 (Fixed)	.91	.89	.74
	- Our company has easy access to financial capital to support its business operations	4.56 (1.25)	.89 (14.56)			
	-Our business operations are better financed than our key competitors' operations.	3.44 (1.89)	.75 (10.34)			
	- If we need more financial assistance for our business operations, we could easily get it.	4.27 (1.03)	.89 (15.66)			
	- We are able to obtain financial resources at short notice to support business operations.	3.90 (1.76)	.81 (12.56)			
Institutional voids (Giachetti, 2016)	Lack of infrastructure to facilitate the relationship between the firm and its clients, or between the firm and its suppliers.	4.60 (1.62) _{SEP}	.90 (Fixed)	0.89	.90	.59
	We were able to find adequate and reliable information about the tastes and preferences of consumers, and the reliability of suppliers with ease (r).	3.45 (1.87)	.76(13.34)			
	Underdeveloped education infrastructures and the need for intensive training of Ghanaian employees.	4.73 (1.54)	.86 (26.70)			
Degree of internationalization (Zahra et al., 2000)	- Entering new foreign markets.	3.47(1.48)	.92 (Fixed)	.89	.88	.68
	- Expanding the firm's international operations.	4.25(1.06)	.91(24.80)			
	- Our firm typically adopts a bold posture when confronted with decisions involving uncertainty, to maximize the exploitation of opportunities.	5.03(1.09)	.87 (18.79)			
	- Supporting start-up business activities dedicated to international operations.	3.44(0.81)	.75(13.33)			
	- Financing start-up business activities dedicated to international operations.	4.22(1.02)	.88(18.22)			
Observed variables	- Firm age (log).	8.71(6.69)				
	- Firm size (log).	41.14(15.12)				
	- Entrepreneur's international experience.	5.88 (1.29)				
	- Entrepreneur's age.	47.32(9.73)				
	- Family ownership.	0.52(0.48)				
	- Firm international experience.	3.43(0.79)				

Note: IPF = intense positive feelings; IC = identity centrality

3.3 Common method variance, validity and reliability

To test for potential common method bias in the data, we followed two main procedures. Firstly, this study utilized the method suggested by Cote and Buckley (1987) and estimated three

competing models (Table 2). Model 1 estimated a trait-only model in which all indicators loaded on a single latent factor. Model 2 tested a method-only model where each indicator loaded on its respective latent factor. Lastly, Model 3 estimated a method and a trait model which included a common factor linking all the indicators in Model 2. A comparison of the three models was made to establish the possibility of common method bias. Findings revealed that Model 2 and Model 3 were better than Model 1. In addition, the results show that Model 3 was not substantially better than Model 2. These findings indicate that common method bias was not a major problem in this study (Cote and Buckley, 1987).

Secondly, using the approach suggested by Lindell and Whitney (2001), a marker test was undertaken to examine the correlation between a marker variable and the constructs used in the study. This study used “Businesses generally must engage in various types of corruption in order to compete effectively in this industry”, a variable that measures corruption as a marker variable. We used this variable because it is theoretically unrelated to the dependent variable (internationalization). Findings indicate non-significant correlations ranging from -.02 to .03. In all, it is believed that concerns related to common method bias do not affect the results of the study. Additionally, a confirmatory factor analysis (CFA) was performed using the maximum likelihood estimation method. The LISREL 8.5 software package was used for the analyses. Table 1 depicts the list of items, reliability and validity tests. To determine convergent validity, factor loadings were inspected. The factor loadings were larger than the threshold value of .40 (e.g. Anderson and Gerbing, 1988). In addition, the Cronbach’s Alpha reliability, composite reliability and discriminant validity of the measures were acceptable; values obtained were greater than the recommended minimum threshold values of .70, .60 and .50 respectively (Bagozzi and Yi, 2012).

The overall model fit was assessed by inspecting several fit heuristics. The results indicate that the overall fit of the CFA measurement model is acceptable: $\chi^2/df = 2658/1998$; $\Delta\chi^2/\Delta df =$

1.33; RMSEA = .05; NNFI = .94; CFI = .93; and SRMSR = .05. These fit heuristics indicate that the measurement model is robust to alternative explanations.

