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Entrepreneurial and international? The role of entrepreneurial orientation in the Brazilian franchises' internationalization process

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Abstract

Purpose – We investigate the relationship between Entrepreneurial Orientation (EO) and the internationalization pathways of Brazilian franchises. Our aim is to unravel the patterns of firm-level entrepreneurial characteristics vis-à-vis their corresponding processes of internationalization.

Design/methodology/approach – We extracted and curated data from the directories of the Brazilian Franchising Association (ABF). Additionally, we scrutinized the International Intensity, International Complexity and EO degree of 27 Brazilian franchises engaged in international activities. Associations between these dimensions were assessed through fuzzy-set qualitative comparative analysis (fsQCA).

Findings – Our findings suggest that franchisees can enhance their international activities by adopting various configurations of EO attributes. This discovery illuminates the intricacies of EO and its association with firms' operations and performance. Accordingly, we empirically demonstrate that EO is not a monolithic element. Instead, it should be perceived as a multifaceted and dynamic construct.

Originality/value – This study aimed to examine the internationalization process of franchises through the EO lens, a perspective that has not been explored in the existing literature. This unique approach offers novel insights about the internationalization processes of this particular business model. Furthermore, our research delves into the intricate relationship between firm-level EO and the trajectories of firm-level internationalization.

Keywords Entrepreneurial orientation, Franchising, Internationalization, International franchise, International complexity, International intensity developing countries

Paper type Research paper

Introduction

The academic discourse surrounding International Entrepreneurship (IE) is deeply embedded in the framework of Entrepreneurial Orientation (EO). McDougall and Oviatt (2000, p. 903) defined IE as: *"a combination of innovative, proactive, and risk-seeking behavior that crosses national borders and is intended to create value in organization"*. Their widely accepted definition encapsulates the core dimensions of the Miller (1983); Covin and Slevin (1989) perspective of EO.

Consequently, EO has emerged as a pivotal theoretical lens for examining the process and pathways of internationalization (Ripollés-Meliá *et al.*, 2007; Freiling and Lütke Schelhowe, 2014;

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Hervé *et al.*, 2021). Research indicates that enterprises with a heightened EO exhibit a higher scope and degree of internationalization (Ripollés-Meliá *et al.*, 2007; Hervé *et al.*, 2021), with a discernible impact on international performance (Knight, 2001; Freiling and Lütke Schelhowe, 2014; Thanos *et al.*, 2017; Jin and Cho, 2018; Acosta *et al.*, 2018; Hossain *et al.*, 2023). The discussions in this field evolved to include the development of a so-called International Entrepreneurial Orientation (IEO) construct (Covin and Miller, 2014). Accordingly, "*IEO is, in essence, a subcategory of EO that shares the core elements of the broader EO construct yet includes an additional distinguishing element—namely, an 'international' emphasis*" (Covin and Miller, 2014, p. 14).

Within the realm of IE, franchising emerges as a prominent business model for exploring international strategies (Alon *et al.*, 2017; Rosado-Serrano *et al.*, 2018; Ghantous and Das, 2018; Lanfranchi *et al.*, 2020; Phin *et al.*, 2023). This model is characterized by the relationship between two different entrepreneurs: the franchisor, responsible for the identification and exploration of an opportunity and the franchisees, who explore this opportunity in another market (Gillis *et al.*, 2020). The motivation for a franchisor to operate abroad involves many aspects. Some examples are the know-how leveraged in other markets (Ghantous and Das, 2018), the share of investments and risks with other partnerships (Aydin and Kacker, 1990) and the opportunity to create a higher brand value (Baena and Cervino, 2012). Madanoglu *et al.* (2017) succinctly encapsulate the international franchising entry as a collaborative mode, mitigating risks while ensuring a high level of contractual control.

Despite discussions on internationalization and EO being widespread across diverse business types (Hervé *et al.*, 2021; Satyanarayana *et al.*, 2022; Chew, 2023), Rosado-Serrano *et al.* (2018) specifically identify a research gap regarding the analysis of franchise internationalization through the lens of EO. Nevertheless, recognizing the significance of IEO in the organizational learning process (Satyanarayana *et al.*, 2022), and its relevance to franchise internationalization (Phin *et al.*, 2023), underscores the promising avenue of analyzing franchise internationalization from an EO perspective. Furthermore, empirical evidence underscores the importance of considering contextual factors when examining the relationship between IEO and performance (Mostafiz *et al.*, 2024). In the same direction, Covin and Miller (2014) posit that cultural contexts may influence the beliefs, preferences and behaviors comprising IEO, warranting research in peripheral countries. Thanos *et al.* (2017) recommend exploring IEO studies in the Latin American context, emphasizing the need for research to gather empirical evidence from diverse cultural landscapes.

