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**Finding Universality and Deathlessness: The Rockefeller Foundation's
1914 Internationalization to Early Republican China Viewed Through
Dunning's Eclectic Paradigm**

par
Madeline Belanger Trottier

**Yves Plourde, PhD
HEC Montréal
Directeur de recherche**

**Sciences de la gestion
(Spécialisation Affaires Internationales)**

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Abstract

Social Enterprise internationalization is largely understudied and under conceptualized. As such, this study seeks to expand the field by exploring SE internationalization through Dunning's Eclectic Paradigm. It does so by constructing and then explaining the case of the 1914 internationalization of the Rockefeller Foundation to China, revealing the importance of two guiding principle's in the Foundation's strategic evolution: universality and deathlessness. Interestingly, when applying the Eclectic Paradigm for analysis, the Foundation's internationalization strategy was found to be efficiency-seeking due to their possession of intangible resources, such as their management practices, social capital, and human capital. These findings highlight the similarity between SE and conventional firm internationalization, thus pushing the field to further empirically conceptualize SEs as a business-type. Moreover, given the found embeddedness of Foundation goals in its local substantive, a final quick discussion on SEs and imperialism is presented.

Keywords : Social Enterprise, Internationalization, Eclectic Paradigm

Research methods : Explanatory Research, Case Study Method, Historical Method

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Chapter 1: Introduction

Social enterprises (SEs) emerge to fill institutional gaps by addressing societal challenges unmet by the Public and Private Sectors (Agapitova, Sanchez, & Tinsley, 2017; Yang & Wu, 2015; Defourny, O’Shaughnessy, & Nyssens, 2016). To do so, they often engage in internationalization, defined as “processes integrating an international, intercultural, or global dimension into the purpose, functions, or delivery of strategies” (Knight, 2004, p.11); yet, SE internationalization is still overwhelmingly understudied (Alon, Mersland, Musteen & Randoy, 2020). This is quite surprising, particularly considering that, under conservative estimates, SEs supply upwards of 20% of total annual health aid (Youde, 2018). This is not to say that SEs or the field of internationalization are understudied themselves: quite the opposite; when searching on WorldCat’s FirstSearch database, one will find 1,169 articles discussing SEs 2,504 discussing internationalization.¹ Yet, when combining the two terms, only three academic articles are relevant.² So, while the internationalization of SEs is a developing field, thus warranting the attention of researchers, it is also a field supported by a rich background literature, lending it to be an accessible topic of study. For these reasons, the following paper will seek to further the field of SE internationalization by contributing explanatory³ findings generated through an in-depth case study of the Rockefeller Foundation’s 1914 internationalization to China. It is my hope that the findings related to this case may guide not only my future study of SEs but also others’. Moreover, the study of internationalization herein is crafted around Dunning’s Eclectic Paradigm (1979) to ease the situating and comparison of findings with the greater field. The following is a background and further elaboration of the precise topic under study.

¹ Search results independently obtained in December, 2021.

² Same as above.

³ Explanatory research “uses reasoning and connects different ideas to define a cause and effect-based relationships that highlights the factors or reasons behind the happening of a certain event” (VOXco, 2022). Explanatory researcher answers *why* and *how* questions.

Motivation

In 2020, the *Journal of World Business* released a Special Issue⁴ focused on SE internationalization composed of only six articles: aside from these, only a handful of other studies discuss the topic, most of which are dissertations rather than published articles. However, what is most interesting in these publications was their lack of reliance on prevalent internationalization theory. Here is where, as a student of international business, my interest arose: what kind of findings could be uncovered through the lens of a specific internationalization theory? This, in my view, is particularly important to uncovering more tangible findings for the field of management, given that much of internationalization theory provides managers with strategic tools and techniques to plan and operationalize their internationalization strategy.

Notably, during my studies at HÉC Montréal, one such paradigm was taught for its particular usefulness in the internationalization decision-making process: Dunning's Eclectic Paradigm. Practically, this paradigm, also known as the OLI framework, guides managers through the decision-making process of internationalizing by discussing an organization's ownership, location, and internalization advantages. Theoretically—in research—it is the dominant paradigm “explaining the extent and pattern of the foreign value-added activities of firms in a globalizing, knowledge-intensive based market economy” (Dunning, 2000, p.163) and the “dominant analytical framework for examining the determinants of international production” (Dunning, 2000, p.184). According to Cantwell and Narula, “its broad appeal has made it a mainstay in explaining various activities and activities” (2001, p.155). However, despite its dominance in the field, it has yet to be applied to SE research: none were found when searching WorldCat for articles addressing the paradigm and SEs.⁵ It seems like a valuable paradigm to apply to the nascent field of SE internationalization, and it is what this study sought to do. Below is a

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⁵ Search results independently obtained in December, 2021. Search included variations to the paradigm's name: OLI, Dunning's, Eclectic, ownership advantages, locations advantages, and internalization advantages.

brief overview of the study's theoretical basis, which inevitably guided the research questions found in Section 1.3.

Theory

Before engaging in a full-scale literature review on the topic, a brief field survey was conducted to determine the project's scope, viability, and precise direction. This survey was conducted using various databases, including Clarivate's Web of Science, WorldCat's FirstSearch, and Google scholar, and aimed to generate sound research questions that were feasible, interesting, novel, ethical, and relevant as per Hulley's FINER questions framework (2007).

Given that a normal science⁶ does not constrain SEs, their conceptualization often varies. An initial perusal of the research highlighted the need to include various terms in the survey and future literature review. Table 1.2 below lists the terms included in the survey. The scope of these terms is presented in Table 1 below.

Table 1. Scope of Literature Survey

Social Enterprise	Eclectic Paradigm
Social Business Social Entrepreneurship Hybrid Firms Hybrid Organization Social Movement Organization ⁷ Social Innovation Social Innovation Ventures Social Innovation Organizations Inclusive Business	Dunning's Paradigm OLI Framework OLI Framework Ownership Advantages Location Advantages Internalization Advantages

⁶ Currently, "no author or institution dominates the SE literature," thus suggesting "that the published literature is largely of a theoretical and descriptive nature" (Granados, Hlupic, Coakes, and Mohamed, 2011, p. 1). As remarked by Nicholls: "...the development of research into social entrepreneurship to date suggests it is in a pre-paradigmatic phase typified as having deep debates over the legitimate methods, problems and the usefulness and quality of alternative solutions that are appropriate to the new area of study... This has been characterized by a multidisciplinary contest over the epistemology of the field that has failed to set any normative boundaries around the term." (2012, p. 2)

⁷ Social Movement Organizations (SMOs) can both be, and not be, SEs; however, SEs are *always*, on some level, SMOs. SMOs are defined as the organizational component of social movements, in this sense SEs, furthering social goals, are necessarily that, as social movements are defined as campaigns in support of social goals (Killian, 2020).

Social Enterprises

SEs have profound effects on global governance (Youde, 2018): they have been shown to improve quality of life, enhance human development, and provide innovative and global solutions to bridging social service delivery gaps (Elkington & Hartigan, 2008; Lasprogata & Cotten, 2003; Zahra et al., 2008; Alon et al., 2020). Given these impacts, SEs have been increasingly incorporated into legal frameworks globally (Palepu & Khanna, 2000; Prashantham, Eranova, & Cooper, 2018), with various countries now recognizing firms certified as “B Corporations,” a title given by B Lab, denoting firms publicly committed to making a positive impact to a broad range of stakeholders (Alon et al., 2020). Despite their widespread appreciation and being twice recognized for their global significance by Nobel committees⁸ (Haugh, 2012), SEs remain undertheorized (Young & Lecy 2014; Nicholls et al., 2012; Haugh, 2012).

As such, the field has reached a critical stage in development (Haugh, 2012), and “the quest for a widely accepted definition of social entrepreneurship and/or social enterprise has been a central issue in a great number of publications” (Defourny & Nyssens, 2016). In response, many authors, such as Young (2006) and Ridley-Duff (2006), purposefully present vague definitions of SEs⁹ to capture the broadest potential forms of the phenomenon. These distinguish SEs based on purpose, stating that the common characteristic of SEs is their dual logic, thus earning them the name of hybrid organizations: they serve Third Sector goals through Public Sector means (Young, 2012). This broad definition accounts that, structurally, SEs have varied economic and legal forms and are therefore particularly difficult to describe as a monolith (Billiteri, 2007). However, such vagueness fails to distinguish SEs from other contributors in the Third

⁸ In 2006, Muhammad Yunus was recognized for his work on social microfinance as a method for poverty reduction, at which point he coined the term “Social Business,” now synonymous with “Social Enterprise”. For this work, he received the Nobel Peace Prize. In 2009, Elinor Ostrom was recognized for her work on economic governance demonstrating the potential for commons, such as forests, fisheries, oil fields, and grazing lands to be managed by their users. She was the first woman to receive the Nobel Memorial Prize in Economic Sciences.

⁹ Young’s definition stipulates that a Social Enterprise is “an activity intended to address social goals through the operation of private organizations in the market place” (2006, p. 23). Ridley-Duff defines them as “a set of business practices guided by social rationality with long-term goal of distributing social and economic capital across stakeholder groups to satisfy individual collective needs” (2006, p.1)

Sector, such as non-profits, and the Private Sector, such as organizations engaging in Corporate Social Responsibility (CSR). As such, others sought to illuminate these distinctions by creating organizational typologies locating SEs as a middle path in business between profit and non-profit organizations, basing their classification on organizational decision making structures (e.g., Teasdale, 2010), social and commercial goals (e.g., Bosma & Levie, 2010; Alter, 2007), motives and key stakeholders (e.g., Nash, 2010), institutional logic (e.g., Galaskiewicz & Barringer, 2012), institutional environment (Kerlin, 2012), and/or legal/organizational options (e.g., Helm, 2010). Despite these efforts, no typology has yet to be proven axiomatic (Young, 2012).

While a conclusive consensus has not been reached regarding their form, a potential candidate recently presented itself: to reconcile thick heterogenous descriptions, Alon et al. (2020) adequately capture the three universal characteristics of SEs, which collectively sets them apart from all other forms: (1) SEs must balance the pursuit of both social and financial goals¹⁰; (2) SEs must be financially viable and thus sustainable¹¹; and, (3) SEs must fill institutional gaps¹². Here, point one and two are structural and only exist to ensure that the third point, or mission, is realized with the most significant flexibility and autonomy (Defourny & Nyssens, 2012). This conceptualization of what constitutes an SE will be carried forward throughout the rest of this study.

The Eclectic Paradigm

The Eclectic Paradigm, first put forward at a 1976 Nobel Symposium in Stockholm by John Dunning (Dunning, 1988), is an expansion of internalization theory that is appreciated for its *simplicity and general nature*, thus making it *compatible with a number*

¹⁰ Unlike non-profits and for-profits, the SE *cannot* operate outside of the Third Sector or Private Sector: its activity is necessarily *always* balanced between the two. In contrast, organizations engaging in CSR may, if needed, absolve themselves from the program without needing to revise their mission: “CSR is typically secondary to the main profit goal of the firm and sometimes designed to enhance the company’s marketing function” (Alon et al., 2020)

¹¹ SE activities are internally funded; therefore, the viability of the organization depends on the strength of the organizations market strategy, in turn necessarily defining the organization’s ability to impact on society. This is in stark contrast to non-profits, who rely on external funding, absolving themselves from Private Sector activity. This also precludes the inclusion of short term, unsustainable projects to the classification. (Alon et al., 2020)

¹² For SEs to address societal qualms, they must provide “services, or goods, that are either unavailable, lacking or of poor quality through public or private sectors” (Alon et al., 2020)

of schools of economic and managerial thought (Cantwell & Narulla, 2001, p.156). Dunning states succinctly that the paradigm aims to “offer a holistic framework by which it [is] possible to identify and evaluate the significance of the factors influencing both the initial act of foreign production by enterprises and the growth of such production” (Dunning, 1988, p. 1). Elaborating later in his career, he notes that the paradigm:

“...avers that the extent, geography and industrial composition of foreign production undertaken by MNEs is determined by the interaction of three sets of interdependent variables—which, themselves, comprise the components of three sub-paradigms.” (2000, p.164)

Simply, ownership, location, and internalization advantages together, as an interdependent bundle, drive and shape internationalization decision-making processes. Thus, These three advantages are conceptualized as paradigms below.

The *ownership* sub-paradigm (“O” advantage) is the competitive advantages held within a firm that are specific to that firm (Narulla, 2010). This sub-paradigm avers that “the greater the competitive advantages of the investing firms, the more they are likely to be able to engage in, or increase, foreign production” (Dunning, 2000, p.164).

The *location* sub-paradigm (“L” advantage) discusses the location-specific advantages held by various locations for the undertaking of *value-adding activities* (Dunning, 1988). This paradigm stipulates that “the more the immobile, natural or created endowments, which firms need to use jointly with their own competitive advantages, favor a presence in a foreign, rather than a domestic, location” (Dunning, 2000, p.164).

Finally, the *internalization* sub-paradigm, or (“L” advantage), “offers a framework for evaluation of alternative ways in which firms may organize the creation and exploitation of their core-competencies, given the locational attractions of different countries” and “avows that the greater the net benefits of internalizing... the more likely a firm will prefer to engage in foreign production” (Dunning, 2000, p.164).

Importantly, a fourth variable is not explicitly mentioned in the framework: context. The paradigm states that the precise combination of these factors, as well as their

interpretation, will be contextual, meaning that the configuration will “reflect the economic and political features of the country or region of the investigating firms, and of the country or region in which they are seeking to invest” (Dunning, 2000, 165). Moreover, it will reflect the industry’s ideas of what is *value-added* at the time, the particular characteristics of individual firms, and the reason for the foreign investment (Dunning, 2000; Narula, 2006; Narulla, 2010). Therefore, context will be a large mitigating and driving effect on the internationalization of a firm.

The Eclectic Paradigm allows a researcher to capture the *why* and the *how* of a company’s specific internationalization strategy based on these variables (Narula, 2010; Rugman, 2010). As such, internationalization decisions can be analyzed through the framework and reveal decision-making processes leading to the choice of activity, location, and foreign market mode of entry (Buckley & Hashai, 2007).

Aim

The following research questions were devised based on: (1) the nascency of the research field; (2) the noted gaps in the research field; and (3) the presented literature on both SEs and the Eclectic Paradigm. While we may assume that the field’s nascency lends it to exploratory research, I argue that the depth and breadth of supporting theories and evidence from both fields merge to give a solid foundation for more advanced research: while exploratory research is the first line of action when developing a field, it is typically done to establish scope and definitions. In our case, we have clear, established, and explored concepts and definitions (SEs and internationalization through the OLI framework) but need to understand the relationship between our variables further. As such, an explanatory research design is adopted. Moreover, the Eclectic Paradigm lends itself to explanatory research given that it seeks to answer the *why* and the *how* of internationalization, uncoincidentally the two fundamental questions of explanatory research. As noted by Schultheiß, the Eclectic Paradigm has great explanatory potential and “raises the claim to explain internationalization in a more profound way than any other approaches” (2009, p.1). In light of this, the following two research questions were devised:

- 1) How do SEs internationalize; and,
- 2) Why do SEs internationalize?

However, while these questions are interesting, novel, relevant, and not inherently unethical, they lack one of Hulley et al.'s criteria for optimal research questions, feasibility (2007), given their lack of specificity. These questions would be better suited in an established field, where findings on the matter and its variations could be briefly summarized. Unfortunately, this is impossible given the lack of data to answer said questions. Therefore, the study will both produce and analyze data: for this reason, the case study method was adopted to further make the problem feasible by constricting the data collection and building to a particular object of study.

More concretely, this study will limit itself to the study of the Rockefeller Foundation's internationalization to China in 1914. Selected as an extreme case, it aims to capture the as-of-yet studied behavior of SEs when internationalizing. Specifically, an extreme case was selected so that I may focus my attention on their internationalization behavior as it relates to a social program rather than their market logic.¹³ As such, the questions guiding this work are:

- 1) Why did the Rockefeller Foundation internationalize to China in 1914; and,
- 2) How did the Rockefeller Foundation internationalize to China in 1914?

This study aims not to generate answers that will then be generalizable to the field. On the contrary, this study aims to elucidate future paths of inquiry-based on the findings generated by these questions.

Structure

To address the case briefly, it is first imperative to present a conceptualization of SE internationalization related to the Eclectic Paradigm. As such, the Literature Review will seek to first expand on the structure and functioning of SEs, then on the Eclectic Paradigm and its components, and discuss any relevant research in the field of SEs that may apply.

¹³ This, along with further elaboration on the study's design can be found in the Methodology.

Pursuant to this deeper theoretical understanding, the Methodology is presented and touches upon the philosophical underpinnings of the study, the case study's design, the case itself, and the methods and data applied to aid in its solving. Importantly, using the Historical Method, a case will be constructed—data generated—and the Eclectic Paradigm, expanded upon in the Literature Review, alongside ancillary tools such as Porter's Five Forces, will be used to *explain* the choices taken. This narrative will be presented in Chapter 4, and its analysis in Chapter 5. Finally, the Discussion will speak on this study's contribution to the field, its limitations, and future directions.

Chapter 2: Literature review

The following is a deep dive into the structure and function of SEs to locate the reader in the field before expounding upon the Eclectic Paradigm and its application to SEs. The following exposé of SEs should make later theoretical comparisons clear.

Social Enterprises

Historically, SEs have been typologized as the middle path in business between profit and non-profit organizations based on themes of organizational decision-making structures (e.g., Teasdale, 2010), organizational goals (e.g., Bosma & Levie, 2010; Alter, 2007), motives and key stakeholders (e.g., Nash, 2010), institutional environment (e.g., Kerlin, 2012), and/or legal/organizational options (e.g., Helm, 2010). Hence, they implement a dual logic, encompassing social and market logic, adhering to a double bottom line. They are “both mission and market-focused” and “sit at the intersection of for-profit and non-profit sectors” (Fitzgerald & Shepherd, 2018).

Thinking of business as a spectrum fulfills its purpose: rare are the firms operating as purely market or social logic-driven. Today, most firms operate with “dual logics” due to a growing demand for corporate sustainability in the private sector and a shrinking donor fund in the non-profit sector (Jiao, 2011). Alon et al. distinguish SEs further based on balance, independence, and function (2020). These factors detail how SEs implement these two separate logics by creating three strategies and are expanded upon below.

Balance, or Governance Strategy

SEs must have financial goals driven by their social goals and therefore have three guiding strategies: one for-profit generation, one for-profit disbursement towards societal causes, and one for balancing the two (Alon, et al., 2020). Unlike Corporate Social Responsibility (CSR), SEs prioritize their social goals rather than adopting social goals to appease stakeholder expectations (Fiaschi, Guiliani, & Nieri, 2017).