4 Analyses and results

Table 1 presents the results including the means and standard deviations. Construct corrections are presented in Table 2. The hypotheses were tested by using moderated hierarchical regression analysis. All the variables, including the interaction variable, were entered sequentially to determine whether the next-order interaction accounted for a statistically substantial difference in the overall explained variance (Wiklund and Shepherd, 2005). Using the variance inflation factors (VIFs) of the regression models, multicollinearity was assessed. The highest VIF value is 2.01, which is lower than the threshold value of 10, indicating that multicollinearity is not a major issue in our analysis (Aiken, West and Reno, 1991). The mean-centered values were then used to plot the interactions suggested by Dawson and Richter (2006).

Table 2: Correlations

	Variable	1	2	3	4	5	6	7	8
1.	Firm size (employees) ^a								
2.	Firm age ^a	.14*							
3.	Entrepreneur's age ^a	.02	-.25**						
4.	Firm international experience	.17*	.26**	-.07					
5.	Financial resources	.25**	.17*	.01	.29**				
6.	Family ownership	-.04	.02	.04	.17*	-.16*			
7.	Institutional voids	-.01	.00	.27**	.03	-.35**	.01		
8.	Passion for developing	-.07	-.08	-.20**	.23**	.21**	-.39**	.04	
9.	Degree of internationalization	.09*	-.03	-.05	.09	.35**	-.05	.08	.11

Note: N = 233; *p < 0.05; **p < .01 (2-tailed test); SD = standard deviation

Table 3 presents the results of the hierarchical regression analysis. Hypothesis 1 argued that entrepreneurs' passion for developing is positively related to a firm's degree of internationalization. Results revealed that the relationship between the entrepreneur's passion for developing and a firm's degree of internationalization is positive and significant ($\beta = .14, p < .05$). Therefore, the result supports Hypothesis 1.

Table 3: Findings of regression analyses (dependent variable: degree of internationalization)

Variables	Model 1	Model 2	Model 3	Model 4	Model 5
<i>Control variables</i>					
Firm age (years)	-.02	-.03	-.05	-.04	-.04
Firm size (employees)	.05	.05	.03	.05	.04
Entrepreneur's age	-.04	-.02	-.05	-.01	-.03
Firm international experience	.09*	.07*	.08*	.09*	.08*
Financial resources	.24***	.22***	.25***	.26***	.25***
Family ownership	-.04	-.03	-.02	-.04	-.03
<i>Main effect variables</i>					
H ₁ : Passion for developing (PFD)		.14**	.13**	.14**	.14**
Institutional voids (IV)			.09*	.10*	.09*
<i>Two-way interaction effects</i>					
H ₂ : PFD x IV				.48***	.49***
Model fit statistics					
F-value	2.60*	3.05**	4.90***	5.20***	6.80***
R ²	.14	.24	.28	.39	.46***

ΔR^2	-	.10	.04	.09	.07
Largest VIF	1.10	1.28	1.37	1.09	2.01

Note: Prob > chi-square = 0.001 for all models, all models are statistically significant. *** p < 0.001; ** p < 0.05, * p < 0.1. N = 233

Hypothesis 2 stated that the influence of passion for developing international markets on a firm’s degree of internationalization will be amplified when institutional voids are greater. Results show that, at higher levels of institutional voids, the relationship between passion for developing and a firm’s degree of internationalization is enhanced ($\beta = .48, p < .01$). Hence, hypothesis 2 received support. This suggests that aligning high levels of passion for developing and institutional voids is associated with a greater degree of internationalization. To facilitate the interpretation of the moderating effect of institutional voids on the passion-internationalization nexus, a plot of the interaction was created. Figure 2 shows that the relationship between passion for developing and a firm’s degree of internationalization is enhanced under conditions of high institutional voids.