Considering this background, the prominent importance of Internationalization in the franchise context (Phin *et al.*, 2023), and the dearth of research on the role of EO in this process (Rosado-Serrano *et al.*, 2018), our research aims to explore the relationship between EO and the internationalization pathways of Brazilian franchises. Specifically, we seek to answer the question: how do attributes related to EO manifest in the different patterns of internationalization among Brazilian franchises? Inspired by the broader IEO literature (Covin and Miller, 2014; Gupta *et al.*, 2021; Mostafiz *et al.*, 2024), we theorize that observing this construct for franchises could be a distinctive and relevant element on their internationalization. The choice of Brazil as the study context is justified by its robust and mature franchise market, ranking fourth globally in franchised networks and sixth in units (Brazilian Franchising Association, 2017). Data from the Brazilian Franchising Association (2022) indicates that, in 2021, 183 Brazilian franchises (around 6% of all chains) operate abroad in 114 countries.

Our methodology involves the use of secondary data from internationalized Brazilian franchises, sourced from the directories of the Brazilian Franchising Association (ABF). We focused on analyzing International Intensity (i.e. the number of international markets that the franchise operates), International Complexity (i.e. a classification related to their respective locations), and degree of EO. The method was based on fuzzy-set Qualitative Comparative Analysis (fsQCA), thus allowing an assessment of the co-existence of

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heterogeneous firm-level combinations of EO dimensions and how they relate to internationalization patterns.

Our findings reveal heterogeneities in EO paths among internationalized Brazilian franchises. This suggests that EO attributes interact in different manners with the internationalization processes of franchises, underscoring the complexity and nuances of internal characteristics of enterprises operating abroad, and emphasizing the importance of context in the understanding of this process. Our major contribution is to the international franchising literature, addressing how entrepreneurial characteristics of the enterprise influence the process of going abroad, particularly by analyzing the role exerted by EO. Additionally, we contribute methodologically by adopting a configurational approach based on fsQCA. Furthermore, we aim to contribute with IEO/EO research in general, exploring how these elements could be observed in the context of a developing country and in a prominent and relevant business model. Finally, our approach evaluated EO using the perspective of EO Rhetoric, a prominent and alternative (based on secondary data and with a less respondent bias association) way to analyze the degree of enterprises' EO (Watson *et al.*, 2019).

Theoretical framework

Internationalization of franchises

According to Burton and Cross (1995, p. 36), international franchising is defined as: *"a foreign market entry mode that involves a relationship between the entrant (the franchisor) and a host country entity, in which the former transfers, under contract, a business package (or format), which it has developed and owns, to the latter. This host country entity can be either a franchisee, a sub-franchisor, or it can be an entity in which the franchisor has made an equity investment"*. This global phenomenon (Lanfranchi *et al.*, 2020) started to grow in importance in the 70s in the US, being potentialized in the 90s (Aydin and Kacker, 1990; Alon and McKee, 1999; Alon *et al.*, 2021), consecutively followed by other developed countries franchisors. In the 00 and 10s, this strategy (Aliouche and Schlentrich, 2011) started to be observed also in developing economies (de Souza Aguiar *et al.*, 2017). The globalization of franchising is driven by a combination of push and pull factors, involving saturation and competition in domestic markets, followed by the opening of new markets (Alon *et al.*, 2021).

In the Brazilian context, this process is considered experimental (Cantoni *et al.*, 2019) for most franchises. According to de Souza Aguiar *et al.* (2014), Brazilian franchises do not internationalize by vocation (i.e. does not have this strategy as something pre-established in their long run planning). In a study carried out with 21 internationalized brands, the authors noted a "conducted" internationalization, which occurs on behalf of an external agent with an interest in exploring the brand in other countries. Also, the relatively closed and protected domestic market can act as a disincentive for Brazilian franchisors investing abroad, considering the risks involved in this process and the comfortable potential for growth observed in the country (Galhanone *et al.*, 2020). Other topics explored by literature in the Brazilian context involve the governance models adopted by chains (Bretas *et al.*, 2020, 2021) and the impacts of institutional conditions of potential host markets (Melo *et al.*, 2019; Lanfranchi *et al.*, 2020).

The choice to operate in foreign countries can be positive to strengthen the reputation of a firm in local markets (Galhanone *et al.*, 2020; Alon *et al.*, 2021), overcome the scarcity of resources (Melo *et al.*, 2015), and, according to Song *et al.* (2021), to mitigate the effect on stock declines in a crisis context. Alon *et al.* (2021) contend that the strategic decision to internationalize franchises is multifaceted, encompassing considerations of internal resources and capabilities as well as external factors such as political and socioeconomic environments.

International operations involve more complex dynamics than domestic activities (Aydin and Kacker, 1990; Alon *et al.*, 2012; Rosado-Serrano *et al.*, 2018). According to Galhanone *et al.* (2020)

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aspects as information and communication technologies, skilled and specialized teams and relationship networks are fundamental for internationalization processes. Additionally, considering the more difficult knowledge transmission process, the internationalization of service franchises involves higher complexity than those observed in products, which causes a necessity for a greater experience in the domestic market before starting the operations abroad (Baena, 2018). Aligned with this perspective, Phin *et al.* (2023) highlighted the presence of a relationship between the maturity of franchise network and the dynamic of knowledge transfer within the international context.