Independence, or Market Strategy

SEs cannot depend on or strategize for donations and must instead have a sustainable market strategy; as such, their market strategy must fulfill market demands to be profitable (Alon et al., 2020). Unlike non-profits, SEs adopt long-term and sustainable market strategies, acting independently of donations. Most SEs, do not have any strategy relating to donations, such as fundraising (Battilana & Dorado, 2010).

Function, or Social Strategy

SEs “provide services, or goods that are either unavailable, lacking or of poor quality through the public or private sectors” (Alon et al., 2020, p.2). Unlike CSR, SE emerges to fill institutional voids and operate its social logic within institutionally weak environments (Smith, Gonin, & Besharow, 2013).

Structure of Social Enterprises

Based on the above, we can visualize the archetypal SE as follows:

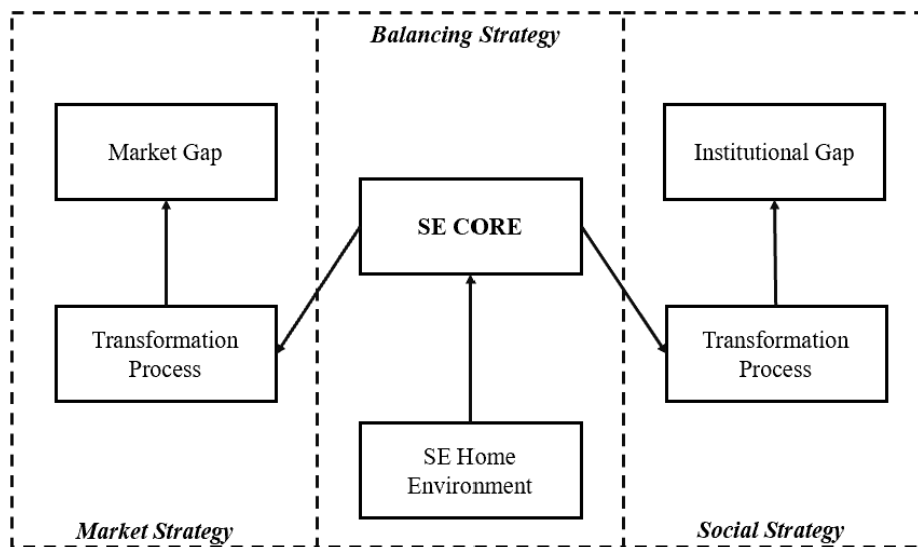


Figure 1. Archetypal Social Enterprise

In the past, internationalization literature primarily focused on the activities of the archetypal, profit-seeking firm. When searching¹⁴ Clarivate's *Web of Knowledge* database, 20,244 results were found addressing the topic of internationalization. Of these results, only 146 focused on non-profit internationalization, and nine on SE internationalization. As such, the literature is skewed towards strategy analyses under a market logic. This is the gap in knowledge that this study seeks to fill. Given the dual logic of SEs, both the behavior of profit-seeking and non-profit-seeking firms will be analyzed; however, particular attention will be given to a social strategy to compare with conventional literature.

The Eclectic Paradigm

The following explores the Eclectic Paradigm as it may potentially relate to SEs. Notably, the Eclectic Paradigm was chosen given its ability to synthesize and account for a wide breadth of internationalization theory through its variables. This is why Dunning dubbed this framework an envelope, as the theory is much more of a container of theories than it is a standalone theory (2000). Therefore, the following is not a sole exploration of the paradigm but rather a utilization of the paradigm to frame the review, as it will later be used to frame the findings. Given that the Eclectic Paradigm is an envelope for other internationalization theories, Figure 2 on the following page locates these on a timeline.

¹⁴ The search process included term synonyms. For internationalization, the term "international strategy" was also searched. For non-profits, the terms "nonprofit," "nonprofits," "non-profit," "not-for-profit," and "not-for-profits" were included. For Social Enterprise, the terms "social business," "social entrepreneurship," and "social change organization" were included.

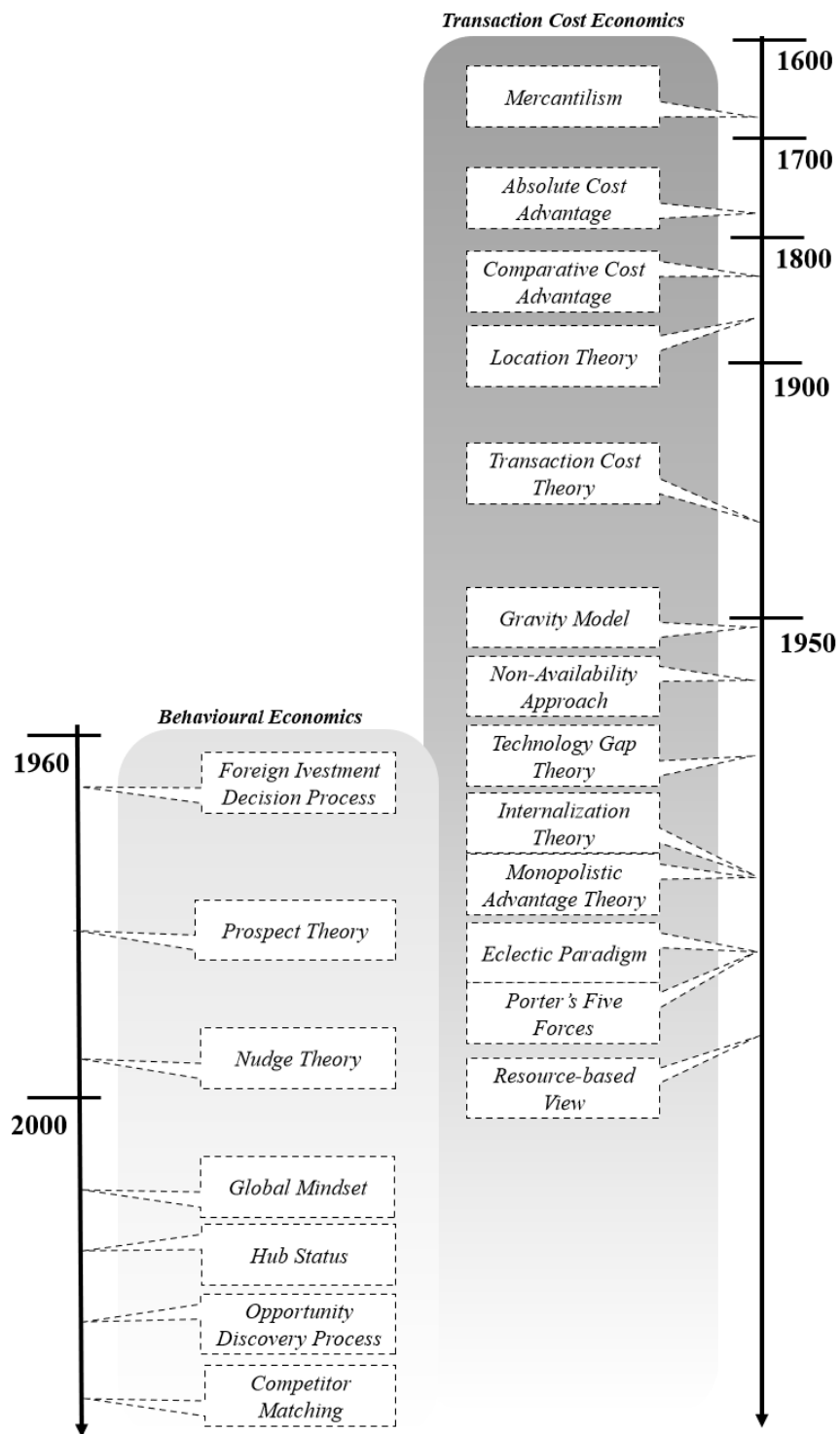


Figure 2. Internationalization Theory Timeline

The division between transaction cost-related and behavioral theories are based on these two's opposite assumptions. While transaction cost economics premises itself upon organizational theory and thus rational choice, behavioral theories emerged to investigate and explain irrational behavior outside of the bounds of conventional economics. Notably, the Eclectic Paradigm finds itself in the transaction cost group. It assumes that: "institutions will avoid transactions in the open market if the cost of completing the same actions internally, or in-house, carries a lower price" (Sridharan, 2012, p.1). This assumption was adopted from internalization theory, from which the OLI framework was expounded, meaning that it is predicated on the rationality of human thought and action. Therefore, the theories from the behavioral schools may not readily apply to the framework and so will not be explored.

By and large, most internationalization scholars may be used to seeing the following research focuses in the internationalization research field: (1) drivers of international strategy; (2) internationalization process; (3) structure of internationalization; and (4) outcomes of internationalization (Alon et al., 2020). While these do not seamlessly compare to Dunning's four variables, they can be understood in context as follows:

- (1) Dunning's contextual variables are, in fact, drivers of internationalization.
- (2) The internationalization process is captured by analyzing ownership, location, and internalization decisions longitudinally, in context.
- (3) The ownership, location, and internalization advantages in context direct the choice of internationalization structure.
- (4) Internationalization outcomes depend on the strength of internationalization choices dependent on context and ownership, location, and internalization advantages: Dunning's four variables.

This illuminates the far reach of the Eclectic Paradigm on the field's theory while also illuminating which theories may apply to which variable, acting as a skeleton for the scanning of theory. Ownership, Location, and then Internalization advantages will be explored, but first, a brief elaboration of the paradigms invisible yet fourth variable, context, will be discussed. The order of the presentation is significant. The Eclectic

Paradigm has direction; meaning, when working through the framework to study or explain a strategic choice, one must start by studying the context, followed by ownership advantages, location advantages, and internalization advantages. Concretely, one cannot determine the latter without the determination of the three formers, while location advantages depend on the first, and ownership advantages depend on context. The model is, therefore, often present like so:

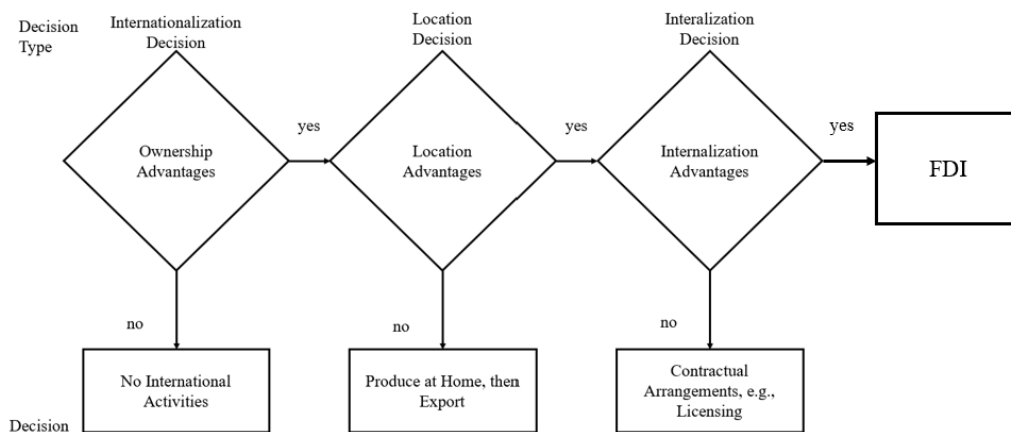


Figure 3. Dunning's Eclectic Paradigm¹⁵

This highlights the paradigm's analysis of strategic decision-making as a process, which lends it to explaining both the *how* and *why* of internationalization.

Contextual Variable

Context is both internal and external and can be understood on three levels: macro-context (general environment, external), meso-context (industry environment, external), and micro-context (firm environment, internal) (Shaw, 2011). The study of context is well developed in management studies, so it will not be elucidated here under its general context. However, it is worthy to note that this variable lends itself to study with the conventional tools of macro-meso-micro scannings, such as Porter's Five Forces Model,

¹⁵ Source: Grünig Rudolf, & Morschett, D. (2018). *Developing international strategies*. Springer Berlin.

the PESTLE Framework, SWOT analysis, and so forth (Dopfer, Foster & Potts, 2004). Significantly, the PEST Framework, a shortened version of the PESTLE, will shape and guide external data collection in this work. In contrast, the Five Forces Model will be used to analyze this data before feeding it through the Eclectic Paradigm. These will be expanded upon later in the work.

According to Dunning, the configuration of ownership, location, and internalization advantages within a firm will:

“...reflect the economic and political features of the country or region of the investing firms, and of the country or region in which they are seeking to invest; the industry and the nature of the value-added activity in which the firms are engaged; the characteristics of the individual investing firms, including their objectives and strategies in pursuing these objectives; and the raison d’être for the FDI.” (2000, p.164)

Or in other words, it will reflect the context, which determines strategic intent, which is the term used to describe the “aspirational plans, overarching purpose, or intended direction of travel needed to reach an organizational vision” (APM, 2017), otherwise known as the why of internationalization strategy. Below are summaries of the transaction cost school theories on strategic intent

Table 2. Theories and Internationalization Drivers

Theory	Drivers
<i>Mercantilism</i>	Countries must seek to increase their exports and decrease their imports within a world where trade volume is held as fixed. (Mun, 1664)
<i>Absolute Cost Advantage</i>	Countries export whichever good they have an absolute advantage in a good will produce said good and supply said good to countries without said advantage. (Smith, 1776)
<i>Comparative Cost Advantage</i>	Countries export whichever good they have a comparative advantage in whenever compared to the destination country (country of import). (Riccardo, 1817)
<i>Location Theory</i>	Firms will operate wherever is best for their profit maximization goals. (von Thünen, 1826)
<i>Transaction Cost Economics</i>	Firms emerge to reduce transaction costs, namely search and information costs, bargaining and decisions making costs, and policing and enforcement costs. Firm behaviour, including internalizing or internationalization is driven by the motivation to keep these costs as low as possible. (Coase, 1937)
<i>Gravity Model</i>	Larger economies drive more firms to internationalize, and firms are more likely to internationalize in culturally and geographically close locations. (Isard, 1954)
<i>Heckscher-Ohlin Model</i>	Countries will export products which use their cheapest resources, and import those using their more valued, scarce resources. (Ohlin, 1952; Heckscher, 1966)
<i>Non-availability Approach</i>	Firms internationalize their goods and services to countries who do not produce said goods and services. (Kravis, 1956)
<i>Technology Gap</i>	Firms internationalize to places where they have a technological advantage, allowing them to gain a monopoly in their industry temporarily. (Posner, 1961)
<i>Internalization Theory</i>	Firms internationalize in order to remain in control of their proprietary assets, such as knowledge. However, firms incur specific costs related to doing business abroad due to the “liability of foreignness.” As such, firms license or outsource when these costs exceed the perceived benefit of internalizing. (Buckley and Casson, 1976)
<i>Monopolistic Advantage Theory</i>	Firms invest in foreign countries in order to (1) maximize firm-specific advantages in imperfect markets; (2) remove conflicts; and (3) diversify their investments. (Hymer, 1976)
<i>Eclectic Paradigm</i>	Institutions will internalize activities if doing so carries a smaller price. (Dunning, 1979)
<i>Porter’s Five Forces Model</i>	Industry (and market) attractiveness is based on five forces: the bargaining power of suppliers, threat of substitutes, bargaining power of buyers, threat of new entrants, and industry rivals. Firms seek to position themselves in markets where these forces work to their advantage, which often requires internationalization. (Porter, 1979)
<i>Resource-based View of the Firm</i>	Given external opportunities, firms will select strategies that best exploit their resources and capabilities, including “going abroad.” Firms strategize to maximize their competitive advantage based on these resources and capabilities. (Barney, 1991)

The above has frequently been summarized by four broader missions (Dunning, 1993; Hamel & Prahalad, 2005):

- (1) market seeking: internationalizing to satisfy global demand;
 - (2) resource seeking: internationalization to gain access to natural resources;
 - (3) rationalized/efficiency-seeking: internationalization to most efficiently divide labor, or to improve overall cost-efficiency.
 - (4) strategic asset seeking: internationalization to strengthen competitive advantage, to weaken that of competitors, or both, through acquisition of strategic assets.
- (Dunning, 1993)

Each of these can be rationally applied to the internationalization of both market and social logic. Moreover, given the SE's need to also devise and balance a market logic, it is inevitable that it will be, to some extent, familiar with these strategic intents. Regarding social strategy, in my view, they can be reconciled as follows: (1) market seeking in the context of SE social strategy could also be conceived as demand satisfying, which is precisely what SEs attempt to do when they fill institutional voids; (2) resource seeking could be easily conceptualized for SEs whose social strategy requires the building of physical products for distribution, the acquisition of resources for redistribution, and so forth; (3) rationalized/efficiency-seeking does not depend on profit-seeking behavior necessarily; however, it intrinsically depends on rational decision making, which SEs are not precluded from doing; and, (4) strategic asset seeking is a mode of survival and sustainability, two crucial goals in SE strategy, leading SEs to require the development and maintenance of competitive advantage.

The following summarizes similar findings; however, this time, they relate specifically to organizations that do not operate with profit-maximization as their goal.

Table 3. Drivers of International Social Strategies

Field	Drivers
<i>Rights</i>	<ul style="list-style-type: none"> ■ International Indian Rights: “nonstate actors seeking principles social change... reach beyond state boundaries to gain international support;” moreover, as a country internationalizes, it drives its social movements to internationalize. (Brysk, 1996, p. 17)
<i>Social Movements</i>	<ul style="list-style-type: none"> ■ Internationalize of Women’s Movements: women’s movements organizations were able to internationalize due to three influences: <ul style="list-style-type: none"> - Network Influence: the news of social problems travels within networks, and in-group preferences encourage people to help - Media Influence: media can increase the visibility of some social issues internationally, leading to international response. - Travel Influence: many entrepreneurs and managers travel and are exposed to specific ailments they believe they can fix. (Dahlerup. 2000) ■ Internationalization of Social Movement Organizations: social activists are motivated by personal ties to both a problem and a movement. (Smith, 2002)
<i>Non-profits</i>	<ul style="list-style-type: none"> ■ Internationalization of Nonprofits: nonprofits are motivated to internationalize due to a changing aid system (shrinking governmental welfare systems), growing needs, development of a “world political culture,” and globalization. (Anheier and Themudo, 2005)
<i>Healthcare</i>	<ul style="list-style-type: none"> ■ Internationalization of Hospitals: hospitals, like non-profits, are output-maximizers. Therefore, they go abroad either to reduce the cost of their inputs or to use any supplementary budget which would otherwise be considered “profit.” (Horwitz and Nichols, 2007)
<i>Education</i>	<ul style="list-style-type: none"> ■ Internationalization of Higher Education Systems: educational system internationalizes due to changes in technology and the internationalization of a program. (Ardakani, Yarmohammadian, Abari, and Fathi, 2011) ■ Internationalization of Academic Research: universities are driven to internationalize their research when: <ul style="list-style-type: none"> ○ There is a collaboration between faculty members (those “doing” the research) and the administration, where the faculty members wish to go international. ○ There is a strategic advantage to internationalizing, namely university partnership and field relevance. (Antelo, 2012) ■ Internationalization of Higher Education Curricula: the drivers which predicted the internationalization of curricula are: <ul style="list-style-type: none"> ○ International student mobility rate, economic globalization; network ties. ■ Internationalization of Education: universities internationalize due to demand absorption (access provision), prestige, image, imperialist attitudes, foreign policy advancement, and competition. (Sharipov, 2020)
<i>Religion</i>	<ul style="list-style-type: none"> ■ Internationalization of Religion in Egypt: the advent of a new communication technology increased religious reach. (Rowe, 2001) ■ Internationalization of Religion: religious organizations are driven to internationalize due to their stewardship's intrinsic “internationality.” As such, religion has been deemed a “major driver for forced internationalization.” (Ergin and de Wit, 2019)
<i>NGOs</i>	<ul style="list-style-type: none"> ■ NGOs are driven to internationalize due to a “shared dissatisfaction with some social condition and willingness to improve àit” (Galkina and Yang, 2020, p. 287)
<i>Culture</i>	<ul style="list-style-type: none"> ■ Internationalization of Japanese Culture: firms internationalize when their cultural elements are in demand, making demand absorption the primary driver of cultural product exportation. (Garcia, 2012) ■ Internationalization of Culture: culture is internationalized when the holders of said culture hold cosmopolitan attitudes (Neto, Milton de Sousa-Filho, and Lima, 2021)

Despite there not being research conceptualizing these, as in the case of for-profit organizations, I have personally drawn three significant conclusions from the findings above. Before describing these, however, it is important to note how many of the points in the table are examples of market seeking, resource seeking, rationalized/efficiency-seeking, and strategic asset seeking.