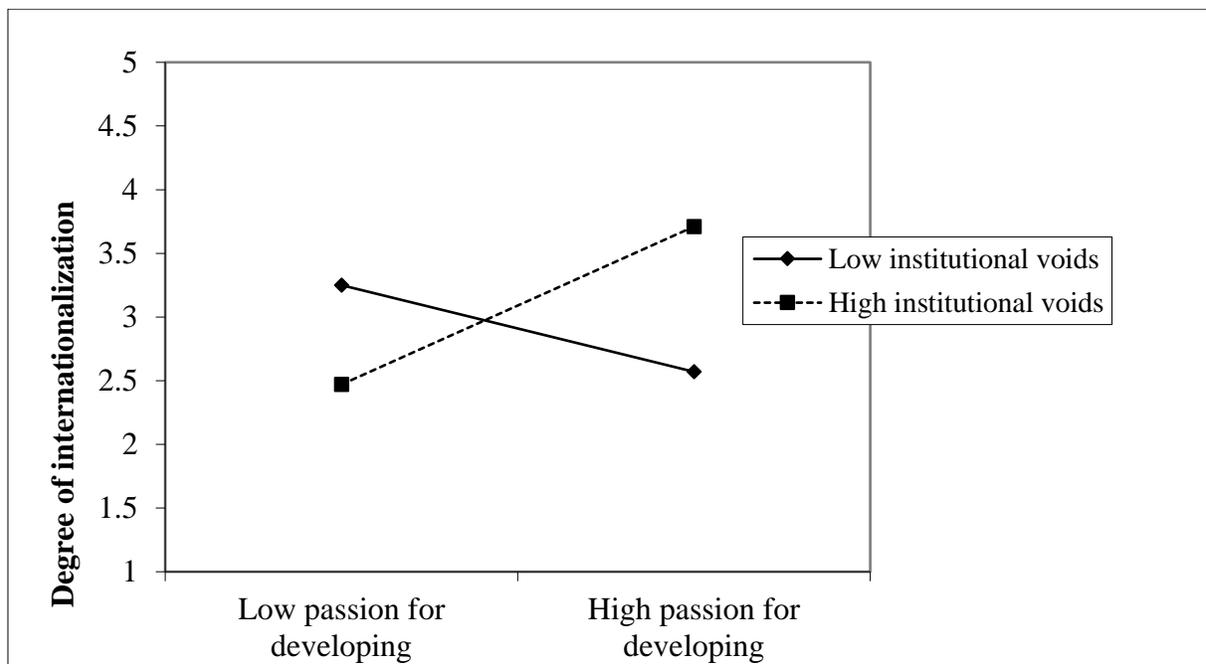


Figure 2: Interaction effect of passion for developing with institutional voids on degree of internationalization

4.1 Robustness checks

We ran several analyses to establish the robustness of our findings. Firstly, the direction of causality between passion and firm internationalization was assessed by setting degree of internationalization as the independent variable and passion as a dependent variable, and testing the interactive effect of institutional voids on this relationship. Findings reveal that the reverse interaction term is insignificant. Hence, it was concluded that reverse causality has no effect on the regressions (Cao, Gedajlovic and Zhang, 2009; Landis and Dunlap, 2000). In addition, institutional voids was tested as an antecedent of passion. Controlling for entrepreneur's age, gender and tenure, the results of the regression suggest no significant relationship between the two variables.

Secondly, to further alleviate concerns of multicollinearity, we utilized the approach suggested by Echambadi and Hess (2007) and re-estimated all the regression models in Model 5 with a randomly drawn sample of the data. When the findings are compared with the main regression model, it was found that the regression coefficients remained stable in terms of size and direction. This suggests that multicollinearity has no effect on the integrity of the results. Thirdly, we estimated an alternative regression model using the ratio of foreign sales to total sales as a dependent variable (degree of internationalization). This approach to measuring a firm's degree of internationalization has been acknowledged in the international business literature (Annavarjula and Beldona, 2000; Oesterle and Richta, 2013). Using this measure allows investigation of a firm's foreign market penetration (Thomas and Eden, 2004). The results of this additional analysis (Table 4) show that entrepreneurs' passion for developing positively relates to a firm's degree of internationalization ($\beta = 19, p < .01$). This confirms Hypothesis 1. In addition, the interaction of passion for developing with institutional voids positively relating to a firm's degree of internationalization is enhanced ($\beta = .35, p < .01$). This supports Hypothesis 2. Overall, the results

replicate prior findings for all the hypotheses.