The selection of governance models in the internationalization process stands out as a critical aspect to consider. Jell-Ojobor *et al.* (2022) posit that the choice of governance modes entry is intricately to the balance between exploiting and exploring knowledge flows within the franchise system. They suggest that models with less control are desirable in contexts where the local knowledge of franchisees is crucial, while networks with specific know-how lead to more controlled arrangements. In line with this perspective, Dunning *et al.* (2007) examined franchisor internationalization strategies through the lens of the Eclectic Paradigm (Ownership, Location and Internalization – OLI framework). Their analysis reveals that different international franchise entry structures (i.e. governance modes) reflect varied strategic objectives of the chains, as well as diverse approaches to leveraging local knowledge.

Rosado-Serrano *et al.* (2018, p. 242) summarize the principal challenges to operating an international chain in the franchise context: *"Partners must proactively manage cultural differences, demonstrate an awareness of and sensitivity to language barriers, business practices, and political and legal differences, and adapt accordingly to local market conditions"*. The choice of host market is a critical process and involves aspects such as market size, level of economic freedom and geographical distance (Flores Villanueva *et al.*, 2023). Considering this context, Baena (2018) pointed out to progress pathway of the internationalization process of franchisors, highlighting the role of franchising experience and years of operation abroad in the number of countries with operations. This view about franchise internationalization process could be aligned with the Uppsala Model. As pointed by Vahlne (2020, p. 242): *"the essence of the model is the dynamic process, series of commitment processes, giving internationalization its typical incremental characteristic, rather than a one-time quantum commitment"*.

Rosado-Serrano *et al.* (2018) considered EO as an opportunity for further studies in the field. No franchising studies that address the internationalization process from this theoretical perspective were found. Analyzing the internationalization process of franchises with the EO lens, could represent an advance in this debate, once the manifestation of this construct, as noted by the literature, could represent a determinant of the success of operations abroad (Covin and Miller, 2014; Gupta *et al.*, 2021).

International entrepreneurial orientation (IEO)

EO stands for *"an organizational orientation towards new entry and value creation, capturing the entrepreneurial decisions, methods, and actions actors use to create competitive advantage"* (Wales *et al.*, 2021, p. 564). The significance of this construct grows within the context of entrepreneurship in networks (as franchises are characterized) once evidence indicate a direct relationship between network structures and EO attributes (Corrêa *et al.*, 2022).

In the literature, two principal perspectives of this construct have been used: the first, unidimensional, based on Miller (1983) and Covin and Slevin (1989), and the second, multidimensional, proposed by Lumpkin and Dess (1996). According to Covin and Wales (2019), the first perspective (composed of innovativeness, proactiveness and risk-taking)

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reflects an organization's attribute of "being entrepreneurial", whereas is necessary to observe the presence of the three core attributes. On the other hand, according to them, the multidimensional perspective reflects how the manifestation of entrepreneurship (innovativeness, proactiveness, risk-taking, competitive aggressiveness and autonomy) could position an enterprise differently, thus generating differentiating elements compared to other competitors in a market.

The most common EO perspective adopted by researchers in the IEO field relies on the unidimensional perspective (Covin and Miller, 2014). However, considering that the socio-cultural context of countries impacts the IEO components (Gupta *et al.*, 2021) and the idea that economic and cultural particularities should be observed when the internationalization process of enterprises is analyzed (Sadeghi *et al.*, 2019), research that adopts the multidimensional EO perspective is justified (i.e. Boso *et al.*, 2017).

According to Covin and Miller (2014), two perspectives of operationalization in this field are possible to consider: first, presenting the IEO construct only with a context where the EO is observed (adoption of the same scale), or the second, considering the elements that compose the construct differently them the original construct (adapting the scale for international context). The materialization of EO is related to the "new entry" of an enterprise (Lumpkin and Dess, 1996). In this sense, the conceptualization of the IEO requires that this new entry occurs in a new market, in a foreign country (Covin and Miller, 2014).

The focus gained by IEO reflects the comprehension that this construct is an antecedent of the enterprise's internationalization (Knight, 2001). More than that, extensive literature has found empirical evidence of the positive impact of this construct on the international performance of enterprises (Knight, 2001; Thanos *et al.*, 2017; Jin and Cho, 2018; Acosta *et al.*, 2018), and on opportunity recognition in foreign countries (Bianchi *et al.*, 2017; Jin and Cho, 2018). Another empirical evidence indicated that enterprises that experienced an early process of internationalization tend to have a higher degree of EO (Ripollés-Meliá *et al.*, 2007). Considering specifically the context of an emerging country, Hossain *et al.* (2023) verified a positive impact of EO on the export performance of SMEs. However, the configurational approach employed by Mostafiz *et al.* (2024) has shed light on the multifaceted contribution of this construct within the context of internationalization. Through longitudinal empirical research, the authors discerned varying roles played by IEO within configurations of Malawian internationalized companies, both pre- and post-COVID-19 pandemics.