- 1) Social capital seeking: internationalization to further develop networks.
 - a. This is equivalent to *strategic asset seeking*.
- 2) Human capital seeking: internationalization to further acquire human capital or foster human capital.
 - a. This is equivalent to *strategic asset seeking*.
- 3) Output maximizing: internationalization to have a significant impact/be more productive.
 - a. This is equivalent to *efficiency seeking*.

What the above and their equivalent in the conventional literature demonstrate is the conventional literature's ability to explain what we would also deem *non-market activities*, such as the internationalization of human rights movements.

One paper from the 2020 special on SE internationalization must be mentioned regarding SE-specific findings: Angulo-Ruiz, Pergelova, and Dana (2020). They note: "...if there are more peers in the local community that is doing business internationally, more social hybrids will find that internationalization is a legitimate way of doing business" (2020, p. 275), thus indicating that SEs are prone to isomorphism¹⁶, thus emphasizing the importance of competitor and industry context within our understanding of strategic intent.

Ownership Advantages

Ownership advantages are the possessions of assets unique to the organization in question and not available to foreign competitors (Lundan, 2010; Dunning, 1988). Ownership

¹⁶ Isomorphism explains "the tendency for organizations within a similar field to adopt similar behaviors" (Finlay, n.d.)

advantages are a prerequisite to internationalization and determining a firm's ownership advantage relies on a solid understanding of the firm's resources, core competencies, and competitive advantage (Dunning, 1988; Barney, 1995). To understand these concepts, one must first understand the Resource-Based View of the firm, which states that its resources dictate a firm's performance and how these resources are used and configured (Barney, 1995, 1996). Under this view, core competencies are areas in which a firm outperforms competitors: notably, this must be an area valued by customers (Barney, 1996). Resources, underpinning competencies, are things owned or accessible to the firm; they can be tangible or intangible (Barney, 1996). According to Barney, the resource-based view's founder, uncovering a company's competitive advantage necessitates the evaluation of its determining core competencies (1995). For these to be considered competitive advantages, they must pass the four criteria of Barney's VRIO framework (1995, 1996):

- (1) Value: the competence is valuable or adds value in the eyes of the customer (Barney & Wright, 1998, p.3).
- (2) Rareness: a competence must, given that if it exists within competing firms, it is necessarily not the company's competitive advantage (Barney & Wright, 1998).
- (3) Imitability: if competence is imitable, then it risks no longer being rare, there precluding it from contributing to a competitive advantage (Barney & Wright, 1998).
- (4) Organization: "...for any characteristic of a firm's human resources to provide a source of sustained competitive advantage, the firm must be organized to exploit the resource" (Barney & Wright, 1998, p.9).

Lundan (2010) adequately summarizes the three broad types of ownership advantages summarized in the table below:

Table 4. Lundan's Ownership Advantages¹⁷

Advantage	Contents	Outcome
Intangible Asset and Property Right Ownership Advantages	<ul style="list-style-type: none"> - Property rights and/or intangible asset advantages - Product innovations, production management, organizational and marketing systems, innovatory capacity, noncodifiable knowledge; accumulated experience in marketing, finance, etc. - Ability to reduce costs of intra- and/or inter-firm transactions (also influenced by Oi). 	Efficiency, Market power
Common Governance Ownership Advantages	<ul style="list-style-type: none"> - Advantages of common governance - Advantages of scale and scope of the multiplant firm. - Advantages specifically derived from multinationality itself (also influenced by Oi). 	Organizational effectiveness
Institutional Ownership Advantages	<ul style="list-style-type: none"> - Advantages of common governance - Advantages of scale and scope of the multiplant firm. - Advantages specifically derived from multinationality itself (also influenced by Oi). 	Legitimacy and trust resulting from nonmarket effectiveness

Interestingly, none of the findings above would contradict our conceptualization of SE internationalization. It, therefore, stands to reason that SEs *should* follow similar paths in creating competitive advantages over conventional firms.

Ownership Advantages and SEs

In the literature discussing the competitive advantages of SE, these points are not negated; rather, various ways of achieving valuable, rare, inimitable, and organized competencies are presented. For example, Weber finds that SEs with robust digital strategies are more likely to sustain a competitive advantage (2013). Prasetyo found that the main determinants of a sustained competitive advantage in SEs were leadership and knowledge management (2016). However, Iskandar, Joeliaty, Kaltum, and Hilmiana succinctly described the state of the field of SE literature as it relates to the resource-based view in their 2022 literature review:

“Numerous entrepreneurial competencies include recognition, relationship, organizing, and strategic competencies. All these have positive effects on social

¹⁷ Source: Lundan, S. M. (2010). What are ownership advantages? *Multinational Business Review*, 18(2), 51–70. <https://doi.org/10.1108/1525383x201000010>

enterprise performance. Different types and sources of competitive advantage positively impact social enterprise performance. The types of competitive advantage include cost leadership, differentiation, and focus strategy. The numerous sources of competitive advantage entail human capital, bundle pricing, product attribute differentiation, price discrimination, customer's willingness to pay, organizational structure, and Technology. The performance of the social enterprise relies on the critical component of social entrepreneurship like a social mission that is put above financial goals, innovativeness, and a self-sustaining business model.” (Iskandar, Joeliaty, Kaltum & Hilmiana, 2022, p.1)

The importance of the social mission to the development of competitive advantage, briefly mentioned by Iskandar et al. above (2022), is further developed by Muñoz & Kimmit (2018). They state that social missions are strategically advantageous and enable competitive advantage (p.3). Through an analysis of 111 SEs, Muñoz and Kimmit found that: (1) strong social missions can produce a competitive advantage that also positively impacts the firm’s profit strategy; (2) the balancing of social strategy with market strategy, rather than leaning towards one, seems to engender competitive advantages, with the most competitive SEs having a structure or strategy that inherently combines the two (creating a symbiotic relationship); (3) a SEs ability to craft and execute its competitive advantage relied on its strong stock of human capital: significantly, the experience of the SEs management will guide how it seeks to be competitive, and how it decides to combine its social and market missions (2018). Based on these findings, we understand that SE relies on a strong social mission that is symbiotically related to its market mission to build a competitive advantage, all of which depends on the SE's stock of human capital. This supports Bakar et al.’s findings that value in SEs is driven by its human capital and that human capital was a direct determinant of sustainability.

Location Advantages

Location advantages, or location-specific advantages, are any advantageous market features held in a location that allows a firm to increase or protect its competitive advantage (Dunning, 1988). According to Cuervo-Cazurra, Martin de Holan, and Sanz, “the sum of benefits that firms in a particular location achieve constitutes the essence of

location advantage, which arises from privileged access to external resources available in that location and scarce elsewhere” (2013, p.508).

Finding location advantages goes beyond studying inter-country differences; instead, it requires understanding the home and host country’s interactions and how these interactions shape the firm’s decisions (Meyer, Mudambi, & Narula, 2011). Unfortunately, location advantages are the most understudied of the variables in the framework; however, some theories apply to the study of this inter-country interaction, such as Ghemawat’s CAGE framework (2007). The CAGE framework investigates the distance between two countries on four variables—cultural, administrative, geographic, and economic distance—rather than evaluating countries in isolation, further contextualizing the analysis of location advantages (Ghemawat, 2007). The framework, taken directly from Ghemawat’s seminal presentation of the CAGE framework, is as follows from Ricart et al. (2004):

Table 5. Country-level CAGE Framework¹⁸

The CAGE Framework at the country level				
	Cultural Distance	Administrative Distance	Geographic Distance	Economic Distance
Country-pairs (bilateral)	<ul style="list-style-type: none"> • Different languages • Different ethnicities; lack of connective ethnic • Difference religions • Lack of trust • Different values, norms, and dispositions 	<ul style="list-style-type: none"> • Lack of colonial ties • Lack of shared regional trading block • Lack of common currency • Political hostility 	<ul style="list-style-type: none"> • Physical distance • Lack of land border • Differences in time zones • Differences in climates and disease environments 	<ul style="list-style-type: none"> • Rich-poor differences • Other differences in cost or quality of: <ul style="list-style-type: none"> Natural resources Financial resources Human resources Infrastructure Information or knowledge
Countries (unilateral or multilateral)	<ul style="list-style-type: none"> • Insularity • Traditionalist 	<ul style="list-style-type: none"> • Nonmarket or closed economy 	<ul style="list-style-type: none"> • Landlocked geography 	<ul style="list-style-type: none"> • Economic size • Low per-capita income

¹⁸ Source: Ricart, J. E., Enright, M. J., Ghemawat, P., Hart, S. L., & Khanna, T. (2004). *New frontiers in international strategy*. *Journal of International Business Studies*, 35(3), 175–200. <https://doi.org/10.1057/palgrave.jibs.8400080>

<ul style="list-style-type: none"> • Extern of home bias • Lack of membership in international organizations • Weak institutions; corruption 	<ul style="list-style-type: none"> • Lack of internal navigability • Geographic size • Geographic Remoteness • Weak transportation or communication links
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Notably, the framework allows for considerations at the individual country level which directly impact inter-country relationships while also exploring direct inter-country relationships, ensuring that all relevant distances are conceived (Ghemawat, 2007). This analysis, however, does not yield results specific enough to firm operations. Therefore, the framework has a second level which allows for the interpretation of distances’ impact on industry-level factors, allowing specific industry-related advantages to be uncovered from Ricart et al. (2004):

Table 6. Industry-level CAGE Framework¹⁹

The CAGE Framework at the industry level: correlates of sensitivity			
Cultural Distance	Administrative Distance	Geographic Distance	Economic Distance
Cultural differences matter the most when: <ul style="list-style-type: none"> • Products have high linguistic content • Products matter to cultural or national identity • Product features vary in terms of size and standards • Products carry control-specific quality associations 	Government involvement is high in industries that are: <ul style="list-style-type: none"> • Producers of staple goods • Producers of other entitlements • Leage employers • Large suppliers to government • National champions • Vital to national security • Exploiters of natural resources 	Geography plays a more important role when: <ul style="list-style-type: none"> • Products have a low value-to-weight or value-to-bulk ratio • Products are fragile or perishable • Local supervision and operational requirements are high 	Economic differences have the biggest impact when: <ul style="list-style-type: none"> • The natural demand varies with income level • The economics of standardization or scale are limited • Labor and other factor

¹⁹ Source: Ricart, J. E., Enright, M. J., Ghemawat, P., Hart, S. L., & Khanna, T. (2004). *New frontiers in international strategy*. *Journal of International Business Studies*, 35(3), 175–200. <https://doi.org/10.1057/palgrave.jibs.8400080>

<ul style="list-style-type: none"> • Subject to high sunk costs 	<p>cost differences are salient</p> <ul style="list-style-type: none"> • Distribution or business systems are different • Companies need to be responsive
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As with ownership advantages, research on location advantages is mainly applicable to SEs without modification, given its breadth and depth of analysis and lack of restriction to strict profit-seeking behavior.

Location Advantages and SEs

Bhawe, Neubaum & Hayton first contended that location advantages should, as a whole, be revisited in the context of SEs due to SE's propensity to fulfill institutional voids and, therefore, operate in high-risk environments (2008). However, in studying location advantages, we see that this contention is ill-advised. First, while SEs fill institutional gaps, we cannot assume that the institutional gap being filled is inherently consequential to an environment's risk. For example, many SEs operate in the United States (e.g., Mendell, 2010; Defourny & Nyssens, 2012) and in Great Britain (e.g., Spear et al., 2017; Bhattaray, Kwong & Tasavori, 2019), two environments traditionally thought of as institutionally strong (Kerlin, 2006; Doeringer, 2009). This is because not all institutional gaps are equal: given their inherent difficulty in scaling up, many SEs remain small and tackle local issues related to municipal affairs (Barraket & Yousefpour, 2014). Second, operating in high-risk environments is not specific to SEs. Some internationalization literature is dedicated to exploring MNE decisions to operate in institutionally weak environments, such as Luiz and Rupal's study of non-African mining companies and their choice to invest in some of the world's most high-risk environments contained within the African continent (2013)²⁰. Importantly, given the SE's dual logic, we cannot rule out such resource-seeking as a driver for location advantages. Therefore, we should not expect

²⁰ For more examples, see Ramamurti, 2004; Pananond & Zeithaml, 1998; Oetzel & Dog, 2009; and, most interestingly, Cuervo-Cazzura & Genc's 2008 article entitled *Transforming disadvantages into advantages: Developing-country MNEs in the least developed countries*.

locations advantages to manifest dramatically different than they have been shown to in other corporate structures.

While Muñoz called for further geographical research on SEs (2010), studies on SE location advantages remain sparse; however, there have been some meaningful contributions. In investigating 6,868 SEs in England, Thirlaway, Haugh, and Robson found that SEs: (1) “tend to locate near to each other;” (2) “benefit from co-location with populations of private enterprises and other charitable organizations;” and (3) “located in areas characterized by high deprivation have a greater propensity to survive than those located in areas where resources are more plentiful” (Thirlaway et al., 2017). Moreover, through a case study, Moellmann & Thomas found a “strong cost-reduction potential... in developing countries due to high transportation costs” (2019, p.1), further indicating the perceived location advantages of SEs follow conventional lines.

Other studies found specific considerations related to specific locations. In 2018, Douglas, Eti-Tofinga, and Singh found that geography and location dramatically affect the potential of SEs, SE performance, and even the acceptance of SEs in foreign cultures. Notably, they found that in geographically isolated regions, such as Fiji, local reception is a more significant location consideration than in other locations, given the local hesitation towards foreign intervention (Douglu et al., 2018).

Similarly, Steiner, Farmer, and Bosworth found that SEs wishing to operate in rural environments need a different set of skills than urban SEs due to the lacking infrastructure, sparse population, and unevenly distributed social and human capital (2019), further showcasing the impact of local context on SE strategy. This study found that for SEs to succeed in rural environments, they must build strong networks that serve to “shorten” the physical distances of rural life through increased communication (Steiner et al., 2019).

This complements Chen and Chen’s finding that “network linkage is an important determinant of location choice in foreign direct investment” (1998). Together, these signal the importance of social capital in driving location choice and sustaining (and facilitating) location choices. Recalling past showcased findings on the drivers of internationalization of social movements, let us recall that social activists are motivated to internationalize by

personal ties to both a problem and a movement (Smith, 2002) and, in the case of the internationalization of human rights movements, “nonstate actors seeking principle social change... reach beyond state boundaries to gain international support” (Brysk, 1996, p. 17), further reinforcing contentions on the importance of social capital for SE internationalization, particularly location choice and the perception of location advantages. As stated by Zain and Ng, country borders are no longer as relevant as network borders (2006).

Internalization Advantages

Internalizing is when a firm chooses to keep value-added activities internal rather than, for example, outsourcing or licensing (Dunning, 1988). This is done for two reasons: (1) to avoid market imperfections and thus increase firm control coordinating costs²¹, transaction costs, and risk; and (2) to maintain or protect ownership advantages (and thus remain competitive) (Dunning, 1988, 1995). Examples of such advantages include, but are not limited to, increased control of the quality of output; protection of critical intellectual property related to products and processes; and the elimination of negotiation costs (Dunning, 1988; Narulla, 2010). As such, internationalization advantages are those that seek to reduce contractual risk (Agarwal & Ramaswami, 1992)

Deciding between internalization and externalization is primarily set by the firm’s willingness to control (Williamson, 1985). Firms that internalize less are engaging in low control modes, which will inevitably lead to higher costs; conversely, firms that internalize more engage in high control modes, driving their costs down (Agarwal & Ramaswami, 1992; Anderson and Weitz, 1986). Importantly, a firm’s willingness for control will determine the contextual factor and the nature of its ownership advantages (Williamson, 1985). Volatile, higher-risk environments will push firms to seek higher control modes (Agarwal & Ramaswami, 1992). Therefore, the decision to internalize or externalize a value-adding function determines the firm’s mode of entry into a market (Dunning, 1988).

²¹ Such as costs related to information search, negotiating, information exchange, and changes in designs.

These entry modes include exporting, licensing, franchising, joint venture, acquisition, and greenfield venture (or wholly owned subsidiary) (Zahara, Duane & Hitt, 2000). Under the Eclectic Paradigm, exporting, licensing, and franchising are non-equity-based modes, while joint ventures and wholly-owned subsidiaries are equity-based (Dunning, 1988). Franchising finds itself in the middle: it can be structured as either equity or non-equity based (Dunning, 1988). They can also be classified, or ordered, based on the extent of investment risk, ranked in order of least to most risk: exporting, licensing, franchising, joint venture, acquisition, and wholly-owned subsidiary (de Bruin, 2016). Lastly, these modes can be ranked based on the level of control: notably, the results are the same as the previous list when ranked from smallest to the highest level of control (Karpova, 2007). The diagram below by Driscoll (1995) develops this idea visually:



Figure 4. Entry-Modes and Their Characteristics²²

Interestingly, we previously noted that firms internalize to reduce coordinating and transaction costs and risks; however, as these rankings show, there is an inherent trade-off between control and risk, given that firms that seek more control must engage in

²² Source: Driscoll, A 1995 'Foreign market entry methods: a mode choice framework', in SJ Paliwoda & JK Ryans (eds), *International marketing reader*, Routledge, London ; New York

higher-risk foreign investment, as higher control entry methods equate to higher required investment (de Bruin, 2016). Thus, internalization advantages require an analysis and comparison of coordinating and transaction costs and risks alongside operational costs and risks brought forth from internalization.