Table 4: Findings of regression analyses using ratio of foreign sales to total sales

Variables	Model 1	Model 2	Model 3	Model 4
<i>Control variables</i>				
Firm age (years)	-.05	-.06	-.05	-.04
Firm size (employees)	.02	.03	.04	.02
Entrepreneur's age	.02	.02	.04	.03
Firm international experience	.11*	.11*	.12*	.10*
Financial resources	.14**	.13**	.15***	.14**
Family ownership	-.09*	-.10*	-.12*	-.10*
<i>Main effect variables</i>				
Passion for developing (PFD)		.19***	.20***	.21***
Institutional voids (IV)			.10*	.10*
<i>Two-way interaction effect</i>				
PFD x IV				.35***
Model fit statistics				
F-value	1.99	4.11***	5.27***	6.18***
R ²	.11	.18	.23	.29
ΔR ²	-	.07	.05	.06
Largest VIF	2.21	3.38	1.18	1.02

Note: Prob > chi-square = 0.001 for all models; all models are statistically significant. *** p < 0.001; ** p < 0.05, * p < 0.1. N = 196

5. Discussion and conclusion

In this study, we sought to examine the effect of entrepreneurs' passion on small firms' degree of internationalization and the conditions under which this relationship is more or less effective. We tested our research model using a survey of 233 small firms from Ghana. Results from the study suggest that the variability of entrepreneurs' passion helps explain changes in a firm's degree of internationalization. In addition, the results show that an increase in passion for developing and a greater degree of institutional voids are associated with increases in a firm's degree of internationalization. Thus, the findings from the study suggest that entrepreneurs who are passionate about developing their firms are more likely to internationalize and that a high degree

of home country's institutional voids boosts the effect of passion on a firm's degree of internationalization.

These findings offer some important theoretical contributions to the international business literature. Firstly, the results extend our understanding relating to the individual factors that determine small firms' degree of internationalization. Arguably, this finding extends previous scholarly studies which explored the influence of individuals' psychological and personality characteristics on firms' internationalization process (Acedo and Florin, 2006; Adomako, Opoku and Frimpong, 2017; Boehe, 2013; Zhang et al., 2016). Though extant research in international business has examined factors that predict a firm's degree of internationalization (see Oesterle et al., 2016), psychological states play a significant role in a firm's internationalization process (Nielsen and Nielsen, 2011). Thus, it is important for additional research to focus on these issues.

Secondly, we find that there is a significant moderating effect of home country's institutional voids on the relationship between entrepreneurs' passion and a firm's degree of internationalization. Thus, by extension, this finding indicates that when passionate entrepreneurs perceive the domestic market to have strong institutional voids, they are more likely to internationalize their firms. This finding advances the international business literature by going beyond the direct main effects of entrepreneurs' characteristics and investigating the specific condition (i.e. institutional voids) in which passionate entrepreneurs are more likely to embark on internationalization. Indeed, this contribution is critical, as it stresses the relevance of using a configuration framework which captures the boundary limits of relationships, especially when modelling complex strategic decisions such as a firm's degree of internationalization.

Thirdly, this study theoretically contributes to the entrepreneurial passion literature (Breugst et al., 2012; Cardon et al., 2009; Cardon et al., 2017) by investigating how a key domain of passion (passion for developing) influences SMEs' internationalization in a sub-Saharan

African economy. Entrepreneurship in developing economies remains extremely under-researched, particularly for countries from the continent of Africa. The predominant focus on developed countries in entrepreneurship research calls into question the generalizability of entrepreneurship theories and findings. The sub-Saharan context is significantly different from developed countries in terms of economic, financial and infrastructure development. We argue that this is an important extension of the entrepreneurial passion literature because past studies failed to pay attention to the link between passion and small firms' international expansion activities in developing countries.

Beyond its theoretical implications, this study has practical implications for entrepreneurs and managers. Firstly, for small-firm owners searching for a successor to lead their firms into foreign markets, an individual's personality and characteristics can influence their firm's strategic decisions when passionate personality is aligned with the entrepreneur's personal international experience. This may help entrepreneurs to find a suitable successor or fill a vacancy in the upper echelons of the organization. Adapted questions from the Cardon et al. (2013) scale on passion (Table 1) might help owners analyze how much of a developer a candidate is in a pre-offer assessment. Secondly, the findings from the study can guide investors regarding the factors that facilitate the internationalization of small firms. Thus, entrepreneurs who are passionate about developing their ventures are likely to take their ventures to international markets, especially when they possess personal international experience. Overall, the current study is well placed to broaden our understanding regarding how passionate personality drives the internationalization of small firms.