In sum, exploring an international market involves many complexities for a foreign enterprise (Knight, 2001). Formal relationships, alliances and partnerships are fundamental and support this process (Paul, 2019). In this sense, Acosta *et al.* (2018) and Yoon *et al.* (2018) found empirical evidence that the network capabilities of enterprises impact their international performance and are influenced positively by IEO. Comprehending franchise as a business model characterized by a partnership between franchisor and franchisee, whereas the network capabilities are fundamental (Phin *et al.*, 2023), the evaluation of franchisor EO appears to be a relevant research avenue to be explored.

Analytical proposition

Considering the premise that the attributes comprising the construct of EO significantly influence the internationalization patterns of organizations (Ripollés-Meliá *et al.*, 2007; Freiling and Lütke Schelhowe, 2014; Hervé *et al.*, 2021; Mostafiz *et al.*, 2024), and given the intricacies involved in establishing franchised units in international markets (Knight, 2001; Rosado-Serrano *et al.*, 2018), we anticipate a non-linear association between EO attributes and internationalization pathways. The emergence of these relationships and interactions between elements could manifest in various ways. Building upon this premise, we propose our guiding analytical proposition and its ramifications:

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Proposition 1. Diverse configurations of EO attributes can be associated with similar internationalization patterns of franchise firms.

Proposition 1a. Different configurations of EO attributes can generate similar levels of internationalization intensity.

Proposition 1b. Different configurations of EO attributes can generate similar levels of internationalization complexity.

These propositions that guide the conduction of our study are rooted on configuration theorizing (Furnari *et al.*, 2021), thus allowing an in-depth view of the strategic complexity involved with internationalization processes of franchise firms. This approach represents a prominent yet not extensively explored perspective adopted in studies of international entrepreneurship (Mostafiz *et al.*, 2024).

Method

The Brazilian Franchising Association (ABF) does not divulge a report with companies operating abroad. Part of them, however, have a profile on the website of *Franchising Brasil*. That is an initiative of ABF in partnership with the Brazilian Trade and Investment Promotion Agency (APEX) in an attempt to promote internationalization of Brazilian franchises. In October 2023, the database indicated 55 Brazilian brands, 38 explicitly mentioning units in operation abroad (Franchising Brasil, 2023). We developed a database indicating these franchisors that operate internationally. We pointed out the number of units abroad (International Intensity) and their respective locations (International Complexity).

The second source of data collection involved the franchisor's EO degree. Inspired by Watson *et al.* (2019), we evaluated this aspect considering the EO Rhetoric. The operationalization of this approach involved the analysis of secondary data (in a tentative to reduce the bias of respondents and their subjective perceptions, commonly present in surveys with managers/owners). The most common source for this analytical exercise is related to national directories of franchises in each country (Watson *et al.*, 2019). In the Brazilian case, ABF has a website where franchisors could create their profiles and complete with information about the brands.

Each franchisor has mandatory fields to complete (i.e. level of investment, number of units in the chain, segment of the brand, year of establishment, year of franchise and location of the head office). Additionally, they could fill an open text field with any information they consider relevant. We evaluated EO Rhetoric by the analysis of this open field. From this point, a database with 973 franchisors was elaborated, in May 2021. The final sample definition was conducted by the crossover between the two mentioned databases, totaling a final sample of 27 franchisors.

Computer-aided text analysis (CATA) was used to proceed with the measurement of EO rhetoric. We carried out a content analysis following Short *et al.* (2010). The authors proposed a dictionary of EO, composed of terms related to the five dimensions of the construct (risk-taking, innovativeness, proactiveness, autonomy and competitive aggressiveness). We translated these words to Portuguese, totalizing, and amount of 266 keywords. We proceeded with the count of the number of times each word had been used by each franchisor. Additionally, with Vantage Point software we proceeded manually with the validation of each selected excepted, evaluating the context of use of each word. In the end, in our database, for each franchisor, we indicate the number of time that terms associated with each of the five dimensions of EO were used in the analyzed field.

The refinement process of the database involved the classification of International Complexity. Based on previous literature (Vahlne, 2020; Beugelsdijk *et al.*, 2018; Hortacsu and Tektas, 2009),

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we developed the classification considering: 1 – Low Complexity (operating only in the Latin American market); 2 – Low/Medium Complexity (operating in the Latin American market and/or operating in Portuguese-speaking countries); 3 – Medium/High Complexity [operating in Caribbean markets and/or European countries (except Portugal)]; 4 – High Complexity (operating in markets in the Middle East, Asia, Oceania and non-Portuguese-speaking Africa). Our sample description could be observed at Table 1.