Internalization Advantages and SEs

Again, the Eclectic Paradigm lends itself well to describing a wide breadth of behavior, including that of SEs. However, according to Agarwal and Ramaswami:

“The main effect of internalization advantage suggests[s] that firms will refrain from entering a country if the perceived risk of dissipation of knowledge, deterioration of quality of services, and costs of writing and enforcing contracts are high. This is particularly critical for firms with specialized knowledge, protection of which must be an important priority.” (1992, p.9)

Importantly, aside from SEs protecting potential intellectual property, based on our ownership and location findings, they could also be internalizing to protect their stock of human capital and social capital. These houses specialized knowledge in individuals and networks, respectively. While no research was found on this as it relates explicitly to SEs, if we agree that social and human capital contributes mainly to the formation of ownership and location advantages, then it goes without saying that these would be attributes over which an SE would want the highest control.

Advantages Through Time

Importantly, internationalization decisions are not static, nor do they occur in static environments. The nature of global markets is such that decisions today do not necessarily reflect tomorrow's data: this is even more true when dealing across borders. As noted in the Uppsala Model, internationalization is a learning process, a process of growing familiarity, that occurs in slow steps as a firm gains knowledge (and implements it) (Johanson & Vahlne, 1977). Therefore, it is expected for the advantages of the Eclectic Paradigm to shift, as does the decision's context, again grounding our foundational understanding of internationalization as a process arising out of a specific context.

Firms can react to dynamism in varied ways, such as choosing to adapt continuously or choosing to standardize. When choosing to adapt to international conditions rather than standardizing strategy, a firm is said to be more locally responsive. According to Welch and Luostarinen (1988), internationalization strategies can be categorized based on this responsiveness and on the pressures on the company to reduce costs, as exemplified by the figure below:

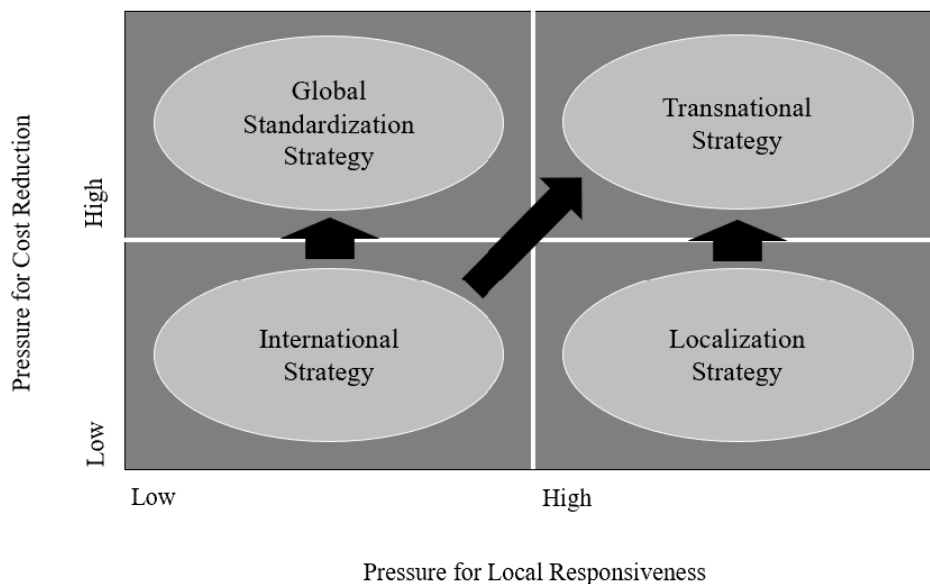


Figure 5. Type of Global Strategy²³

Notably, transaction cost economics stipulates that firms seek to reduce costs over time; firms tend to evolve from international to either global or transnational and localized to transnational (Hill, 2011), as shown by the arrows in the figure above. This demonstrates that firms are thought to be heavily driven by the pressure to reduce costs over time. In contrast, its local responsiveness seems to be driven by context or firm-derived advantages instead (Welch and Luostarinen, 1988; Dunning, 2001),

Throughout internationalization, there has been much research on the process of internationalization and strategic adaptation in the light of international business. The most popular theories are summarized in the table below:

²³ Source: Bruin, L. de. (2020, March 22). *International Business Strategy explained with examples: B2U. Business*. Retrieved April 13, 2022, from <https://www.business-to-you.com/international-business-strategy/>

Table 7. Theories on the Process of Internationalization

Theory	Process
<i>Uppsala Model</i>	Firms internationalize in steps. First, they gain confidence in their local market. Second, they internationalize to geographically and culturally “close” countries. Third, the firm begins with lower-risk internationalization methods, such as exporting, before scaling up operations as they grow confident. (Johanson & Vahlne, 1977)
<i>Continuum of Internationalization</i>	Internationalization occurs when a firm works through tolerating international markets, being responsive to said market, and being committed to said markets. (Healy, 1986)
<i>Diffusion of Innovation Model</i>	Firms, like consumers, follow Roger’s 5-steps to innovation adoption, (1) knowledge, (2) persuasion, (3) decision, (4) implementation, and (5) confirmation. Here, innovation can be seen as internationalizing. (Rogers, 2003)
<i>Born Globals</i>	Some firms internationalize as soon as they begin to operate. Born globals, these firms accumulate knowledge of foreign markets before their first internationalization. They base their internationalization process and approach on network ties and a-priori knowledge accumulation, often largely relying on management experience. (Blomstermo and Sharma, 2003)
<i>Network Approach</i>	Their network guides firms’ internationalization process. As such, no set path is in place for firms, as the path chosen depends on the location and embeddedness of the firm’s network. (Zain and Ng, 2006)
<i>Updated Uppsala Model</i>	Same as above, however, revised to encompass networks rather than markets. Therefore, firms internationalize by expanding within its network. This can be thought of as a combination of the Network Approach and the Uppsala Model. (Johanson & Vahlne, 2009)
<i>Learning Portal Model</i>	New firms can “leapfrog” technological development stages, therefore, catching up to other markets through the establishment of learning portals in mature markets (Hertenstein & Alon, 2021)

Notably, the determination of a firm trajectory depends on its Eclectic Paradigm variables, the diversity of which explains the existence of various models. For example, in the case of Born Globals, we understand that firms engaging in this process may gain ownership advantages for doing or possess ownership advantage and location advantages encouraging to such a strategy, such as an established network in a foreign country choice. Therefore, the aspects studied under the Eclectic Paradigm direct the reason and structure of the internalization strategy and its cadence (Dunning, 1988).

Process of SE Internalization

While the literature on this topic is scarce, we have two works to guide our understanding. Zahra, Newey, and Li, propose that SEs have a particular need for trust-building before

implementing any strategy (2014), while Sundaramurthy, Musteen, & Randel suggest that consumer trust in SEs should be built through the inclusion of local stakeholders in the co-creation of social solutions to reduce an SE's liability of foreignness²⁴ (2013). These suggest that trust-building processes mitigate the cadence of SE internalization; as such, SEs should be expected to internationalize as trust builds between the firm and the foreign market (Alon, Mersland, Musteen, & Randoy, 2020). Again, this highlights the importance of social and human capital in the internationalization of SEs. While trust and trustworthiness are “essential for the existence of social capital” (Claridge, 2020, p.1), they are also integral to some definitions of the term: “[social capital is the] connection among individuals—social networks and the norms of reciprocity and trustworthiness that arise from them” (Putnam, 2000, p.19).

Moreover, as it pertains to human capital, another identifiable key to SE strategizing, Papagapitos and Riley contend that trust in social networks bolsters human capital. It allows for an easier flow of information and participants throughout the network (2009). Conversely, Barbi and Mattioli found that a strong stock of human capital increases trust within a network, thereby bolstering social capital (2019).

²⁴ Liability of foreignness describe “the additional costs that firms operating outside their home countries experience above those incurred by local firms (Denk, 2012)

Chapter 3: Methodology

The following sections will lead you through the selection logic for the overall methodology employed. The following can be expected from this section: (1) elaboration of the research paradigm; (2) discussion of the selected design: the case study protocol, case selection, and the Rockefeller case; and (3) discussion of the selected method of data processing and analysis: the historical method.

Research Paradigm

Before touching on the specific methods employed, it is essential to note personal and research philosophy. The approach depends on how the problem is conceptualized based on what the researcher believes constitutes truth—ontology—and knowledge—epistemology (Kawulich, 2012). While, in my experience with the literature, the paradigm²⁵ is rarely discussed explicitly in business studies, Rashid's following quote inspired me, for personal development and a better understanding of research as a whole, to dedicate some time to exposing these and noting how they will bias or affect my research methodology and the interpretation of findings:

“Understanding of research philosophy is crucial, as it builds the basis for how you approach your research. The selection of philosophical paradigms emerges from understanding ontology, epistemology, and paradigm choices. Every researcher should familiarize, understand, and develop a stance that will eventually reflect in the mechanics of the research method.” (2019)

While it may seem redundant to mention a philosophical paradigm while this study chooses to study the Eclectic Paradigm specifically, it is essential to note that the paradigm in these instances is used very differently. While the Eclectic Paradigm does, in a sense, “represent a particular way of thinking that is shared by a community of scientists in solving problems in their field” (Kuhn, 1962), this way is by no means a normal science

²⁵ Thomas Kuhn states that a paradigm is something: (1) to represent a particular way of thinking that is shared by a community of scientists in solving problems in their field; and (2) to represent the “commitments, beliefs, values, methods, outlooks and so forth shared across a discipline.” (1962).

grounded in a specific paradigmatic school, such as positivism or constructionism, which is what Kuhn meant by paradigm (1962). Notably, it takes its name, eclectic, as it reflects the conceptual approach of eclecticism, an approach that draws on an eclectic source of theories without limiting itself rigidly to assumptions (Dunning, 1979). Therefore, the Eclectic Paradigm can be implemented under various ontologies and epistemes, the two of which will guide the structure and internal validity of the study and its findings. Notably, while quantitative studies are intrinsically positivist (Sarker & Lee, 2002), the field of international business theory does not hold itself to any particular paradigm, nor do the social sciences as a whole (Dunning, 2006). In the past, researchers' management studies have not been known to explicitly mention these basic philosophical assumptions, something Ma and Yu state produces a weakness in findings and weakens the ability to theory build with said findings later on. For these reasons, and to try and set a new precedent in my research process, this is first analyzed.

Constructivist Approach

According to the Oxford Dictionary of Philosophy (n.d.), paradigms are three philosophical domains. The first, ontology, describes the researcher's view on the nature of existence or being, asking directly, "what is reality?" The second, epistemology, describes the researcher's view on the nature of knowledge, answering the question, "how do you know something?" Lastly, methodology describes how the researcher can go about attaining knowledge, asking, "how can I find out?" After diligent research into various paradigms, such as positivism, constructivism, and subjectivism, I determined that I align most with the constructivist school of thought, which posits that no one reality or truth exists and that reality is continuously renegotiated. According to Chinkhata, this paradigm states that "the learner is an information constructor" (2018, p. 5). The paradigm distinguishes itself along with the three domains as follows, as highlighted by Khaldi (2017):

- Ontology: Reality is created by the individual and continuously renegotiated.
- Epistemology: Knowledge of reality is, therefore, an interpretation of the world²⁶.

²⁶ Researchers distinguish the "world" as the actual "thing" being interpreted, whereas reality is the interpretation of said "world."

- Methodology: Knowledge can be acquired through quantitatively, qualitative or mixed-methods research based on the construction of the problem.

However, these basic assumptions are not enough to decide on a method: we must also consider the research problem at hand and how the constructivist approach can go towards answering the questions posed (Ma & Yu, 2010).

Research Design

The research design functions to “ensure that the evidence obtained enables [the effective] address [of the] research problem logically and unambiguously...it is the overall strategy intergrat[ing] the different components of the study coherently and logically” (University of Southern California Libraries, n.d.). The research problem, questions, and philosophical paradigm determine the design. While not specified by name, this was previously touched on in the Introduction, where the research questions, born from the research problem, allowed us to grasp the requirement for an explanatory research design. The reasons espoused were two-fold: (1) the state of the field, with defined terms but minor theoretical developments, and (2) the formulation of the research questions as to why and how questions.

Explanatory Research Design

Explanatory research intends to provide granular details in fields with some theoretical understanding to generate more tangible research questions for future study (Baskerville & Pries-Heje, 2010). It has three broad purposes: to increase understanding of an understudied phenomenon, to allow for the flexibility of sources given the usual nascency of the research field, and to guide better conclusions in future works by making specific future study recommendations (China Scholarship Council, 2018). This type of design, as do all, sets clear limitations on the method applied. The most popular methods applied in explanatory research are Literature Reviews, Interviews, Focus Groups, and Case Analyses (China Scholarship Council, 2018). The table below summarizes each of these techniques’ advantages and disadvantages:

Table 8. Research Design Comparisons

	Advantages	Disadvantages
Literature Review	<ul style="list-style-type: none"> - Bias reduction through strict adherence to a review protocol and inclusion of various authors' voices. - Transparent, replicable methodology. 	<ul style="list-style-type: none"> - Time-consuming. - Lack of inclusion of "grey literature" (non-theoretical sources). - Predicated on the richness of literature available.
Interviews**	<ul style="list-style-type: none"> - Flexible, iterative method. - Diverse data, including respondent affect. - Improved ability for depth of findings given the ability for interviewees to elaborate. 	<ul style="list-style-type: none"> - Costly and time-consuming. - Interviews can create or reinforce bias within the researcher. - There is a stronger ethical component involved. - Respondents can be difficult to access.
Focus Groups***	<ul style="list-style-type: none"> - Diverse data, including respondent affect. - Improved ability for depth of findings given the ability for those involved to elaborate: however, the group setting constricts this more than individual interviews. - Flexible method allowing for on-the-spot adjustments. 	<ul style="list-style-type: none"> - Costly and time-consuming. - Focus groups, like interviews, can create or reinforce moderator bias. - Respondents can be difficult to access. - There is a stronger ethical component involved.
Case Analyses****	<ul style="list-style-type: none"> - Client observations are slow and detailed. - Stakeholder observations are transformed into data, therefore generating data for future research. - It is flexible in the type of analysis involved. - It is inexpensive. 	<ul style="list-style-type: none"> - Research bias can influence data collection and formulation. - It is very time-consuming. - It can be inefficient. - It requires a small sample to be effective. - Data collection is labour intensive.
<p>* Information taken from Gough, Oliver, and Thomas, 2017. **Information taken from Bailey, 1994. ***Information taken from Gaille, 2015. ****Information taken from Miller, 2016.</p>		

Importantly, this study was undertaken at the beginning of the COVID-19 pandemic, making in-person meetings impossible for the study. While other ways could have been arranged, there was an acknowledgment that, given the insidious nature of the pandemic in our psyches, interviewee narratives and the researcher's interpretations risked being too heavily biased by current world events. This is particularly important given the pandemic's direct impact on international business, internationalization, and SEs (Wever, 2020). As much as possible, the interview and focus group methods were dropped from consideration to abstract data from the present crisis era. Moreover, given the present state of the field and the scarcity of literature, it felt more fruitful to aid the field in the generation of new data: after all, Alon et al. have previously conducted a Literature Review in 2020, which is very up-to-date, and it calls for further empirical research (Alon et al., 2020) As such, the case study method was chosen. While researcher biases are still present in this technique, a concerted effort has been made to use a Case Study Protocol to limit their impact; moreover, the previous elucidation of philosophical underpinnings also aims to illuminate bias where it may not be evident to the researcher.

Case Study Protocol

Case studies investigate “individual circumstances” (Gaille, 2018, p.1). According to Halinen and Tornroos (2005), case studies in management are “an intensive study of one or a small number of business networks, where multiple sources of evidence are used to develop a holistic description” (p.1286); Rashid expands on this view:

“Case study research consists of a detailed investigation, often with empirical material collected over a period of time from a well-defined case to provide an analysis of the context and processes involved in the phenomenon. The phenomenon is not isolated from its context (as in positivist research) rather is of interest precisely because of its relation with the context.” (2019)

Importantly, it seems to satisfy prior convictions perfectly: “case study is deemed a suitable research strategy when the proposed research addresses a contemporary phenomenon, which the researcher has no control over; the research is largely explanatory; and it addresses the “how” and “why” questions” (Shakir, 2002, p.2).

To control for research bias as much as possible, This study adopts Maimbo and Pervan’s case study protocol (2005), which broadly defines the case study process as (1) defining research questions; (2) selecting a case; (3) setting data collection methods; (4) collecting the data; and, (5) analyzing the data. They further stratify the protocol as follows—note that the red checkmarks indicate steps already carried out within this paper:

Table 9. Case Study Protocol²⁷

Phase	Stage	Activity	Reason
Phase One	✓ Getting started	<ul style="list-style-type: none"> ✓ Define of research question(s) ✓ Possible a priori constructs 	<ul style="list-style-type: none"> Focuses efforts Provides better grounding of measures
	Selecting cases	<ul style="list-style-type: none"> Neither theory nor hypothesis Specified population Theoretical sampling 	<ul style="list-style-type: none"> Retains theoretical flexibility Constrains extraneous variation and sharpens external validity
	Crafting instruments and protocols	<ul style="list-style-type: none"> Multiple data collection method Qualitative and quantitative 	<ul style="list-style-type: none"> Triangulation strengthens grounding of theory
Phase Two	Entering the field	<ul style="list-style-type: none"> Iterative data collection and analysis Flexible opportunistic data collection 	<ul style="list-style-type: none"> Speeds analysis Facilitates emergent themes
	Analysing the data	<ul style="list-style-type: none"> Within-case Cross case analysis 	<ul style="list-style-type: none"> Gains familiarity with data and preliminary theory generation Looks beyond initial impressions
	Shaping hypothesis	<ul style="list-style-type: none"> Iterative tabulation of evidence for each construct Replication logic across cases Search for the cause, ie the ‘why’ behind relationships 	<ul style="list-style-type: none"> Sharpens construct definition, validity and measurability Confirms, extends and sharpens theory Builds internal validity
Phase Three	Enfolding the literature	<ul style="list-style-type: none"> Comparison with conflicting literature Comparison with similar literature 	<ul style="list-style-type: none"> Builds internal validity, raises theoretical level and sharpens construct definition Improves generalisability, raises theoretical level and sharpens construct definition
	Reaching closure	Theoretical saturation	Ends process when marginal improvement becomes small.