6. Limitations and suggestions for future research

The current study has some limitations which offer directions for future research. Firstly, this study only used data from Ghana, so scholars should be cautious in generalizing the findings. Whilst

Ghana shares characteristics with other major emerging economies (Hoskisson et al., 2000), it is not representative of all emerging economies due to its small market size. Future studies may use a more representative sample of other emerging African economies such as South Africa and Nigeria. Secondly, this study considered solely entrepreneurs' passion for developing as a mechanism that influences a firm's degree of internationalization without investigating other domains of passion – for example, for inventing and founding. Although it can be argued that the inventing and founder identities are closely related to the entrepreneurial context (Cardon et al., 2009), it would be worthwhile to investigate how these domains influence a firm's strategic orientation such as internationalization. We hope that this study serves as a catalyst for further research on entrepreneurial passion in emerging economies.

References

- Adomako, S., Opoku, R. A., & Frimpong, K. (2017). The Moderating Influence of Competitive Intensity on the Relationship between CEOs' Regulatory Foci and SME Internationalization. *Journal of International Management*, 23(3), 268-278.
- Adomako, S., Amankwah-Amoah, J., Dankwah, G. O., Danso, A., & Donbesuur, F. (2019). Institutional voids, international learning effort and internationalization of emerging market new ventures. *Journal of International Management*, 25, 100666 100666.
- Aharoni, Y. (1966). *The foreign investment decision process*. Boston: Harvard University.
- Ahen, F., & Amankwah-Amoah, J. (2018). Institutional voids and the philanthropization of CSR practices: insights from developing economies. *Sustainability*, 10(7), 2400.
- Aiken, L. S., West, S. G., and Reno, R. R. (1991). *Multiple regression: Testing and interpreting interactions*. Sage.
- Amankwah-Amoah, J., Boso, N., & Debrah, Y. A. (2018). Africa rising in an emerging world: an international marketing perspective. *International Marketing Review*, 35(4), 550-559.
- Amankwah-Amoah, J. Chen, X., Wang, X. & Khan, Z. (2019). Overcoming institutional voids as a pathway to becoming ambidextrous: The case of China's Sichuan Telecom. *Long Range Planning*. 52(4), 101871.
- Amankwah-Amoah, J., & Debrah, Y. A. (2010). The protracted collapse of Ghana Airways: Lessons in organizational failure. *Group & Organization Management*, 35(5), 636-665.
- Amankwah-Amoah, J., & Hinson, R. E. (2019). Contextual influences on new technology ventures: A study of domestic firms in Ghana. *Technological Forecasting and Social Change*, 143, 289-296.
- Anderson, J. C., and Gerbing, D. W. (1988). Structural equation modeling in practice: A review and recommended two-step approach. *Psychological Bulletin*, 103(3), 411.
- Annavarjula, M., & Beldona, S. (2000). Multinationality-performance relationship: A review and reconceptualization. *International Journal of Organizational Analysis*, 8, 48-67.
- Armstrong, J. S., & Overton, T. (1977). Estimating non-response bias in mail surveys. *Journal of Marketing Research*, 14(3), 396-402.