Our assessment drew inspiration from configurational theorizing, following the framework proposed by Furnari *et al.* (2021). In accordance with their conceptualization, this approach revolves around unraveling a complex phenomenon by examining the potential combinations of a set of attributes. It acknowledges the possibility that multiple configurations of attributes may contribute to achieving the desired outcomes. In our study, the contextual conditions under consideration were EO attributes, represented by their configurations and our outputs were measured in terms of International Complexity and Intensity. Our interpretation of EO and internationalization in a configurational approach is aligned with prior literature in the entrepreneurship field (Mostafiz *et al.*, 2024).

Fuzzy-set qualitative comparative analysis

We carried a fuzzy-set Qualitative Comparative Analysis (fsQCA) as the analytical approach for our research. fsQCA is a configurational technique that allows understanding of complex combinations necessary to explain the phenomenon under analysis, considering that some conditions will only have effects when combined with other conditions (Woodside, 2013). The technique explicitly models elements such as conjunctural causation (when an effect depends on a combination of causes), equifinality, causal asymmetry and sufficiency, allowing more subtle insights through the presentation of configurations of complex and causal relationships involving the variables of the model (Rasoolimanesh *et al.*, 2021). fsQCA enables researchers to more adequately theorize and empirically examine causal complexity (Fainshmidt *et al.*, 2020; Misangyi *et al.*, 2017).

The outcomes dimension reflects International Complexity and Intensity, while the causal conditions comprise attributes associated with the EO construct. Our aim was to understand the associations between EO attributes (and their respective configurations) and the observed internalization process of franchising firms (measured by International Complexity and Intensity). This methodology allows exploring multiple causal conjunctures that lead to an outcome following and equifinal principle (Ragin, 1987). Starting from the combination of different configurations of independent variables, this technique aims to identify sufficient and necessary conditions to achieve an outcome (Woodside, 2013; Rihoux and Ragin, 2008). This approach has been spreading among entrepreneurship researchers (Aluko *et al.*, 2022; Marzi *et al.*, 2023). One of the advantages of this methodology is the possibility to conduct analyses with small samples (i.e. Damian and Manea, 2019; Damayanti *et al.*, 2021), exploring diverse configurations of relationship between attributes (Furnari *et al.*, 2021; Mostafiz *et al.*, 2024)

We considered as conditional variables the items associated with EO (risk-taking, innovativeness, proactiveness, autonomy and competitive aggressiveness). For the outcomes, we adopted two pathways: the first considering the number of international markets that the franchise operates (International Intensity), and the second, the classification of International Complexity, as mentioned previously. Our main objective was to understand associations between EO elements (and their respective combinations – or configurations) and the observed degree of International Intensity and Complexity in Brazilian franchisors operating abroad. We adopted, as a robustness test, the evaluation of the model for configurations leading to high levels of International Intensity and Complexity, and estimations for low levels of this same construct (absence of the outcome variable).

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Franchise brand	Number of countries	Countries	International complexity
FABRICA DI CHOCOLATE	1	Angola	2
IGUI	50	Angola, Germany, Antigua and Barbuda, Argentina, Algeria, Aruba, Australia, Barbados, Belgium, Bolivia, Bonaire, Chile, Colombia, Costa Rica, Curacao, Dominica, Egypt, El Salvador, United Arab Emirates, Ecuador, Spain, United States, France, Greece, Grenada, Guatemala, Honduras, British Virgin Islands, India, Italy, Jamaica, Jordan, Morocco, Martinique, Mexico, Nicaragua, New Zealand, Panama, Paraguay, Peru, Portugal, Qatar, Dominican Republic, Saint Lucia, Saint Kitts and Nevis, Saint Martin, Suriname, Thailand and Trinidad and Tobago and Turkey	4
HOPE LINGERIE	3	Angola, Paraguay, and USA	3
USAFLEX	8	Saudi Arabia, Bolivia, Costa Rica, El Salvador, Ecuador, Honduras, Israel, and Kuwait	4
ESPAÇOLASER	4	Argentina, Colombia, Chile, and Paraguay	1
BIBI	1	Bolivia	1
CAFÉ DU CENTRE	1	Canada	3
TOP ENGLISH	4	Canada, USA, Japan, and Portugal	4
CI	3	Canada, Ireland, and Australia	4
SCHOOL OF ROCK	14	Canada, Mexico, USA, Colombia, Peru, Chile, Paraguay, Ireland, Spain, Portugal, Taiwan, Philippines, Australia, and South Africa	4
COIFE ODONTO	1	China	4
KUMON	6	Colombia, Chile, Argentina, Bolivia, Peru, and Uruguay	1
INSTITUTO EMBELLEZE	2	Ecuador and USA	3
SOBRANCELHAS DESIGN	6	Ecuador, El Salvador, Guatemala, Mexico, Panama, and USA	3
MORANA	1	USA	3
PATRONI PIZZA	1	USA	3
LIMPIDUS	12	USA, Mexico, Panama, Costa Rica, Colombia, Peru, Bolivia, Chile, Argentina, India, Australia, and New Zealand	3
CHILLI BEANS	10	USA, Portugal, Australia, Costa Rica, Peru, Colombia, Indonesia, Ecuador, Angola, and El Salvador	3
OAKBERRY AÇAÍ BOWLS	5	USA, Portugal, United Arab Emirates, Saudi Arabia, and Australia	3
ANJOS COLCHÕES	1	Paraguay	1
CASA DO CONSTRUTOR	1	Paraguay	1
SANTA LOLLA	1	Paraguay	1
L`ENTRECÔTE DE PARIS	1	Portugal	2