Given that we have only touched on the “getting started” stage, further clarification of the paper’s structure from this point on is in order. Notably, the rest of this Methodology section will touch on case selection and crafting instruments, thus wrapping up Phase One

²⁷ Source: Maimbo, Hilangwa and Pervan, Graham, "Designing a Case Study Protocol for Application in IS Research" (2005). PACIS 2005 Proceedings. 106.

of the protocol. Then, Phase Two will be captured by Chapter 4 of the work. And finally, Phase Three will be captured by Chapter 5 of the work, where findings will be compared with our previously uncovered literature on the topic to reveal future avenues of research. Notably, the study follows the table in broad lines but will not implement all activities noted, given that some are irrelevant to a single-case case study

Case Selection

Case studies can focus on one case or multiple cases. Choosing between the two fulfills different purposes. Multiple-case studies benefit from comparison across different cases, whereas single-case studies have the benefit of generating an abundance of granular data (Guftafsson, 2017). For that reason, often time, single-case studies cannot be selected due to a dearth of data (Guftafsson, 2017). Given this paper's aim to generate abundant data, a single-case study was selected due to the time and length constraints associated with this work.

Case study selection is a purposive process and, therefore, cannot be random (Seawright & Gerring, 2008): it is a "crucial part of empirical research" that determines the validity of case findings (University of Twente, 2018). To avoid bias, cases should not be chosen strictly based on the researcher's discretion; as such, varying sampling strategies exist to accommodate researchers depending on their intent (Seawright, 2016). These purposeful sampling strategies include, but are not limited to, extreme, intensity, and typical case sampling strategies (University of Twente, 2018).

To answer the questions espoused in this study, extreme case selection was selected, which is "the process of selecting or searching for highly unusual cases of the phenomenon of interest or cases that are considered outliers, or those cases that, on the surface, appear to be the 'exception to the rule' that is emerging from the analysis" (Cohen & Crabtree, 2006). Extreme cases, therefore, focus on "participants with unique or special characteristics" (Gerring, 2006). As notes Glen, "the general idea is that if you study extremes of the population, it could garner some valuable insights that can be generalized to the population as a whole" (n.d.). While this study's findings are not meant to be generalized, the decisions for an extreme case stem from the state of current research and

the structure of SEs. As previously espoused, research on SEs and internationalization individually is quite developed. Namely, in internationalization theory, the bulk of the findings apply to conventional, for-profit firms. However, as previously conceptualized, SEs operate on a social and market strategies spectrum. The presence and strength of the social strategy differentiate them from conventional businesses. When selecting a case, a “standard” SE with a complex market strategy was not sought out, given that I assume these to be primarily constrained to similar forces as MNEs. Instead, I sought to find an SE with a robust and developed social strategy that put little managerial effort towards its market strategy or had a clear distinction between the two, allowing for the social strategy to be studied independently market-strategy profit-generating strategy. In this way, it was hoped that the selected case would elucidate more findings directly pertinent to SEs, given its further contrast from conventional firms.

When scanning the world of SEs, one type of SE primarily fulfills the above in its structure alone: private foundations. As described on foundationsource.com:

“A private foundation is an independent legal entity set up for solely charitable purposes. Unlike a public charity, which relies on public fundraising to support its activities, the funding for a private foundation typically comes from a single individual, a family, or a corporation, which receives a tax deduction for donations.” (n.d.)

Moreover, private foundations generate a profit through a market strategy: to be sustainable in their giving, private foundations invest their endowments and use the profits made from these investments for their social programs (Eckl, 2014). Importantly, their market strategy is often externalized (Sansing & Yetman, 2006), immediately signaling that their competitive advantage does not lie in their market strategy or ability to *generate* profits. This is what makes private foundations an extreme case of SE. While they fund their social logic through profit generation like conventional SEs and require a market strategy for survival, their strategic focus resembles that of a charity or non-profit given their structural distance from market-strategy-related decisions (Drummer & Marshburn, 2014). Unlike SEs balancing complex social and market strategies, Foundations can focus

on social strategizing based on budgets by pure market strategy, set and enacted by external agents, such as investment banks (Sansing & Yetman, 2006).

However, there are many private foundations to choose from, so another criterion entered the choice strategy: data availability and accessibility. Given the nature of internationalization as espoused by the Eclectic Paradigm, there needs to be data available on the specific foundation and its context as it relates explicitly to its internationalization strategy. To ensure that I may have the most contextually rich case possible, specifically crucial for a single-case study (Seawright & Gerring, 2008), I narrowed my focus to a specific field of contextual data: Sino-American relations. The case selected would be that of an American private foundation having internationalized to China. Importantly, the choice to turn towards China specifically was not a coincidence on behalf of the researcher: currently learning Mandarin, have a close friend living in Nanking, having previously focused my studies on the Chinese market (taking various courses strictly dedicated to Chinese management studies), and the current existence of a Thucydides Trap²⁸ as espoused by Graham Allison all combined to make China a viable option. I was able to further my own understanding of a relationship that has long fascinated me. I was also able to leverage my connections in China and my understanding of the culture and language to better situate the knowledge being synthesized.

In scanning the varied examples, of which there were many—such as the Ford Foundation’s 1960s expansion to China (Ford Foundation, 2022) or the Bill & Melinda Gates Foundation’s more recent 2007 opening of their Beijing office (Bill & Melinda Gates Foundation, 2009)—I finally selected the Rockefeller Foundation’s 1914 internationalization to Republican China. This case was potentially viable for various studies on SE internationalization; therefore, this case felt the most impactful to study. Moreover, this case is supported by rich histories and data previously unseen in the documentation of organization and organizational processes, as will be clarified in the following section. Finally, what solidified its selection was that, despite the wealth of

²⁸ As he wrote for the Belfer Center: “Today, an irresistible rising China is on course to collide with an immovable America. The likely result of this competition was identified by the great historian Thucydides, who wrote: “It was the rise of Athens and the fear that this instilled in Sparta that made war inevitable.” (2022)

accessible information, no other study was found to specifically discuss their internationalization to Republican China through the eyes of internationalization theory, especially not using the Eclectic Paradigm. Therefore, this work remains novel in its findings.

Data Protocol and Collection

Importantly, the data available for the selected case guided the method chosen for the construction and analysis of data.

Data can be of two forms: primary and secondary (Howell & Prevenier, 2001). Primary data sources “provide a first-hand account of an event or time period and are considered to be authoritative;” in contrast, secondary data sources “involve analysis, synthesis, interpretation, or evaluation of primary sources” (University of New South Wales, n.d.). Case studies should, at their base, rely on primary data, given that all secondary data is latent with the constructor’s bias (Howell & Prevenier, 2001; Bucheli & Wadhamani, 2014). Of course, this does not mean that secondary data is not valuable: on the contrary, secondary data can help to guide the collection of primary data, allow the researcher to see their data differently, and, when an event can be cross-referenced across multiple, legitimate secondary sources, then they can act as important supporting evidence or facts themselves (Bucheli & Wadhamani, 2014). Importantly, the data collection process in case studies is iterative. It is ongoing throughout the building of the case, forcing the researcher to often return to the sources to retrieve data now pertinent under new discoveries (Gerring, 2006). This further points to the necessity for a case with rich supporting data.

Importantly, the data recovery protocol for this case was predicated on the findings in the Literature Review. Namely, it sought to adequately collect data that would elucidate the Eclectic Paradigm's four variables: context, ownership advantages, location advantages, and internalization advantages. The sheer longitudinal nature of the study captures the potential adaptation forces exerted on the firm. To properly locate my collection of contextual data, Aguilar’s PESTLE analysis framework was implemented (1967). Therefore, data was collected on the political, economic, social, legal, and environmental

factors relating to both the Chinese and American environment. Notably, throughout the search, “L” and “E” were dropped, given that legal concerns at the time were largely discussed politically, and environmental concerns were, unfortunately, nearly non-existent. Firm data was collected broadly without constraint: its further classification came later, during the coding phase of the study.

For the Rockefeller Foundation, data collection of primary and secondary types is quite accessible: over 110,717 results on WorldCat’s FirstSearch when searching for Rockefeller-related data. This wide interest in the Foundation is notably driven by the sheer amount of primary data available for public perusal. The family’s namesake archives, the Rockefeller Archive Center, were established specifically to “gather, preserve, and make accessible the records of the Rockefeller family and their far-reaching philanthropic endeavors, such as the Rockefeller Foundation” (Rockefeller Archive Center, n.d.); and, accordingly, “over 400 researchers from around the world...visit annually” (Rockefeller Archive Center, n.d.). The center, as of 2014, housed over 900,000 photographs, 18,000 reels of microfilms, 6,000 films, and 110 million pages of documents (Rockefeller Archive Center, n.d.). Overall, 9,559 articles have been completed in direct partnership with this center, and 502 reports (Rockefeller Archive Center, n.d.)—this goes to show the Archive’s impact on global research, as well as proving its legitimacy among researchers. However, legitimacy is much more than reliant on popularity, and in the case of archives, the strength of their protocols and archival methods fosters researcher confidence (Howell & Prevenier, 2001). Notably, the Rockefeller Archive Center has a detailed, published, and transparent protocol that details its processes: this specific archive center has been applauded on several occasions for its legitimacy (see Stapleton, 1999; Ernst, 1975; and Brison, 2005, as examples).

Today, much of their collection is digitized, and it contains the entirety of the Foundation’s public records collected from the time of its inception—and even earlier—such as the firm’s Annual Reports, Commission details, meeting minutes, ports, and

personal correspondences between various members and stakeholders.²⁹ The availability and digital access of this data were paramount to choosing the Rockefeller Foundation for this case study, especially given that during the majority of the period during which this study was written, travel was prohibited or restricted internationally and locally; therefore, restricting the retrieval or copying of physical data.

With regards to contextual data, this study focused on using secondary sources given the immensity of historical data available on both China and the United States during the early 20th century. Moreover, all of the data on China is necessarily secondary, as the primary data from the time is written mainly in Cantonese or Mandarin, necessitating translation which inherently implements interpretation. However, for American data, thanks to the Library of Congress, there was the chance to collect primary data from the time, such as testimony, diaries, news clippings, and the like: these were used in this research as they were found to improve the researcher's feel for the era greatly. Unfortunately, the same could not be done for China through Chinese eyes, inherently biasing the case towards a Western view of historical events. This is a limitation in this study and invites for a re-imagining of narratives based on Chinese primary sources on the context of the time. For this case, however, it proved not entirely consequential, especially given that the Foundation's decisions were, in fact, based on Westernized data rather than Chinese sources. Moreover, many accounts of the period written by Chinese sociologists, such as Fei Xiaotong's *From the Soil* (1947) and Teng and Fairbank's translation and interpretation of essential texts from the era, name *China's Response to the West* (1979), gave good retrospectives of the Chinese sentiment to build the case. Despite being listed in this work's references, the specific references collected during this process have been listed in Appendix A to highlight its depth and breadth and ease the reader's distinction of theoretical and historical data.

²⁹ This description of the database is based on my personal observations done through a thorough scan of the archives, guided by an archivist, Bethany J. Antos, of the Center. She was paramount in the search for relevant collections, and for understanding the Center's archival structure and search system.

Historical Method

The Historical Method was chosen as the technology for analyzing the collected data and shaping it into a narrative. This narrative will be “processed” through the Eclectic Paradigm in Chapter 4. Notably, the findings of said technique are in narrative format, much like the standard case study. Notably, the Historical Method also supports a mixed-methods approach: a tool imperative to keeping case research and construction flexible (Glen, n.d.).

The historical method lends itself particularly well to research based on constructivism, given that histories are negotiated and constructed and are always up for re-interpretations (Howell & Prevenier, 2001). Moreover, there has been a call to implement the historical method more widely in management studies (Booth & Rowlinson, 2006; Kipping & Esdiken, 2008) and international business and internationalization more broadly (Jones & Khanna, 2006). According to Jones and Khanna (2006, p.1), there are four conceptual channels “through which history matters” in international business research: (1) historical variation complements cross-sectional variation; (2) “historical evidence avoids spurious labeling of some phenomena as ‘new,’ and by so doing may challenge current explanations of determinants;” (3) “history can allow us to move beyond the oft-recognized importance of issues of path dependence to explore the roots;” and (4) various issues are only understandable through long-run historical analyses. Moreover, according to Tennent, historians will play an essential role in directing management research throughout the 2020s (2020). They will particularly be useful in highlighting new agendas and expanding the research field as a whole (Tennent, 2020). Therefore, despite its longstanding existence, the historical method seems particularly timely to apply to studies of both management and internationalization.

This method is composed of the following “steps” pursuant to the selection of a case, some of which are also necessarily captured in the general case study approach: (1) collect evidence; (2) analyze evidence; (3) select evidence; (4) organize evidence; and (5) interpret the evidence. Charles Hou’s (n.d.) diagram nicely summarizes the method, found on the following page.

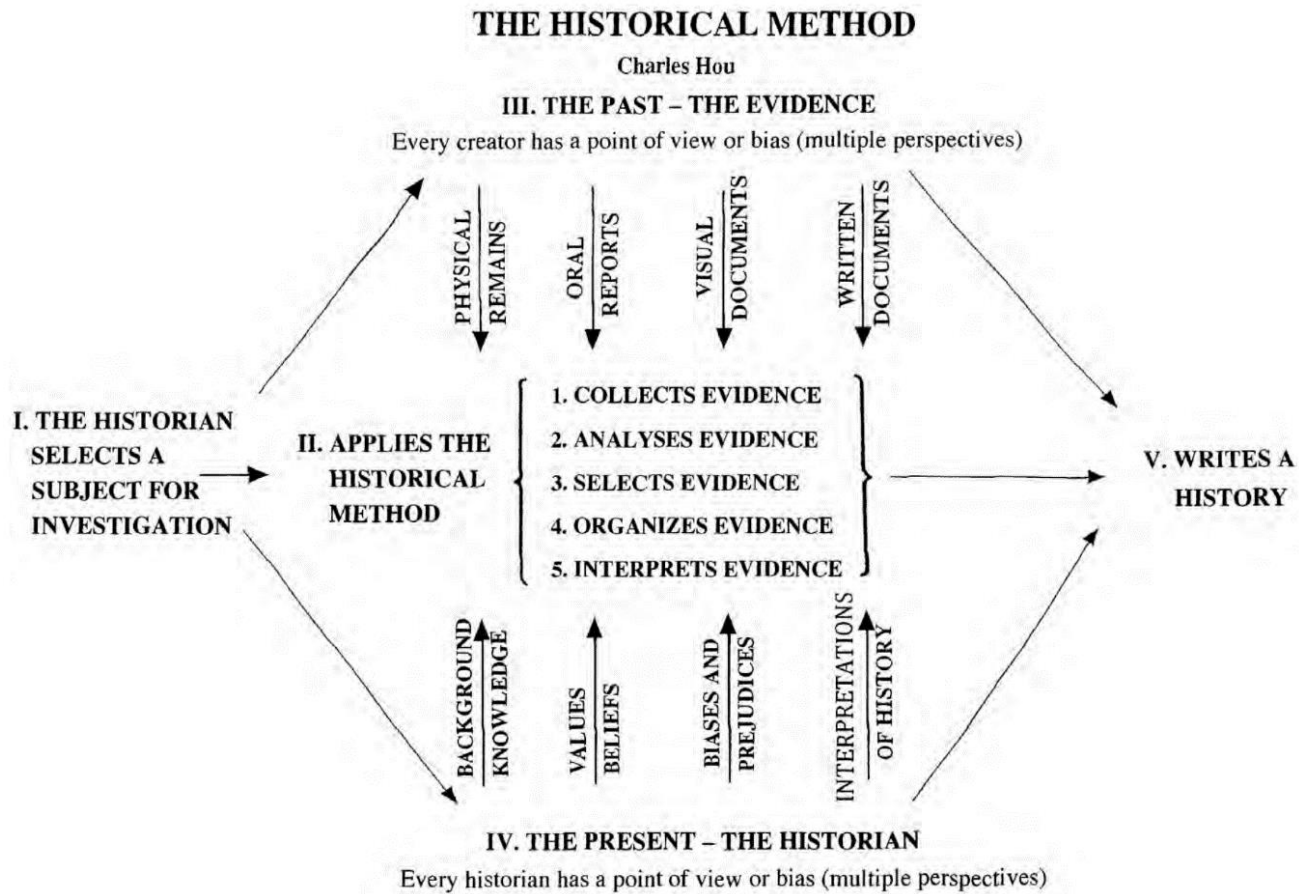


Figure 6. Hou's Historical Method

Based on this understanding, the outcome of the historical method is history, otherwise understood as a narrative presenting an argument (Hou, n.d.). The construction of the narrative will be based on answering the research questions, which will be the ultimate guides for the selection of and inclusion of data. As previously mentioned, data collection is an iterative process that continuously arises as new conclusions are drawn from the data: the questions sought to constrict this process based on relevance. Once the narrative is set and presented in the findings, we will then move onto Phase Three of the case study protocol, which will be to discuss the case in comparison with the Eclectic Paradigm.

Narrative Building

Important to note is the technology used to store, analyze, and organize the data, as it speaks highly to the integrity of the final narrative. All documents used in narrative building were digital, and therefore were entered individually into Atlas.ti, a qualitative research management software largely used for Grounded Theory due to its coding abilities. Once in the software, the data was coded based on the research questions and knowledge of the Eclectic Paradigm. Importantly, this meant categorizing the data based the internationalization decisions at play, as espoused by Dunning (1988): why are they internationalizing, what are they choosing to internationalize (ownership advantages), why did they choose to internationalize to a specific location, and how did they choose to internationalize. In the context of our specific case, this meant answering the following questions while analyzing the data:

- 1) Why did the Rockefeller Foundation internationalize?
- 2) Why did the Rockefeller Foundation internationalize a medical education program?
- 3) Why did the Rockefeller Foundation internationalize to China? And,
- 4) Why did the Rockefeller Foundation internationalize via an acquisition?

In answering these questions, a narrative was built, and a longitudinal view of the decisions was then possible to analyze, resulting in findings also related to the general evolution of the strategy. This narrative was then processed through the Eclectic Paradigm as previously espoused in Chapter 1.

Chapter 4: Rockefeller Internationalization to China

The Findings will be presented in two parts: first, a narrative constructed with the found data; second, the data explained through the Electric Paradigm, presented separately in Chapter 5.

Narrative

The following is a narrativized history of the Rockefeller Foundation's internationalization to China in the early 20th century: upon processing the data, it was found that relevant information spanned the 1830s to 1950. Given the immensity of the data available on this feat, coupled with the project's immensity as a whole, this is a condensed version that seeks to focus solely on internationalization decisions, along with their related environmental and organizational happenings elucidated in the Methodology. The periodization, therefore, reflects this focus by sectioning³⁰ the data based on the previously espoused internationalization decisions: first, why internationalize; second, as it relates to Ownership advantage, why medicine; third, as it relates to Location advantage, why China; and fourth, as it relates to Internalization advantage, why through its three-pronged program. This narrative addresses the whys of my initial inquiry while also delving into the how. However, a fifth section has been added to further contextualize the findings by presenting the project's evolution, ultimately leading to its death in 1950. Significantly, given the breadth of the information at hand, the periodization does overlap in some respects, thus following the timeline elucidated by Figure 4.1 below:

³⁰ As mentioned in the third section of this paper, History is an iterative process. Therefore, the choice to periodize in this way was not set when first combing the data. Rather, after various attempts at composition, it was found that this periodization was the most coherent in answering the questions posed by this paper.