- Bagozzi, R.P., Yi, Y. (2012). On the evaluation of structural equation models. *Journal of the Academy of Marketing Science*, 14(1): 33-46
- Baumol, W. J. (1990). Entrepreneurship: productive, unproductive and destructive. *Journal of Political Economy*, **98**, 893-919
- Barkema, H. G., and Shvyrkov, O. (2007). Does top management team diversity promote or hamper foreign expansion. *Strategic Management Journal*, 28/7, 663- 680.
- Baum, J. R., & E. A. Locke (2004). The Relationship of Entrepreneurial Traits, Skill, and Motivation to Subsequent Venture Growth. *Journal of Applied Psychology* 89(4), 587-598.
- Baum, J. R., E. A. Locke & K. G. Smith (2001) A multi-dimensional model of venture growth. *Academy of Management Journal*, 44, 292-303.
- Bell, J., Crick, D., & Young, S. (2004). Small firm internationalization and business strategy: an exploratory study of 'knowledge-intensive' and 'traditional' manufacturing firms in the UK. *International Small business journal*, 22(1), 23-56.
- Benito, G. R. G., Petersen, B., and Welch, L. S. (2009). Towards more realistic conceptualizations of foreign operation modes. *Journal of International Business Studies*, 40/9, 1455-1470.
- Boso, N., Adeleye, I., Ibeh, K., & Chizema, A. (2019). The internationalization of African firms: Opportunities, challenges, and risks. *Thunderbird International Business Review*, 61(1), 5-12
- Brännback M, Krueger NF, Carsrud A, Kickul J, and Elfving J. (2008). Trying to be an entrepreneur? A goal specific challenge to the intentions model. Paper presented at the SSRN Working paper.
- Brännback, M., Carsrud, A., Elfving, J., Krueger, N. K., (2006). *Sex, [drugs], and entrepreneurial passion? An exploratory study*. Paper presented at the Babson College Entrepreneurship Research Conference, Bloomington, IN.
- Breugst, N., Domurath, A., Patzelt, H., & Klaukien, A. (2012). Perceptions of entrepreneurial passion and employees' commitment to entrepreneurial ventures. *Entrepreneurship Theory and Practice*, 36(1), 171-192.
- Burke, P.J., & Reitzes, D.C. (1991). An identity theory approach to commitment. *Social Psychology Quarterly* 54: 239-251.
- Cao, Q., Gedajlovic, E., & Zhang, H. (2009). Unpacking organizational ambidexterity: Dimensions, contingencies, and synergistic effects. *Organization Science*, 20(4), 781-796.
- Cardon M.S, Wincent J, Singh J, Drnovsek M. (2009). The nature and experience of entrepreneurial passion. *Academy of Management Review* 34(3): 511-532.
- Cardon, M. S., & Kirk, C. P. (2015). Entrepreneurial Passion as Mediator of the Self-Efficacy to Persistence Relationship. *Entrepreneurship theory and practice*, 39(5), 1027-1050.
- Cardon, M. S., Glauser, M., & Murnieks, C. Y. (2017). Passion for what? Expanding the domains of entrepreneurial passion. *Journal of Business Venturing Insights*, 8, 24-32.
- Cardon, M. S., Gregoire, D. A., Stevens, C. E., & Patel, P. C. (2013). Measuring entrepreneurial passion: Conceptual foundations and scale validation. *Journal of Business Venturing*, 28(3), 373-396.
- Cardon, M.S., 2008. Is passion contagious? The transference of entrepreneurial emotion to employees. *Human Resource Management Review* 18, 77-86.
- Chadee, D. D., and Mattsson, J. (1998). Do service and merchandise exporters behave and perform differently? A New Zealand investigation. *European Journal of Marketing*, 32(9/10): 830-842.
- Chang, R. Y. (2001). *The passion plan: A step-by-step guide to discovering, developing, and living your passion*. Jossey-Bass: san Francisco
- Chang, S., van Witteloostuijn, A. and Eden, L. (2010). Letter from the Editors: Common Method Variance in International Business Research. *Journal of International Business Studies*, 41(2):178-184
- Chen, X. P., Yao, X., & Kotha, S. (2009). Entrepreneur passion and preparedness in business plan presentations: a persuasion analysis of venture capitalists' funding decisions. *Academy of Management journal*, 52(1), 199-214.
- Cliff, J. E. (1998). Does one size fit all? Exploring the relationship between attitudes towards growth, gender, and business size. *Journal of Business Venturing*, 13(6): 523-542