Table 1.
Sample description

(*continued*)

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Franchise brand	Number of countries	Countries	International complexity
ONODERA	1	Portugal	2
ESTÉTICA ARRANJOS EXPRESS	2	Portugal and Bolivia	2
O BOTICÁRIO	6	Portugal, Colombia, Dubai, Bolivia, Paraguay, and Venezuela	4
DEPYL ACTION	1	Venezuela	1

Source(s): Table by authors based on information collected from franchise brands' institutional websites

Table 1.

Results

We carried out the fsQCA analysis in four steps. The first involved the calibration of the variables. We calibrated the fuzzy sets between 0 and 1 through quartiles. Independent variables and both dependent variables (International Complexity and International Intensity) were standardized by the use of the mean as the crossover point between high and low levels of International Complexity and Intensity.

The second stage involved the verification of any of the five conditions and the negation (~), in both international attribute analyses, of these conditions would represent a necessary condition for the result. Observing Tables 2 and 3, it is possible to infer that no condition could be classified as necessary for either the presence or absence of the outcome, since no condition presented coverage and consistency values above 0.90.

Our third step involved the calculation of coverage and consistency for all possible configurations. The intermediate solution was used to identify the configuration. We also indicated, for each path, the core and contributing causal conditions. Through a counterfactual analysis, we proceeded with the categorization of conditions as core or contributing. This step involved the generation of three different solutions: complex, parsimonious and intermediate solutions (Fiss, 2011; Ragin, 1987). The conditions present exclusively in the intermediate solution were classified as contributing conditions while the presence in the parsimonious solution was considered as core conditions (Misangyi and Acharya, 2014). Our fourth stage was, using the complex solution, proceeding with the identification of the most relevant causal paths for the sample. These results can be observed at Table 4 for International Complexity, and at Table 5 for International Intensity.

	International Complexity		~International Complexity	
Conditions tested	Consistency	Coverage	Consistency	Coverage
Risk-taking	0.075	0.600	0.208	0.844
~Risk-taking	0.980	0.709	0.901	0.331
Autonomy	0.175	0.777	0.208	0.469
~Autonomy	0.879	0.686	0.901	0.357
Competitive Aggressiveness	0.329	0.861	0.208	0.277
~Competitive Aggressiveness	0.723	0.642	0.895	0.404
Proactiveness	0.276	0.846	0.208	0.324
~Proactiveness	0.779	0.659	0.901	0.387
Innovativeness	0.583	0.649	0.703	0.397
~Innovativeness	0.458	0.752	0.379	0.316

Source(s): Table by authors

Table 2. Analysis of necessary conditions for international complexity

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Table 3.
Analysis of necessary conditions for international intensity

Conditions tested	International Intensity		~International Intensity	
	Consistency	Coverage	Consistency	Coverage
Risk-taking	0.111	0.600	0.135	0.893
~Risk-taking	0.980	0.480	0.939	0.564
Autonomy	0.111	0.333	0.256	0.940
~Autonomy	0.980	0.518	0.818	0.529
Competitive Aggressiveness	0.233	0.413	0.338	0.734
~Competitive Aggressiveness	0.850	0.512	0.729	0.537
Proactiveness	0.196	0.406	0.308	0.782
~Proactiveness	0.895	0.513	0.766	0.538
Innovativeness	0.464	0.350	0.758	0.700
~Innovativeness	0.602	0.670	0.296	0.403

Source(s): Table by authors

Table 4.
Configurational paths for international complexity

Condition	Path1	Path2	Path3	Path4	Path5	Path6
Risk-taking	○	◯	◯	○	○	◯
Autonomy		○	●	●	○	○
Competitive Aggressiveness	○	⬤	⬤	○		⬤
Proactiveness			○	⬤	⬤	●
Innovativeness	○	●	○	●	○	
Raw coverage	0.357	0.226	0.106	0.120	0.156	0.176
Unique coverage	0.251	0.101	0.050	0.050	0.001	0.001
Consistency	0.703	1.000	1.000	1.000	0.757	1.000
Solution coverage	0.679					
Solution consistency	0.818					

Note(s): ⬤ = core causal contributing condition (present); ◯ = core causal contributing (absent); ● = contributing causal conditions (present); ○ = contributing causal conditions (absent)

Source(s): Table by authors

In the analysis of International Complexity, six distinct paths emerged. Path 1, surprisingly, comprehends cases with the absence of EO manifestation as per collected data. On the other hand, the remaining paths in this respect show somewhat heterogeneous configurations. Notably, Competitive Aggressiveness surfaced as a pivotal causal contributing condition in three of these paths (Paths 2, 3 and 6). In each of these instances, another attribute of the EO construct was classified as a contributing causal condition, except for risk-taking. The absence of risk-taking as a contributing factor in any of the pathways suggests that the internationalization process of Brazilian franchises is not primarily driven by a risk-seeking profiles. Instead, this finding aligns with the notion of franchisors engaging in risk-sharing with international stakeholders (Aydin and Kacker, 1990; Madanoglu *et al.*, 2017).