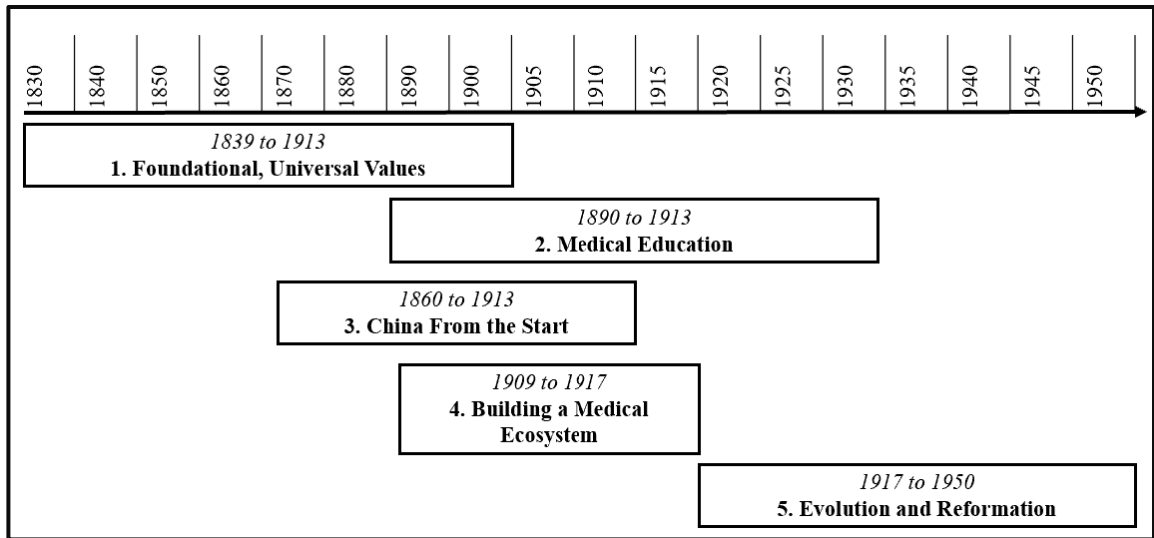


Figure 7. A Timeline of The Rockefeller Foundation in China

Foundation, Universal Values

Born in 1839³¹, John D. Rockefeller (Rockefeller, Sr.) was raised in the heart of reform³² (Rockefeller, 2018): not only was 1839 the beginning of a four-year depression in the United States (Greenspan, 2018; Cashman, 1984), but it was also the tail end of the Second Enlightenment, a Protestant movement which drove the United States’ more significant social reform on several causes³³ (Cross, 1970; Backman, 1969). A fervent Protestant himself (Rockefeller, 2018), Rockefeller, Sr. was guided by the principles of the faith’s noted Work Ethic: to Max Weber, this ethic is categorized by the attitude of “sacrifice and saving for the future” (Weber, 2002), known to Mr. Rockefeller as thriftiness³⁴, and duty (Rockefeller, 2018). In Protestantism, the concept of duty is directly related to “worldly work” for the benefit of the individual and society and replaces the

³¹ People born in this time are considered the “Gilded Generation,” as they latter brought on the “Gilded Age” of American through industrialization. Notably, 1839 was a crisis year which brought on a four-deflation period and economic depression. (Cashman, 1984)

³² Importantly, being born in Richmond, New York, and residing in Western New York State most his early life, Rockefeller was acutely exposed to evangelical Protestantism, as the region at the time became known as the Burned-Over District: according to Bryan, the “area had been so heavily evangelized as to have no “fuel”(unconverted population) left over to “burn”(convert)” (Bryan, 2012). As Charles G. Finney, Minister and leader in the Second Great Awakening, noted, the movement was “reported as having been a very extravagant excitement; and resulted in a reaction so extensive and profound, as to leave the impression on many minds that religion was a mere delusion” (Finney, 1876).

³³ Namely, they supported the abolition of slavery (Cross, 1970).

³⁴ Other terms for this mentality are “frugality” or “asceticism” (Furnham, 1984, 1987).

concept of “good works” in Catholicism (Giorgi & Marsh, 1990; Furnham, 1984, 1982, 1987, 1990). So, to Protestants, grace is bestowed upon those who work diligently (Giorgi & Marsh, 1990; Backman, 1969). Therefore, Sr. spent his life working diligently and saving, soon amassing a sum of wealth previously thought impossible³⁵ (Rockefeller, 2018; Tarbell, 1904; Chernow, 2004). Importantly, this saving was coupled with consistent giving, highlighting Rockefeller Sr.’s firm enactment of Protestant duty. In a letter to his son, Rockefeller, Sr. passionately exposed these values:

“...I believe in the individual's supreme worth and his right to life, liberty, and the pursuit of happiness. I believe that every right implies a responsibility; every opportunity, an obligation; every possession, a duty... I believe that the rendering of useful service is the common duty of mankind and that only in the purifying fire of sacrifice is the dross of selfishness consumed and the greatness of the human soul set free.” (Rockefeller, Rockefeller, and Ernest, 1994, n.d.)

Touching on his duty to mankind, Sr. also speaks in the language of universalism³⁶: in line with the beliefs of Protestantism, all men are equal under God (Rockefeller, 2018; Furnham, 1987). There is no distinction in Rockefeller’s views based on race, creed, or nationality (Chernow, 2004; Sewa, 1997). The “individual” he speaks of is not characterized by anything other than their universal virtues and rights (Sewa, 1997; Brown Bullock, 2011). He embodied these views in his giving patterns throughout the late 1800s (Rockefeller, 2018): for example, in 1884, he funded the Spelman College’s³⁷ relocation “from its basement quarters to a nine-acre site” (Spencer, 2004) in Atlanta³⁸, only twenty years after the Civil War. Until the 1890s, Rockefeller Sr.’s giving remained ad-hoc:

³⁵ John D. Rockefeller was the world’s first billionaire: after forcibly disbanding the Standard Oil Company through the sale of his shares in the company, as ordered by the Supreme Court of the United States in 1911, Sr.’s personal wealth increased by \$900M overnight. This was in addition to his current \$100M fortune earned through the creation and expansion of the Standard Oil Company. (Chernow, 2004)

³⁶ Here, we do not mean Christian universalism, but philosophical universalism. According to the Encyclopedia Britannica, a universal in philosophy is “an entity used in a certain type of metaphysical explanation of what it is for things to share a feature, attribute, or quality or to fall under the same type or natural kind” (n.d.).

³⁷ America’s oldest historically black college for women (Spencer, 2004).

³⁸ According to America’s Library, “because of its location and commercial importance, Atlanta was used as a center for military operations and as a supply route by the Confederate army during the civil war.” (Library of Congress, n.d.)

“For years, it was our custom to read at the table the letters we received affecting the various benevolences with which we had to do, studying the requests made for worthy purposes and following the history and reports of institutions and philanthropic cases in which we were interested.” (Rockefeller, 2018, p.162)

It was becoming nearly impossible for Rockefeller, Sr., to manage these requests and donations (Rockefeller, 2018; Fosdick, 1988); and so, in the early 1890s, he hired long-time friend and business advisor³⁹, Frederick T. Gates to organize his philanthropic activity. This trend would mark the Foundation for years to come: its reliance on expertise in the organization and dissemination of funds. As notes Sr. in his autobiography:

“For my own part, I have stood so much as a placid onlooker that I have not had the hardihood even to suggest how people so much more experienced and wise in those things that I should work out the details even of those plans with which I have had the honor to be associated.” (2018, p.149)

Rockefeller Sr. trusted former Secretary to the American Baptist Education Society, Mr. Gates, due to their shared beliefs (Rockefeller, 2018; Fosdick, 1988; Brown Bullock, 1973). In fact, he was referred to as the “externalized conscience of Rockefeller” (Brown Bullock, 1980, p.28). According to Chernow, the hiring of Gates was actually due to his beliefs: after a decade of bad press, Rockefeller Sr. was desperate to align himself with men of high moral fiber and standing within the Protestant faith (2004). Gates formulated and guided Rockefeller Sr.’s giving strategy (Rockefeller, 2018; Fosdick, 1988; Brown Bullock, 1973). As recalls Mr. Gates with regards to Rockefeller Sr.’s giving strategy upon his onboarding:

“Mr. Rockefeller has been accustomed to giving a few thousand dollars annually... But, quite outside this, he had conducted a small foreign mission society, if I may so call it, of his own, necessarily without adequate knowledge of the field. He was in daily receipt of appeals from individual Baptist missionaries in every region of

³⁹ Frederick T. Gates met Rockefeller during his time with American Baptist Education Society, where, upon being approached by Rockefeller Sr., proposed the opening of a Baptist university. Rockefeller, liking this idea, went on to work with Gates to organize the University of Chicago in 1892. (Gates, 1977)

Baptist missionary endeavor: France, Germany, Russia, Africa, China, Japan, and other nations of the distant East. They asked for small sums and great educational institutions, hospitals, edifices, compounds, equipment, and evangelization. His office, home, and table were beset with returned missionaries, each comparatively eager for the largest possible aid for his field.” (Gates, 1977, n.d.)

Alongside Mr. Gates, Sr. slowly bureaucratized his giving. Gates’ strategy for the funds came from his experience working on missionary boards, where he “mastered in minute detail the history and present condition of every mission field” (Gates, 1977, p.83). According to Baick: “Gates focused on larger gifts to state and national bodies, shifting giving from what he called “retail” to “wholesale”...[He] brought the corporate managerial innovations of the Gilded Age...to Rockefeller philanthropy” (2004, pp.65-66). Proving his business prowess, Gates decided to centralize Rockefeller giving and later began researching more impactful ways to invest the family’s funds (Gates, 1977).

Significantly, due to Sr.’s old age, the management of most of his affairs was being shifted toward his son, John D. Rockefeller, Jr, including his philanthropic work (Brown Bullock, 2011; Rockefeller, 2018). By the late 1890s, Jr. had wholly assumed the management role of the family’s philanthropic work, therefore organizing and disbursing funds based on the suggestions and strategies of Mr. Gates (Brown-Bullock; 1980; Fosdick, 2019). The Foundation, staffed with members from Jr.’s circle—primarily men who had worked with the family in the past (Fosdick, 1988; Gates, 1977)—and under the guidance of Gates—an official member of the organization—the Foundation was created in 1913 with the mission “to promote the well-being of mankind throughout the world” (Rockefeller Foundation, 1914, p.8). Similarly, the expanded version of this within the Foundation’s charter also pointed to the Foundation’s intent to internationalize: “...a corporation having as its objects to promote the well-being and to advance the civilization of the peoples of the United States and its territories and possessions and of foreign lands...” (Rockefeller Foundation, 1914, p.55). This was a direct embodiment of Sr., Jr., and Gates’ views on universalism and duty: one’s duty to do good works was not restricted to certain demographics. The intended universality of the Foundation’s work was solidified further

when Gates urged the Foundation to pursue *universality* and *deathlessness* in 1913 (Fosdick, 1988).

The Foundation's mission made internationalization core to its identity; moreover, the lack of elaboration on how this work would be carried out gave the members of the Foundation a lot of strategic flexibility. This was a quality of the Foundation often recognized by its Presidents and members (see Fosdick, 1988; Gates, 1977; Rockefeller Foundation 1914, 1915, 1921, 1928). As will be discussed in later sections, the vagueness of its mission gave it an advantage in the field: it allowed the Foundation to adapt flexibly to changing market conditions.

Medical Education

Upon Gates' hiring, his focus was on education: after all, he was responsible for strategizing the organization of the University of Chicago (Gates, 1977). Moreover, Gates was the Secretary of the American Baptist Education Society, giving him direct experience and exposure to the field (Gates, 1977; Fosdick, 1988; Rockefeller, 2018). More foundationally, and as the title of the Education Society suggests, Gates' Protestant faith emphasized the importance of education in the development of man (Furnham, 1984; Williams, 2016). Gates stated: "young and old will be taught in practicable ways how to make rural life beautiful, intelligent, fruitful, re-creative, healthful, and joyous" (1977, n.d.)—to those familiar with the Protestant faith, this is a clear call-back to Martin Luther's⁴⁰ 16th-century demand for basic, mandatory education to all classes (MacGillivray, 1907). As previously elucidated in Sr.'s value statements, the Protestants emphasize the success of the individual for the good of society (MacGillivray, 1907; Hyatt, 1970). More concretely, however, this means that, unlike in the Catholic faith, every individual is responsible for their own communion with God (MacGillivray, 1907). Similarly, individuals are therefore responsible for their own education, unlike in the past, where education was a matter of the Church (Hyatt, 1970). With this background, Gates

⁴⁰ Martin Luther (1483 to 1546) was the father of the Protestant Reformation. One of the largest branches of Protestantism is in fact Lutheranism (Chambers Harrap, 2003)

became dedicated to the expansion of education using Rockefeller funding, with clear intentions:

“Following the principle of trying to abolish evils by destroying them at the source, we felt that to aid colleges and universities, whose graduates would spread their culture far and wide, was the surest way to fight ignorance and promote the growth of useful knowledge.” (1977, p.314)

This was such a passion of his that in 1902, he, with a US\$1 million donation from Sr., organized the General Education Board, which would go on to fund basic education in the American South “without distinction of race, sex, or creed” (Rockefeller Foundation, 1914), again echoing Sr. and Gates’ beliefs of universality.

However, back in 1897, Gates’s plans for Rockefeller funding refined towards medical education, specifically after reading William Osler’s *Principles and Practices of Medicine* (Gates, 1977; Fosdick, 1988). Gates’ eyes opened to the burgeoning world of American medicine, as he put it: “disease is the supreme ill of life and is the main source of almost all other human ills—poverty, crime, ignorance, vice, inefficiency, hereditary taint, and many other ills” (1977, p.34). Moreover, it suited him as its rise was deeply entrenched in Protestant ideology⁴¹, as elucidated by nineteenth-century Reverend Andrew Preston Peabody:

“One cannot have lived with open eyes for more than half a century without knowing that a great revolution has taken place in the science and the practice of medicine.... The physician, if himself a man of serious thought and of strong religious convictions, is incomparably the best minister to the spiritual as well as to the bodily health of his” (1870, n.d.)

⁴¹ According to Gordon, there is no doubt that Protestantism shaped American Medicine (Gordon, 2014), and Lauterbach and Gerber further state that it is in fact the Protestant exegesis that led to this natural synergy between Protestantism and medicine (2005). The “clergymen’s new ideal doctor was one who stayed abreast of scientific development and served as a “mediator of science”—spreading the healing gospel of public health to the unwashed masses” (2014, p.1). Reverend Charles Parkhurst evangelized this shift towards scientific medicine further: “The physician and nurse, with the appropriation and use of the appliances of the hospital, can do almost everything that Jesus did, save to raise the dead; and, often, those sick unto death are thus raised to life.” (1890s)

Beyond Protestant influences, medicine had taken on a new role in society due to its recent advancements during what Foundation members called the American heroic age of medicine⁴² (Rockefeller Foundation, 1914; Brown Bullock, 2011; Lauterbach & Gerber, 2005) given that “for the first time, it was possible to speak of eradicating disease and even curing disease” (Brown Bullock, 2011, p.14). This was contrary to past reliance on homeopathy (Lauterbach & Gerber, 2005), a view still upheld by Sr. himself (Rockefeller, 2018). However, now a viable alternative to solving societal qualms, Gates felt it best to shift efforts towards medical education (Gates, 1977; Fosdick, 1988). Medical education, in Gates’ eyes, would solve the following societal issues: (1) its teaching inherently indoctrinates the student with scientific thinking; and (2) it would necessarily lead to the creation of more professionals able to treat ailing patients (Gates, 1977; Rockefeller Foundation, 1914; Fosdick, 1988). Therefore, medical education creates a base of Western thinkers, but it also initiates people into positions of power, able to direct the flow of social reform (Rockefeller Foundation, 1914).

Unfortunately, Sr. was not as comfortable with the changing tides of medicine and instead continued to receive homeopathic care (Rockefeller, 1918). Therefore, Gates had difficulty convincing him of focusing on this specific branch of education (Rockefeller, 2018) until 1901, at which point Sr.’s grandson passed away from Scarlett fever (Rockefeller, 2018). In that same year, under the guidance of Gates, Sr. understandably funded the organization of the Rockefeller Institute for Medical Research⁴³ (Rockefeller, 1918; Gates, 1977), with William H. Welch and Simon Flexner as its directors⁴⁴ (Rockefeller University, n.d.), both of which would go onto become founding members of the Foundation (Rockefeller Foundation, 1914), and essential pieces in the strategy towards China.

Later, what further cemented Gates’ medical education strategy was Abraham Flexner’s 1910 report entitled *Medical Education in the United States and Canada*⁴⁵, written under

⁴² This is not to be mistaken with the Era of Heroic Medicine.

⁴³ Today, the name of this institute is the Rockefeller University.

⁴⁴ Both of these men were physicians (Rockefeller Foundation, 1914), and were therefore only recruited by Gates with his mind on the importance of medicine (Gates, 1977).

⁴⁵ Commonly, this report is simply known as *The Flexner Report*.

the purview of the Carnegie Foundation (Fosdick, 1988; Starr, 1977). This report, a survey of medical education in the United States and Canada, sought to bridge the gap between the archaic medical school system in the region and the new scientific advancements driving the medical field (Flexner, 1910) and therefore gave tangible solutions to systemic problems in medicine. The book made five recommendations to improve the state of medical education in each country: (1) restrict the number of medical schools; (2) make admission requirements more stringent; (3) train physicians to be sound scientists; (4) charge medical schools with the control of hospitals; and (5) reinforce state regulation regarding medical license issuance (Flexner, 1910). Upon reading this report, Gates “felt as if it were a response to the same entreaty which had greeted St. Paul: ‘Come over into Macedonia and help us’” (Gates as quoted in Fosdick, 1988, p.279): essentially, with such a plan, he felt called upon to implement it in the Rockefeller’s international works. To Gates and the Rockefellers, one country seemed most paramount compared to the Macedonian feat: China.