- Cooper, A.C., Gimeno-Gascon, F.J., and Woo, C.Y. (1994), Initial human and financial capital as predictors of new venture performance. *Journal of Business Venturing*, 9(5), 371–95.
- Cote, J.A., and Buckley, M.R., (1987). Estimating trait, method, and error variance: generalizing across 70 construct validation studies. *Journal of Marketing Research* 24 (3), 315-318
- Dawson, J. F. & Richter, A. W. (2006). Probing three-way interactions in moderated multiple regression: Development and application of a slope difference test. *Journal of Applied Psychology*, 91: 917–926.
- Deci, E.L. and Ryan, R.M. (1985). *Intrinsic motivation and self-determination in human behavior*. New York: Plenum
- De Clercq, D., Sapienza, H. J., Yavuz, R. I., & Zhou, L. (2012). Learning and knowledge in early internationalization research: Past accomplishments and future directions. *Journal of Business Venturing*, 27(1), 143-165.
- Drnovsek, M., Cardon, M. S., & Patel, P. C. (2016). Direct and indirect effects of passion on growing technology ventures. *Strategic Entrepreneurship Journal*, 10(2), 194-213.
- Echambadi, R & Hess, J. D. (2007). Mean-centering does not alleviate collinearity problems in moderated multiple regression models. *Marketing Science*, 26(3), 438-445.
- Eriksson, K., Johanson, J., Majkgard, A., and Sharma, D. D. (1997). Experiential knowledge and cost in the internationalization process. *Journal of International Business Studies*, 337-360.
- Erramilli, M. K., and Rao, C. P. (1993). Service firms' international entry-mode choice: A modified transaction-cost analysis approach. *Journal of Marketing*, 57(3): 19–38.
- Francioni, B., Musso, F., & Cioppi, M. (2015). Decision-maker characteristics and international decisions for SMEs. *Management Decision*, 53(10), 2226-2249.
- George G. (2005). Slack resources and the performance of privately held firms. *Academy of Management Journal* 48(4), 661-676
- Hitt, M. A., Hoskisson, R. E., and Ireland, R. D. (1994). A mid-range theory of the interactive effects of international and product diversification on innovation and performance. *Journal of Management*, 20(2): 297–326.
- Hoskisson, R. E., L. Eden, C. M. Lau, and M. Wright. (2000). Strategy in emerging economies. *Academy of Management Journal* 43 (3): 249-67.
- Houser-Marko, L. and Sheldon, K.M. (2006). Motivating behavioral persistence: The self-as-doer construct. *Personality and Social Psychology Bulletin*, 32(8), 1037-1049.
- Hsu, W.T. Chen, H.L. Cheng, C.Y. (2013) Internationalization and firm performance of SMEs: The moderating effects of CEO attributes, *Journal of World Business*, 48 (1), 1-12
- Hutzschenreuter, T., Pedersen, T., and Volberda, H. W. (2007). The role of path dependency and managerial intentionality: a perspective on international business research. *Journal of International Business Studies*, 38/7, 1055–1068.
- Jensen, M. C. (1986). Agency costs of free cash flow, corporate finance, and takeovers. *American Economic Review*, 76/2, 323–329.
- Johansson, J., and Vahlne, J. E. (1977). The internationalization process of the firm: A model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*, 8(1): 23–32.
- Khanna, T., Palepu, K., 2005. *Spotting institutional voids in emerging markets*. Watertown, MA, U.S.A. Harvard Business School Press.
- Kiss, A. N., Danis, W. M., & Cavusgil, S. T. (2012). International entrepreneurship research in emerging economies: A critical review and research agenda. *Journal of Business Venturing*, 27(2), 266-290.
- Lai, J. H., Lin, W. C., & Chen, L. Y. (2017). The influence of CEO overconfidence on ownership choice in foreign market entry decisions. *International Business Review*. 26(4), 774-785
- Landis, R. S., & Dunlap, W. P. (2000). Moderated multiple regression tests are criterion specific. *Organizational Research Methods*, 3(3), 254-266.
- Leonidou, L.C., Katsikeas, C.S. and Piercy, N.F. (1998). Identifying managerial influences on exporting: past research and future directions, *Journal of International Marketing*, 6 (2): 74-102