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Condition	Path1	Path2
Risk-taking	○	○
Autonomy	○	○
Competitive Aggressiveness	●	◯
Proactiveness	●	◯
Innovativeness		◯
Raw coverage	0.196	0.528
Unique coverage	0.114	0.446
Consistency	0.756	0.878
Solution coverage	0.642	
Solution consistency	0.824	

Note(s): ● = core causal contributing condition (present); ◯ = core causal contributing (absent); ● = contributing causal conditions (present); ○ = contributing causal conditions (absent)

Source(s): Table by authors

Table 5. Configurational paths for international intensity

Furthermore, Proactiveness emerged as a core causal contributing condition for Path 4 and Path 5. This is understandable given the paradigm shifts inherent in operating in external markets. Additionally, Innovativeness and Autonomy were identified as contributing causal conditions for two Paths each (Paths 2 and 4, and Paths 4 and 6, respectively), suggesting that while these characteristics support internationalized Brazilian franchisors, they are not predominant.

Interestingly, both dimensions of EO observed as core causal contributing conditions in the first analysis (Competitive Aggressiveness and Proactiveness) were simultaneously noted with the same classification for Path 1 in the context of International Intensity. However, in this case, Path 2, the one with the highest coverage for International Intensity, associates a lack of EO (the manifested absence of conditions) as a possible configuration leading up to higher values in the outcome condition. These features signal an unexpected situation in which internationalization processes are entirely detached from the observed signs of EO in the analyzed sample. This puzzling finding will be further explored in the next section.

Discussion

Considering the sample used in our research, one first aspect to be highlighted is the choice of host markets. From 27 franchisors analyzed, 17 operate units in Latin America, indicating therefore, the importance of geographic proximity in the selection of host countries in the context of franchising, in line with the founds of Melo *et al.* (2015) and Flores Villanueva *et al.* (2023). Another point to be observed is related to the importance of local language. According to Rosado-Serrano *et al.* (2018), language is one of the barriers to operating in foreign countries. In our sample, 11 brands operate in Portuguese-speaking countries. Excluding the intersection between these two groups, that is, considering only franchises that neither operate in Latin America nor are present in Portuguese-speaking countries, only five of 27

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franchises remain. This context confirms the complexity involved in the process of internationalization of franchises (Aydin and Kacker, 1990; Alon *et al.*, 2012; Rosado-Serrano *et al.*, 2018) and illustrates how Brazilian franchisors seek to minimize the risks involved in the choice of host markets.

Analyzing the International Intensity (i.e. the number of international markets that the franchise operates), it is possible to note that 23 of 27 franchises in our sample operate in less than 10 countries. It corroborates the perspective that this process, for Brazilian franchises, is gradual and could be understood as an early-stage process (de Souza Aguiar *et al.*, 2014). This interpretation is aligned with the Uppsala internationalization process model, which considers internationalization as an incremental and progressive process, not a *"one-time quantum commitment"* (Vahlne, 2020).

In turn, looking into the necessary conditions (EO dimensions) – both for International Complexity and International Intensity – we can verify higher values of consistency for the absence of the EO aspects than for their presence. The dimension with the highest consistency is the absence of risk-taking. A possible explanation for this result could be related to an intrinsic characteristic of Brazilian franchises. The search for foreign markets could represent a strategy to diversify, avoiding only the investment in the local market, notably a country with a long trajectory of macroeconomic instability. This interpretation contrasts with the idea that the incipient Brazilian franchise internationalization process is justified by the internal market potential (Galhanone *et al.*, 2020).

By analyzing the configurational paths for the internationalization of Brazilian franchises, it is possible to derive, aligned with previous literature, how complex and multifaceted this process is for franchises (Aydin and Kacker, 1990; Alon *et al.*, 2012; Rosado-Serrano *et al.*, 2018). Looking at the results presented, it is possible to reinforce the idea that the internationalization process for franchises involves many nuances and possibilities (Dunning *et al.*, 2007).