China From the Start

In 1921, Jr. took a trip to China, at which point he noted his family’s ties to the country when addressing the Chinese Chambers of Commerce in Shanghai:

“The first is the tie of business. It was my father who founded the Standard Oil Company, which is doing business all over the world. Most pleasant have been the relations of the company with the merchants of China, while its contact generally with the businessmen and officials of the Republic have been equally agreeable. My father and I are glad to have a part in helping build up the commerce of this great Republic. The second tie which binds me to China is humanitarian or philanthropic.” (China Press, 192, p.139)

At 24 years old, Sr. gave his first gift to China missions, and in the same year of 1863, he “sold his first kerosene to China⁴⁶” (Brown Bullock, 2011, p.9). As remarks Brown Bullock, “...he had the imagination to see well beyond the environs of Cleveland” (2011,

⁴⁶ Standard Oil’s internationalization to China was done through a brokering partnership with an American firm that had established distribution networks in China (Rockefeller, 2018).

p.9), where he resided at the time (Rockefeller, 2018). Importantly, to a young, educated entrepreneur who religiously read his morning paper, *The Cleveland Morning Leader* (Rockefeller, 2018; Brown Bullock, 2011), China was amid the ongoing news of the American Civil War⁴⁷ also making headlines. A simple search on the Library of Congress' online database of American newsprint reveals that for newspapers printed between 1860 and 1870, "China" was mentioned over 47,106 times; comparatively, "Civil War" appears 56,038 times. There are various reasons for China's proliferation in American media at the time:

- The advent of Sino-American relations: While the first contact between the United States and China was in 1784 when the Empress of China first sailed to Guangzhou, concerted Sino-American relations would only start to blossom following the First Opium War⁴⁸ of 1839 (Freeman, 1996; Rea, 1966).⁴⁹ Throughout the following century, China would experience what is now deemed its Century of Humiliation, during which time it was defeated in various wars with the West, Russia, and Japan (Embrey Buckley, 2010). These wars, leading to social unrest, ushered in the Taiping Rebellion, the Boxer Uprising, and the Hundred Days Reform Movement (Freeman, 1996; Rea, 1966; Embrey Buckley, 2010). China was, therefore, a bustling nation with much to report on.
- The advent of cross-pacific, regular communication: In 1867, the Pacific Mail Steamship Company launched its Trans-Pacific Service, the first regularly scheduled mail route that linked San Francisco, Hong Kong, and Yokohama (Rea,

⁴⁷ Lasting from April 12, 1861 to April 9, 1865 (Chambers Harrap, 2003).

⁴⁸ The First Opium War was between China and British: the British had been notorious for flooding the Chinese market with Opium, leading to the Qing Dynasty, the Chinese government of the time, to close its border, thus restricting British access to the China Market. In retaliation, the British entered into war with China. From this, the Treaty of Nanking was created and ratified in 1842 (Chambers Harrap, 2003; Embrey Buckley, 2010).

⁴⁹ In 1844, the US signed the Treaty of Wangxia with China under the following terms: "extraterritoriality for U.S. citizens in China, most favored nation status, and a guarantee for treaty revision in twelve years." (Office of the Historian, XX) Following the Treaty of Tientsin of 1858, the United States sent its first legation to China in 1862, thus creating a stable link between the two countries. This led to various international exchanges: in 1868, the Qing sent its first Chinese Mission to the United States (and Europe); in 1872 the first delegation of students from China arrived in the United States. In 1882, the Chinese Exclusion Act passed, which "suspended Chinese immigration to the United States for ten years." This act was extended through the Geary Act of 1892, when all Chinese-Americans were required to carry residence permits. (McClain, 1994; Rea, 1966; Cody, 1996)

1996; Kissinger, 2012). For the first time, communication across the Pacific would become regular and reliable, much like communication between America and Europe.

- The advent of Chinese immigrants and culture to the United States: 1847 was the establishment of the Coolie⁵⁰ trade, which led to over 100,000 laborers from China to enter the United States from 1847 to 1870 (McClain, 1994). In 1872, the “first official delegation of Chinese Students” arrived in the United States through the newly formed Chinese Education Mission⁵¹ (Brown Bullock, 2011; McClain, 1994).

However, Rockefeller Sr. was exposed to China in ways much more impactful than through news media and current affairs: the networks in which Sr. found himself all simultaneously began to grow attentive to the situation in China, and they all, to some capacity, internationalized specifically to aid in its modernization (Leslie, 2011; Unschuld, 1985; MacGillivray, 1907; Hyatt, 1970). Following the Second Opium War, railways were deemed the principal means for free-trade expansion given their success in America and India. They were to be implemented across China to facilitate transport, communication, and, therefore, commerce⁵² (Cashman, 1984; Greenspan, 2018). However, these were opposed by the Qing Empire—the ruling government of the time⁵³—and many within the country (Fairbank & Teng, 1979). So, these were necessarily constructed by disjointed foreign interests, such as the British, Russian, French, and German governments, leaving much of China’s industrial infrastructure in the hands of foreigners (Shu-hwai, 2014). With the establishment of over 9,000 km of rails in China, foreign powers were quickly able to establish commerce centers and expand their operations in all realms of Chinese life, be it economic or social (Shu-hwai, 2014; Embrey Buckley, 2010). With this infrastructural expansion, the kerosene sold by the Standard Oil Company was able to be distributed to much of rural China (Tisdale, 1933). With this

⁵⁰ A term denoting Chinese laborers (McClain, 1994)

⁵¹ Formed by Yung Wing, the first Chinese, although naturalized, to graduate from Yale University in 1854.

⁵² This was seen by the British as an important step for China to move towards an open market (Embrey Buckley, 2010)

⁵³ The Qing ruled until its fall in 1911. The falling of the Qing Empire led to the rise of “Republican China,” led by the Nationalists, a country no longer ruled by an imperialist class, but instead through a democracy. (Embrey Buckley, 2010)

infrastructure, the Protestant missionaries grew from a mere 50 in the 1860s to over 2,500 by the year 1900 (Hyatt, 1970; MacGillivray, 1907).

Of course, China was not the only country whose market access was expanding overnight: during this era of imperial expansion, many countries, such as India and the Philippines, were subjected to rapid expansion at the hands of foreign governments (Chambers Harrap, 2003). However, China required a particular effort. First, it held an estimated population of 400 million throughout the end of the 19th century (Embrey Buckley, 2010; Brown Bullock, 2011; China Medical Commission of the Rockefeller Foundation, 1914; MacGillivray, 1907). This was seen as both an opportunity and a threat: not only were these “400 million souls to be saved” and “400 million lamps to be lit” (Brown Bullock, 2011, p.10), but the failure of the West to influence this vast of a population could lead to not only the population’s hardships but eventual global issues as well (Fosdick, 1988; Gates, 1977; Ninkovich, 1984). The second point reinforced this: unlike other non-modern nations, China was quite, to the standards of the Western elite, “civilized” (Freeman, 1996; Low, 2004; Ma, 1995): the Chinese upper class had an established political order, they had a strong social and cultural orientation, and they had an etiquette more appealing than that of other countries (Freeman, 1996; Embrey Buckley, 2010). However, what was lacking in China were the “universal” values of liberalism: a political order based on individual rights and freedom, free trade, and the right to private property (Chambers Harrap, 2003; Spence, 1980; McClain, 1994; Rea, 1966). Therefore, the Chinese were seen as a promising population (Rockefeller Foundation, 1914), while China presented larger opportunities for impact and required more resources for its development (MacGillivray, 1907; Embrey Buckley, 2010; Rockefeller, 1914).

Answering these calls from America were the Protestant missionaries and industrialists of the Gilded Age (Cashman, 1984; MacGillivray, 1907; Embrey Buckley, 2010; Hyatt, 1970), both of which were highly interconnected groups.⁵⁴ When the industrialists of this

⁵⁴ The reason for this crossover was due to the current structure of the United States: the industrialist North of the country had always been more prosperous than the South, given that the South largely relied on slave labour for profitability. After winning the civil war, the North not only found itself with the spoils of the war, but it also became the center of American finance: those previously profitable in the South had all but lost their fortunes throughout the process. This split was also deeply entrenched in faith: prior to the war, the Protestants were split ideologically between the Southern and the Northern Baptists. The split revolved

time sought to go abroad, or likewise missionary organizations, there was an automatic leaning on the human and social capital of both the religious and corporate networks established within the country (Hyatt, 1970; Ninkovich, 1984). More clearly, going abroad in China seemed to make allies of all Western players in its midst (Hyatt, 1970; Freeman, 1996). Therefore, in this environment, Sr. heard of the China market: both for its opportunities to evangelize and grow economically. Importantly, these did not appear as two separate strategies but instead reflected the greater network's orientation towards China's modernization, as manifested differently by different organizations (Ninkovich, 1988). Simply as a large donor to Protestant Missions and a key player in the development of global oil infrastructure, it is therefore obvious that Sr. must have been exposed to China in his private dealings. As described Jr. in the opening of the 1914 Rockefeller Foundation Annual Report, interest in China was significantly generated by the continued lobbying of missionaries within their purview who would frequently gain an audience with Sr. or Jr. to express the importance of aid in China. Overall, "China was on the mind of progressive America" (Brown-Bullock, p.16).

With this background, Sr. proceeded to teach his son, Jr, about the business environment (Rockefeller et al., 1994). Given their frequent correspondences and strong relationship, it is clear that these happenings would not have been secrets to Jr. Moreover, given that he was spending his youth in the latter part of the 19th century, his exposure to China grew independently from his father's interests. The Bible school attended by Jr. included 12 men from China (Low, 2004; Seim, 2015). Moreover, after joining the YMCA at his father's recommendation, Jr. became familiar with their China program, a program he was able to study while attending Brown University. During his time at Brown, he also met John R. Mott, former student secretary of the YMCA who had been to China in 1892 (Fosdick, 2019). Given his experience and connection, Sr. ordered Jr. (following his graduation) to assist Mott in planning and funding a second trip to China for 1902

around the issue of slavery: the Southern Baptists were not universalists as were the Northern Baptists, and therefore believed that owning slaves was their right. Following the war, the Northern Baptists, having ideologies and businesses not dependent on the ownership of slaves, were not incumbered by the changing American landscape as were the Southern Baptists. As such, the North saw a great concentration of wealth, and therefore most American wealth from the Gilded Age is traced back to Northern Baptists (Greenspan, 2011).

(Rockefeller, 2018; Fosdick, 2019). While the purpose of this trip was vague, Mott reported mainly on philanthropic opportunities in the country, and the country's state, weighing heavily on the facts and stories of missionary organizations (Rockefeller Foundation, 1914; Brown Bullock, 2011). China would be further cemented into the mind of American interventionists, and therefore Jr., in 1907, when Theodore Roosevelt addressed Congress, stating: "We have become deeply impressed with the desirability that there should be established in China as early as possible a University, distinctly Christian, but wholly undenominational in character, and of the highest ideals and broadest catholicity" (as quoted in Ninkovich, 1984). Thus, with the concretization of an American mission to China came the concretization of a strategic mission⁵⁵ to China.

These decades of experience and exposure led to creating a general strategy for China before founding the Foundation in 1913. When its doors opened, the Foundation was no longer concerned with choosing a location: based on these past experiences, the location was self-evident. Important to note, however, is that despite it being a long-fostered goal of the founders, it was not the catalyst for the Foundation's formation. The timing of their internationalization to China was simply coincidental to their opening, which occurred in 1913 to take over and internationalize the work of the Rockefeller Sanitary Commission for the Eradication of Hookworm⁵⁶ that was later dissolved in 1914. As a Foundation member noted: "during the autumn and winter of 1913, the Trustees became convinced that the crisis in the political and economic development of China rendered the present a most favorable time for the advancement of education in that country" (Rockefeller Foundation, 1914). And so, the "born globality" of the China strategy seemed simply coincidental, and was only possible due to the Foundation access to networks and capital, and their ability to mobilize it at opportune times.

⁵⁵ With regards to international affairs and not Christianity.

⁵⁶ Created in 1909, this Commission was responsible for the estimation, treatment, and eradication of hookworm in the American South, thus exemplifying the differences between the Northern and Southern States previously mentioned in the text. Once its methods proved successful, it was decided that this strategy could simply be "transplanted" globally—making America a testing ground for strategy. To complete this transplant, The International Health Board was created upon the Foundation's founding in 1913 (Ninkovich, 1984; Schneider, 1982; Rockefeller, 2018).

China was not the Foundation's only international program (Rockefeller Foundation, 1914); however, China's program was exceptional, as noted on the Rockefeller family's archival website: "From its earliest years, the Rockefeller Foundation took particular interest in China, a legacy of the Rockefeller family's special interest" (Rockefeller Archives, n.d.) Given the affinity of its members towards China, it had been selected for its most complex social strategy to date, the Westernization of an entire society through the teaching of Western medicine, explained in the following section (Rockefeller Foundation, 1914). Its importance was also signaled by the Foundation's organizational structure at its founding: whereas the work in other countries was directed under one board, The International Health Board, the work in China had its own board, the China Medical Board (CMB), and therefore its own dedicated team of directors with two offices: one in Peking, and one at 64 Broadway in New York⁵⁷ (Rockefeller Foundation, 1914). Notably, the Foundation's President also held the position of Chairman of the CMB, thus centralizing the power of the CMB, signaling the Foundation's want for increased control and purview over the CMB's strategy. As will be discussed in the fifth and final section of these findings, the exceptional treatment of China came to an end in 1928 (Rockefeller Foundation, 1928). This demotion of China in the Foundation's strategy serves to prove its original supremacy in the Foundation's strategy and concretizes the importance of environmental drivers to the choice of China: due to the era of World War I, the Great Depression, and secularization, China was no longer top-of-mind for Americans, and none of the members had an affinity for or relationship with China as did early CMB Chairmen; therefore, the Foundation lost its focus on the country⁵⁸.

⁵⁷ This office was at the headquarters of the Rockefeller Foundation (Rockefeller Foundation, 1914) and the Standard Oil Trust prior to its dissolution (Rockefeller, 2018).

⁵⁸ Ultimately, however, the Foundation's final exit from China was due to Mao's Communist Revolution in China, which drove out all Western interests. Luckily for the Rockefeller Foundation, however, Mao was himself interested in the ability for medicine to transform society, and was particularly interested in Western medicine. As such, the Peking Union Medical College, despite no longer being operated by Western interests, was able to remain in nearly continuous operation until the modern era. Of course, the Cultural Revolution (1966 to 1976) was the exception, during which the College became the Beijing Anti-Imperialism Hospital, a name aptly describing much of the rural Chinese sentiment towards the College. (Brown Bullock, 2011, 1980; Embrey Buckley, 2010)

Building a Medical Ecosystem

Given their clear expertise and ability in working for the General Education Board, Welch and Flexner were later sent on the Oriental Commission of 1909, intending to return with an initial assessment of the country's medical missionary schools (Rockefeller Foundation, 1914). Under Gates' purview, and before his exit from the faith (Gates, 1977), he felt that the Foundations' efforts in China would be best directed towards aiding the development of the missionary schools specifically (Baick, 2004; Fosdick, 1988). However, given their more secular-leaning, Welch and Flexner came back with a different recommendation, thus not validating Gates' assumptions⁵⁹: instead, Welch and Flexner felt that the Foundation would do best by dissociating itself from the Protestant faith in its medical work in China (Fosdick, 1988; Ma, 1995). While in China, it was their testimony that "missionary medicine did not meet the current scientific standards" and that "Christianity was detrimental to the widespread acceptance of Western medicine" (As quoted in Fosdick, 1988). In this view, they were undoubtedly feeling the country's pulse and era: at the time, China was dominated by two opposing ideologies (Kissinger, 2011), while Americans were slowly secularizing (Greenspan, 2018). While some of the elite literati in China were inviting to Western influences, the average citizen was not (Teng & Fairbank, 1979; Xiaotong, 1947). This led to various social upheavals, such as the Boxer Rebellion and the May 4 Movement (Embrey Buckley, 2010; Unschuld, 1985; Chambers Harrap, 2003). Separating itself from prominent past imperial powers allowed flexibility to its strategy (Fosdick, 1988). To do so, Welch and Flexner recommended that Sr. direct his efforts toward opening an undenominational Christian college (Fosdick, 1988; Daqing, n.d.; Schneider, 1982). They believed that the institution of an American-style medical college in China would further push the Chinese to learn Western values and therefore be guided by its "civilizing" principles (Fosdick, 1988; Schneider, 1982). Notably, this college was part of an ecosystem, given that other medical colleges funded by Yale and Harvard (as examples) were already established in the country⁶⁰ (Spence, 1980). While not original, the Foundation's contributions would be, given its initial

⁵⁹ These were based on his conversations with the missionary board occupying China (Gates, 1977).

⁶⁰ At the time, these colleges also sought to uphold the values of Christianity; however, as described by early Yale strategists, this was "a new kind of mission" that sought to modernize the Chinese through an education of Western liberal arts and medicine (Ninkovich, 1984).

endowment⁶¹, far outpacing that of any other charitable organizations at the time and even today.