- Lin, Y.M., & Shen, C.A. (2015). Family firms' credit rating, idiosyncratic risk, and earnings management. *Journal of Business Research*, 68, 872-877.
- Lindell, M. K., and Whitney, D. J. (2001). Accounting for common method variance in cross-sectional research designs. *Journal of Applied Psychology*, 86(1), 114-121
- Liu, M., Shi, Y., Wilson, C., & Wu, Z. (2017). Does family involvement explain why corporate social responsibility affects earnings management?. *Journal of Business Research*, 75, 8-16.
- McKinsey & Co. (1993). Emerging exporters: Australia's high value added manufacturing exporters. Melbourne: Australian Manufacturing Council.
- Miller, D., & Toulouse, J. M. (1986). Chief executive personality and corporate strategy and structure in small firms. *Management science*, 32(11), 1389-1409.
- Mitteneß, C., Sudek, R & Cardon, M.S. (2012). Investor Characteristics that determine whether perceived passion leads to higher evaluation of funding potential. *Journal of Business Venturing*, 27: 592-606
- Morgan, N., Kaleka, A. & Katsikeas, C. (2004). Antecedents of export venture performance: a theoretical model and empirical assessment, *Journal of Marketing*, 68(1), 90-108.
- Murnieks, C. Y., E. Mosakowski & M. S. Cardon (2014). Pathways of Passion: Identity Centrality, Passion, and Behavior Among Entrepreneurs. *Journal of Management*, 40, 1583-1606.
- Nielsen, B. B., & Nielsen, S. (2011). The role of top management team international orientation in international strategic decision-making: The choice of foreign entry mode. *Journal of World Business*, 46(2), 185–193.
- O'Farrell, P. N., Wood, P. A., and Zheng, J. (1998). Regional influences on foreign market development by business service companies: Elements of a strategic context explanation. *Regional Studies*, 32(1): 31–48.
- Oesterle, M. J., Elosge, C., & Elosge, L. (2016). Me, myself and I: The role of CEO narcissism in internationalization decisions. *International Business Review*, 25(5), 1114-1123.
- Oesterle, M. J., Richta, H. N., & Fisch, J. H. (2013). The influence of ownership structure on internationalization. *International Business Review*, 22, 187-201.
- Ripollés, M., Blesa, A. and Monferrer, D. (2012). Factors enhancing the choice of higher resource commitment entry modes in international new ventures. *International Business Review*, 21(4), 648-666.
- Sadeghi, V. J., & Biancone, P. P. (2018). How micro, small and medium-sized enterprises are driven outward the superior international trade performance? A multidimensional study on Italian food sector. *Research in International Business and Finance*, 45, 597-606.
- Santos, S. C., & Cardon, M. S. (2019). What's love got to do with it? Team entrepreneurial passion and performance in new venture teams. *Entrepreneurship Theory and Practice*, 43, 475-504.
- Schotter, A., and Beamish, P. W. (2013). The hassle factor: an explanation for managerial location shunning. *Journal of International Business Studies*, 44/5, 521–544.
- Sexton, D. L., Upton, N. B., Wacholtz, L. E., & McDougall, P. P. (1997). Learning needs of growth-oriented entrepreneurs. *Journal of Business Venturing*, 12(1), 1-8.
- Smilor, R.W. (1997). Entrepreneurship: reflections on a subversive activity. *Journal of Business Venturing*, 12: 342-346.
- Strese, S., Keller, M., Flatten, T. C., & Brettel, M. (2018). CEOs' passion for inventing and radical innovations in SMEs: The moderating effect of shared vision. *Journal of Small Business Management*, 56(3), 435-452.
- Tracey, P., Phillips, N., 2011. Entrepreneurship in emerging markets. *Manag. Inter. Rev.* 51(1), 23-39.
- Turnbull, P. W. (1987). A challenge to the stages theory of the internationalization process. In P. Rosson & S. D. Reid (Eds), *Managing export entry and expansion*: 21–40. New York: Praeger.
- Vallerand, R.J., Blanchard, C., Mageau, G., Koestner, R., Ratelle, C., Leonard, M., Gagne, M., & Marsolais, J. (2003). Les Passions de l'ame: On Obsessive and Harmonious Passion. *Journal of Personality and Social Psychology* 85 (4):756–767.
- Van de Laar, M., and De Neubourg, C. (2006). Emotions and foreign direct investment: a theoretical and empirical exploration. *Management International Review*, 46(2), 207-233.

- Welch, L. S., and Luostarinen, R. (1988). Internationalization: Evolution of a concept. *Journal of General Management*, 14(2): 34–55.
- Wiklund, J., and Shepherd, D. (2005). Entrepreneurial orientation and small business performance: A configurational approach. *Journal of Business Venturing*, 20 (1), 71-91.
- World Bank (2018), *Africa*. <http://www.worldbank.org/en/region/afr/overview#1> 09 December, 2018.
- You, K., Dal Bianco, S., Lin, Z., & Amankwah-Amoah, J. (2019). Bridging technology divide to improve business environment: Insights from African nations. *Journal of Business Research*, 97, 268-280.
- Yiu, D. W., Lau, C., & Bruton, G. D. (2007). International venturing by emerging economy firms: the effects of firm capabilities, home country networks, and corporate entrepreneurship. *Journal of International Business Studies*, 38(4), 519-540.
- Zahra, S.A., Neubaum, D.O. and Huse, M. (2000). Entrepreneurship in medium-size companies: exploring the effects of ownership and governance systems. *Journal of Management*, 26(5), 947-976