Both analyses, focusing on International Complexity and International Intensity, indicate different characteristics (EO dimensions) to be observed in Brazilian franchises that operate abroad, confirming the idea proposed in our Analytical Propositions. For the paths with the presence (relative) of EO, is possible to note a predominance of Competitive Aggressiveness and Proactiveness as core causal contributing conditions. Our results reinforce the importance of these attributes for franchise systems, as noted by Asgharian *et al.* (2023) in the specific context of franchisees. In this same sense, Boso *et al.* (2017) defined the former dimension as essential for strategies in international markets for SMEs. Also in that context, Dadzie *et al.* (2020) argued that international markets involved different challenges for SMEs, in this sense, Competitive Aggressiveness represents a desired posture for companies aiming at this strategy. Our result indicates that for a group of international Brazilian franchises, these attributes are common, whether related or not to the internalization decision and outcomes of this process. This heterogeneity corroborates our choice to adopt the multidimensional EO perspective. The existence of different patterns, with the presence or absence of attributes, is aligned with the comprehension of EO as a differentiating element for enterprises (Covin and Wales, 2019). This interpretation also is aligned with Mostafiz *et al.* (2024) empirical founds related to sensitive of the relationship between IEO and internationalization due the context.

On the other hand, Path 1 for International Complexity and Path 2 for International Intensity are examples of that by indicating that *the absence* of EO can be taken as adequate configurations associated with high internationalization intensity and complexity. These paths add an interesting interpretative layer to our assessment. While we cannot rule out that such findings might be a feature of data limitations, they are also in line with prior results that indicate a strong presence of "conducted" internationalization in Brazilian franchisors (de Souza Aguiar *et al.*, 2014). This is an interesting situation. On the one hand, it underscores

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the lack of entrepreneurial culture in Brazilian franchises. On the other, it suggests that the "conductors" of such internationalization processes might be "lending" their entrepreneurial orientation to these firms in some way, allowing them to overcome any liabilities associated with their lack of EO.

Our research did not aim to look into the direct relationship between EO and internationalization. However, considering the path heterogeneities observed in our sample, it is possible to understand that the attributes of EO are present in some international Brazilian franchises, while in others, they are not. This is aligned with prior studies out of the franchise context. Boso *et al.* (2017), for example, verified that different dimensions of IEO affect in different ways the scope of internalization of SMEs. According to them, a firm's experiences and capabilities shape this relationship. This result calls into question the direct relationship between the presence of these attributes and the decision to operate abroad. Therefore, it is possible to conclude that different EO configurations, as observed in other internal enterprises' attributes, can induce a driving effect on the internationalization strategies. However, this effect should not be understood as something static, as a specific pathway to be followed. Additionally, this result opens up paths for new research in the area. For example, understanding the differences between franchises with and without EO and the impacts on trajectory and performance of these firms.

Concluding remarks

Our research aimed to delve into the relationship between EO and the internationalization pathways of Brazilian franchises. Specifically, we focused on understanding potential patterns within the internal characteristics of international Brazilian franchises (i.e. their EO) drawing insights from an analysis of their International Intensity and Complexity. Both assessments of EO and International activities were grounded on secondary data sourced from the directories of the Brazilian Franchising Association (ABF).

By presenting an analysis that revolves around the nuanced relationship between EO and the franchising internationalization process – an aspect largely unexplored in franchising literature – we contribute to the ongoing debate surrounding the internationalization of this business model. Our findings indicate that franchises use different characteristic configurations to drive their internationalization strategies, underscoring the intricate nature of EO attributes. No single strategic and configurational process applies all franchises to engage in international operations in what concerns the construct of EO. These discoveries underscore the complexities inherent in the process of franchising internationalization. This exploratory analysis of intrinsic characteristics of networks (their respective EO) paves the way for future studies to delve into the relationships between entrepreneurial attributes of franchises and their internationalization strategies, including their outputs.

Beyond its specific contribution to the franchising field, our research delves into the issue of the relationship between the EO of organizations in general and its internationalization paths/strategies. This reinforces the understanding of EO not as a monolithic element but as a complex and evolving construct. Methodologically, our study introduces a valuable contribution by utilizing the fsQCA technique, an underexplored approach in the context of franchising with no prior works identified specifically employing this methodology in the internationalization of this business model.

From a practical perspective, our assessment presents insights for franchisors that objective exploring international markets. It becomes apparent that there is no one-size-fits-all model for this type of company. Therefore, we suggest that the presence or absence of specific internal characteristics of an organization does not have a deterministic relationship with Internationalization Intensity and Complexity. Consequently, as the main practical implication of this research, we recommend that entrepreneurs aiming for the

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internationalization of their businesses through franchises, rather than adhering strictly to pre-established models, should focus on cultivating specific skills pertinent to the international operating process. Although certain attributes (i.e. Competitive Aggressiveness and Proactiveness) have appeared more commonly present in the observed internationalization paths, the main practical implication of this research concerns the relevance of contextual analysis for fostering and investing in specific attributes in the internationalization process of franchise networks.

This work is not free from limitations. Firstly, our approach exclusively considered Brazilian companies, overlooking the specificities of firms from other contexts. Additionally, aspects relating to the success of the international operation were not evaluated. Therefore, research in different markets, and that seek to evaluate the performance of international units are suggestion for future studies. Finally, given the dynamic nature of the process, conducting longitudinal studies on the interactions between EO and franchise internationalization could further enrich this important discourse.

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