With these arguments in mind, the Foundation held a public conference on January 19, 1914:

“In order that the Trustees might be guided by the best available advice, a conference was held in New York City... to which a number of the executive officers of the principal missionary boards employing medical missionaries, and several medical missionaries and other residents of China who happened to be in this country, were invited.” (Rockefeller Foundation, 1914, p.32)

This statement shows that despite Welch and Flexner’s queues towards secularization, the Foundation remained reliant on missionary societies for guidance on China. As expressed by Gates, due to their vast networks and local resources, the idea of starting a university affiliation to missionary societies would necessitate help from the Chinese government. In his diary, he wrote to this effect:

“The missionary bodies at home and abroad were distinctly and openly, even threateningly hostile to it as tending to infidelity. On the other hand, not even Mr. Rockefeller’s promise of ten million dollars for an endowment could tempt the Chinese government to tolerate our proposed institutions, free though it was from all religious bias, unless we would consent that it be controlled and run by appointees of the Chinese government. The study by the Commission of the sort of schools China was actually trying to establish disclosed incompetence so universally, and dishonesty so frequently, as to make any considerable Chinese influence in the... proposed institutions out of the question.” (1977, p.81)

During this conference, it was decided that a more thorough investigation of China was needed before enacting any set plan: “the result of that conference was that the Trustees

⁶¹ The original endowment of the Foundation was \$100 million in 1913 (Rockefeller Foundation, 1914), roughly \$1.25 billion in today’s money.

determined to send a Commission⁶² to China to study the needs of the country in regard to medical education and public health” (Rockefeller Foundation, 1914, p.32). So, towards the end of April 1914, Harry Pratt Judson, President of the University of Chicago, Chairman; Roger S. Green, United States Consul General at Hankow, and Francis W. Peabody, M.D., of the Harvard Medical School and the Peter Bent Brigham Hospital of Boston, were commissioned to China:

“The Commission... spent four months in a very thorough study of existing medical schools, hospitals, and dispensaries in China, and in conference with missionaries, Government officials, and other competent advisers, in regard to the best means of reinforcing and adding to the important work already done in the field of medical education and public health.” (Rockefeller Foundation, 1914, p.32)

This commission led to the creation of a truly invaluable work: *Medicine in China* (China Medical Commission of the Rockefeller Foundation, 1914), a publicly available book describing the state of the Chinese market at the time (for medical education, specifically), presenting detailed surveys of various metrics, such as the number of physicians, missionaries, and nurses within the country. In said work, the Commission concluded that “on the whole, the time is ripe for a general advance in China in all matters relating to public health” given the current political and, therefore, ideological vacuum created by the fall of the Qing Empire in 1911 (China Medical Commission of the Rockefeller Foundation, 1914, p.5). The fall of the Qing created a malleable environment for the Foundation and signaled the rise to power of the Nationalist party, a large majority of which had a particular attraction toward Western education (Embrey Buckley, 2010; Chambers Harrap, 2003). This kinship allowed for the Commission to be “received by the President of the Republic, Yuan Shih K’ai” and “entertained at dinner by the Vice-President, Li Yuan Hung” (Rockefeller Foundation, 1914, p.15), both of whom introduced the Commission to their networks, therefore allowing it to discuss the state of China’s

⁶² The Commission consisted of “Harry Pratt Judson, President of the University of Chicago, Chairman; Roger S. Greene, United States Consul General at Hankow, and Francis W. Peabody, M.D., of the Harvard Medical School and the Peter Bent Brigham Hospital of Boston.” (Rockefeller Foundation, 1914, p.32)

medical education with various relevant philosophers and statesmen, both at the national and regional level (Rockefeller Foundation, 1914). Overwhelmingly, those willing to meet with the Commission supported its plans, with most Chinese doctors insisting that medical education was the most pressing need for their country. However, the plan was not only supported and aided by local Chinese officials (China Medical Commission of the Rockefeller Foundation, 1914). As noted by the Commission⁶³:

“The Secretary of State of the United States, the Honorable William J. Bray, kindly provided letters of introduction to the American Minister in China, the Honorable Paul S. Reinsch, to the American Ambassador in Japan, the Honorable George W. Guthrie, and also to all American Consular representatives in China and Japan... While in [Washington], a call was made to the President of the United States, who expressed cordial interest in the purpose of the Commission; and on the Chinese Chargé, Mr. Yung Kwai, who provided letters of introduction to Chinese officials in Peking. The Chairman also met with Mr. E.T. Williams, head of the Far Eastern Division in the Department of State, the Secretary of the United States and a number of other people who were interested in the Far East.” (1914, p.5)

This extensive analysis allowed the Commission to assess the country's needs, coupled with the capacity of the Foundation. As summarized in the 1914 Annual Report of the Foundation, it was recommended that “...the implemented strategy covers a single large province only, with a great central medical school having a full complement of outlying

⁶³ Importantly, these meetings were only made possible due to the recruitment of Roger S. Greene into the Commission: as the United States Consul General at Hankow at the time, he was the Commission’s “political link” which granted political legitimacy to the Commission, and allowed it to access political networks otherwise closed to the Foundation. This was particularly important given the Rockefeller’s history with the United States Congress: despite cordial relations, Congress had recently (in 1911) found the Standard Oil Trust guilty of being a monopoly (under the Sherman Antitrust Act of 1890), thus leading to its forced dissolution, and therefore providing the Foundation with its original endowment. This legal pursuit of the Standard Oil Company and the Rockefeller family as a whole was instigated by feelings of unease among the general American populace: as described in Ida Tarbell’s *History of the Standard Oil company*, the Rockefeller family had long been accused of fleecing the American public out of its rightful gains on oil, and more broadly of being too rich and too powerful to not arouse suspicion (1904). As such, the optics of the Rockefeller family dealing directly with government was less than optimal, making Mr. Greene an excellent addition to the Foundation. Moreover, given his experience in China, Mr. Greene had developed a complex local network that would have taken the Foundation years to build otherwise. For these reasons, Mr. Greene also became the ideal candidate to govern the Foundation’s China strategy on the ground. (Rockefeller Foundation, 1914, 1915; Fosdick, 1988)

stations, hospitals, practitioners, and preparatory schools” (p.120). To do so adequately, the Commission recommended a preliminary four-part plan: (1) mastery of data from American, European, and Chinese sources; (2) selection of the aptest medical district or province; (3) simultaneously reinforce hospitals with staff and equipment, create a medical school on the “best practicable basis” with American physicians as faculty, guide missionary schools to act as preparatory schools instead, require the ongoing education of any practicing Doctor, and establish a nursing school, all within the district chosen in the second step; and, (4) to extend the system to other countries (Rockefeller Foundation, 1914).

Upon presenting these findings on October 12, 1914, to the Trustees of the Foundation, the members of the Committee agreed, in true Rockefeller fashion, to create an official structure to govern the Foundation’s dealings in the country (Rockefeller Foundation, 1914). The China Medical Board (CMB) was created on November 20th, 1914, and held its first meeting on December 11 of the same year. As previously noted, the CMB’s Chairman was the same as the Foundation’s President, who, at the time, was John D. Rockefeller, Jr. During their first meeting, Jr. “...urged that the work be undertaken in a spirit of cooperation with existing agencies for medical education in China, and particularly with the medical schools and hospitals established by the missionary societies” (Rockefeller Foundation, 1914, p.5). As such, the China Medical Board noted that the Board existed “...for the purpose of carrying out the recommendations of the Commission, which were formally adopted as a working program, subject to such modification as experience should show to be necessary” (Rockefeller Foundation, 1914, p.130)

The commission called for “the gradual and orderly development of a comprehensive and efficient system of medicine in China” (Rockefeller Foundation, 1914, p.130), a statement the CMB would adopt as their mission throughout their initial time in China until 1921 (Rockefeller Foundation, 1921). Notably, this system was to be modeled off of the Flexner report: the link was clear; not only did this work first inspire Gates’ musing on China’s medical system, but it was also the work of the brother of Simon Flexner, Abraham Flexner (Rockefeller Foundation, 1914).

To accommodate Flexner's recommendations, John D. Rockefeller, Jr. formulated the CMB's working goals in 1915: (1) "to assist Missionary Societies to strengthen their medical schools and hospitals by providing equipment and other facilities;" (2) "with the consent of the Missionary Boards, to reorganize and expand existing medical schools, with their hospitals, and to support these, wholly or in part;" "to aid other medical schools that are not strictly missionary;" and, "to establish, equip and support new medical schools and hospitals" (Rockefeller, 1915). As a leader, John D. Rockefeller, Jr. was not particular about maintaining precise terminology. Over the following three years (1915 to 1917), the Board's considerations would not change dramatically but would vary slightly in their wording. As categorized by the organization, in realizing these goals, the CMB's work was filed as either: Medical Education; Aid to Missionary Hospitals; or Fellowships and Scholarships. Each component was intended to work as follows:

- I. **Medical Education:** the Foundation was to open a college as a first step in establishing a viable medical system in China. The college would not only set an example to future colleges, but it would also: (1) train a new era of doctors and nurses for China (who were Chinese); (2) provide support to the surrounding, existing medical infrastructure in the country; and, (3) develop a stock of Western science within China⁶⁴. As the intended John Hopkins of China, the college was to instill Western medicine principles into a very select few so that they may be responsible for developing Western medicine throughout the Country. Moreover, the CMB intended to slowly shift the control of the college from the Foundation toward the Chinese through a gradual enrollment process⁶⁵, thus concretizing their intention for social reform through education. At the recommendations of the 1909 commission,

⁶⁴ This would be done by not only teaching medicine, but by also funding research and the translation of Western texts to Chinese (Rockefeller Foundation, 1914, 1915)

⁶⁵ In order for a student of the PUMC to one day become a Professor or Trustee of the PUMC, they had to have a proven "Western mindset" developed through years of training in the Western Sciences. Therefore, with every passing year the PUMC's leadership slowly shifting from American to Chinese; however, due to the process of gradual enrollment, its strategy remained steadfast to western values (Rockefeller Foundation, 1914, 1915, 1916) As notes Foundation President Vincent in 1921: "If the hopes of ((the PUMC's)) founders are realized, it will graduate a select group of leaders in medical education, in research, and in public health administration, and a larger number of useful practitioners of medicine and surgery" (p.122).

the college would offer training to doctors, nurses, and pharmacists and would be the educational hub of its local network and a globally competitive institution. (Rockefeller Foundation, 1915)

II. Aid to Missionary Hospitals: the Foundation would donate a set amount of appropriations to missionary hospitals across China so that they may: (1) hire more staff; (2) upgrade their quarters and equipment; and (3) provide ongoing education to staff and locals⁶⁶. This allowed the Rockefeller Foundation to access the largest hospital network in the country. At the time, the development of medicine in China—specifically rural medicine—had primarily been the purview of missionaries. Even urban hospitals of the time were organized by the American Ivy League’s missionary societies. The CMB hoped that modernizing this network would build confidence in Western medicine and alleviate many of China’s public health crises, such as the spread of the bubonic plague, leading to the appreciation of Western scientific thought throughout the country. (Rockefeller Foundation, 1915)

III. Fellowships and Scholarships: the Foundation would sponsor both Chinese and Missionary students (nursing, medical, and pharmaceutical) to study in America to return to China with the most up-to-date knowledge of their field. This intended to create a culture of exchange among global academics, giving the field in China the opportunity to make ties with the West and establish itself as a known source of medical expertise. Moreover, given that the organization of a medical college was a herculean task, providing opportunities for students to access American Medical education in the interim of its erection was dubbed necessary. (Rockefeller Foundation, 1915)

According to the same report, the Foundation intended to initiate work in China “based on the fullest possible utilization of existing institutions and equipment, and of the most cordial cooperation with the missionary boards and other agencies that have already carried on medical work in China.” (p.257). So, to expedite this plan, Roger S. Greene, Resident Director of the China Medical Board and Foundation Secretary, was responsible

⁶⁶ Said education to locals focused on hygiene (Rockefeller Foundation, 1915).

for locating an appropriate college campus. Importantly, given that the Foundation felt it was an opportune era of transformation in China, it sought to waste no time erecting a medical college. As such, it seemed most logical to purchase an existing campus that could fulfill certain criteria: (1) the campus needed to be located in a large city; (2) the campus needed to be equipped and in working conditions; and (3) the campus needed to be available for purchase. Various campuses in different cities seemed to fit the bill; however, Shanghai and Peking were chosen as original contenders for location choice, given their political importance to China, developed infrastructure, and large populations. In March of 1915, Mr. Greene found the ideal campus for purchase in Peking: that of the Union Medical College. The campus was not only a running hospital. Still, it was also adjacent to various historical sites, which would later be purchased by the Foundation, allowing the campus to expand significantly⁶⁷. However, Mr. Greene was not the only person to spot this opportunity. Operated by the London Missionary Society, the campus was currently governed by six missionary societies. Of these six, three were interested in purchasing the campus. Greene's negotiations were adequately summarized in the 1915 Annual Report, from which the above information was pulled:

“... Greene conferred with representatives of the three American Missionary Societies interested in the college, when it was agreed that the China Medical Board might approach the London Missionary Society with a proposal to purchase the property of the College. Under the instructions of the Board, the Director visited London in March and April, 1915, to negotiate with the London Missionary Society. While in London, he attended several meetings for conference with officers and committees of that society with representatives of the Society for the Propagation of the Gospel in Foreign Parts, and of the London Medical Missionary Association. As a result of these conferences, the London Missionary Society

⁶⁷ A brief history of the campus is provided in the 1915 Annual Report: “The first important act of the Board was the acquisition of the property of the Union Medical College in Peking. This medical college, from which the first class graduated in 1911, was maintained and directed by six Christian Missionary Societies... The property of the College was owned by the London Missionary Society, for which a Society Dr., Dr. Thomas Cochrane established the work in 1906” (p.133).

agreed to sell the property of the Union Medical College in Peking, together with the mission compound of the Society, located on Hatamen Street.” (p.134)

Following the negotiations for the Peking campus, now known as the Peking Union Medical College, or PUMC for short, further due diligence on behalf of the Board was conducted (Rockefeller Foundation, 1915). On May 26, 1915, “...the Board, by a resolution, requested Dr. William H. Welch, Simon Flexner, Frederick L. Gates⁶⁸, and Frederick T. Gates of the Board to visit China and report a definite program for the reorganization of the Peking Union Medical College, and also to consider more particularly whether the Board might not organize a second college to be situated in Shanghai⁶⁹” (Rockefeller Foundation, 1915, p.135).

In July, the purchase of the campus was finalized, and Greene established the CMB’s Chinese headquarters there: this marked the “most important work” of the Board for the year (Rockefeller Foundation, 1915). In August, the latest Commission arrived in Peking and was “welcomed by the American Minister, Dr. Paul S. Reinsch, and his associates of the American Legation, who in manifold ways aided the members in their work” (Rockefeller Foundation, 1915, p.136). They met with several other members of Foreign Affairs, including the Minister. They were able to meet with Yuan Shih-K’ai again, the politician who, in former years, had greeted the previous commission as the Republic’s President. John D. Rockefeller, Jr. wrote about the Commission: “this extended journey, with its opportunity for studying medical and other educational institutions and agencies in China, served the important purpose of giving the Director and three of his associates on the China Medical Board a first-hand contact with the people, cities and institutions of China” (Rockefeller Foundation, 1915, p.136).

⁶⁸ Frederick T. Gates was unable to attend and was instead replaced by Roger S. Green (Rockefeller Foundation, 1915).

⁶⁹ Plans for Shanghai would soon be abandoned in 1920. At this time, it was still the intention of the Board to eventually find a similar candidate in that city’s district. However, the project came to a halt quickly after it commenced, and within five years of the CMB’s inception, any plans for the erection of a second medical school were abandoned given the unanticipated cost of not only renovating but also operating the Peking campus. This trend of austerity in strategy is further developed in the next section of this work. Moreover, due to the insignificance of the Shanghai strategy, it will not be developed further within this work. (Rockefeller Foundation, 1922).

With these considerations in mind, on January 24, 1916, the committee decided that “pending the opening of the reorganized college, a Committee of Control was appointed to administer the local affairs of the college, consisting of Mr. Roger S. Greene, Resident Director in China of the China Medical Board, Dr. Charles W. Young, Dean of the College, and Dr. Edward J. Stuckey, a member of the faculty” (Rockefeller Foundation, 1916, p.132). Notably, much like the link between the Foundation’s Executive Committee⁷⁰ and the CMB elucidated prior, Mr. Roger S. Greene was a point of centralized power in the Foundation’s Chinese works (Rockefeller Foundation, 1916). The PUMC’s leadership is also directly tied to the Foundation’s Executive Committee, facilitating communication between key decision-makers and local managers.

Moreover, to continuously encourage clear communications, it was decided, at the same meeting, that the English language would be used as “the medium of instruction” at the PUMC. This was based on four reasons listed in *Medicine in China* (1914): (1) students can acquire English skills before medical school, given the proliferation of English in Chinese middle schools⁷¹ (p.132); (2) there is no great “body of medical publications in China” (p.132); (3) “that the use of English greatly widens the field for the choice of the medical teachers by preventing the very onerous burden of learning Chinese being placed on every teacher in a medical school” (p.132); and, (4) “that a graduate in medicine should no longer be debarred from keeping up with the advance of medical science because there is not open to him the great field of medical literature” (p.132). These choices, centralized power and English as the language of teaching, exemplify the greater view expressed during this meeting, which was to keep the evolution of the PUMC on par and connected with the West both in organization and culture. Therefore, the PUMC’s strategic direction could not be hi-jacked by non-Western (or worse, anti-Western) ideologues, while its operations necessarily Westernized those involved (Rockefeller Foundation, 1915, 1916, 1917).

⁷⁰ This Committee was created to: “...exercise all the powers of the Corporation when the Corporation is not in session, except those specifically vested in the Finance Committee as herein provided are not herewith otherwise provided for... It shall direct and control the purchase of all supplies and the audit of all bills” (Rockefeller Foundation, 1914, p.49).

⁷¹ At the time, 438 Chinese middle schools taught English according to the Education Association of China (Rockefeller Foundation, 1915)

Evolution and Reformation

The centralization of power previously demonstrated had another important impact on strategy: it allowed the President's interpretation of a vague organizational goal to shine throughout its operations, including at its most tactical levels. Gates addressed this flexibility with great disdain:

“If I have any regret, it is that the charter of The Rockefeller Foundation did not confine its work strictly to national and international medicine, health and its appointments... insofar as the disbursements of the Rockefeller incorporated philanthropies have been rigidly confined to these two fields of philanthropy (medicine and public health) they have been almost universally commended at home and abroad. Where they have inadvertently transgressed these limits, they have been widely and in some particulars perhaps not unfairly condemned.” (as quoted in Fosdick, 1988, p.29)

When the organization's President changed⁷² in 1917,⁷³ so too did the Chairman of the CMB, and so too did its strategy (Rockefeller Foundation, 1917). John D. Rockefeller, Jr., was succeeded by George E. Vincent, a noted sociologist and a founding member and former President of the American Sociological Society (Fosdick, 1988). Unlike Jr., however, Vincent took on more responsibility overseeing the CMB, as he also assumed Wallace Buttrick's position as Director of the CMB⁷⁴.

⁷² This change in leadership was triggered by a slight reorganization in the Foundation's constitution: “Amendments to the Constitution adopted at the annual meeting in January created a new position of Chairman of the Board of Trustees. To this position Mr. John D. Rockefeller, Jr., formerly President of the Foundation, was elected. Dr. George E. Vincent, the President of the University of Minnesota, was elected President.” Elaborating further, Abrahamson, Hurst and Shubinski note that: “the trustees selected a sociologist, George E. Vincent, as the Foundation's president. Perhaps surprisingly, Vincent's social science background did not prompt a shift in the Foundation's agenda. In fact, Vincent promoted and guided the development of the Foundation's clear, two-pronged focus on public health and medical education.” (Abrahamson, Hurst, and Shubinski, 2013) Trustees are those “by whom the business and affairs of the corporation shall be managed” (Rockefeller Foundation, 1916, p. 398)

⁷³ His topics of interest were very relevant to the Foundation: his Ph.D. dissertation was entitled, *Social Mind and Education* (1896).

⁷⁴ At the time, Wallace Buttrick was also the President of the General Education Board and was becoming overwhelmed with his multitude responsibilities. As such, he decided to step down from his role from CMB leadership. (Rockefeller Foundation, 1917).

According to Raymond Fosdick, President of the Foundation from 1936 to 1948, Vincent “was a different kind of person from any previously associated with the organization. Urbane, brilliantly witty, skeptical of Gates’ absolute and finalities, he cares passionately for fairness, tolerance, and justice” (p.29). As such, when the program, particularly in China, started to “take on a different emphasis,” Gates was dismayed (Fosdick, 1977). Being responsible for the initial conception of the China strategy and having originally convinced the Rockefellers to focus on medical education, Gates had always sought to bridge the gap between Christianity and modernity through science (Ma, 1995; Gates, 1977; Fosdick, 1988). However, while John D. Rockefeller, Jr. was privy to such ideals during the Foundation’s infancy and his presidential reign, George E. Vincent was not. Unfortunately for Gates, the rest of the Foundation members did not share in his religious zeal and rather felt that the Foundation’s goals, as evolving with the times, could now be achieved by sidestepping missionary societies (Low, 2004; Ma; 1995; Fosdick, 1988; Rockefeller Foundation, 1921). This change in attitudes was ironically largely due to Gates: by stressing that experts guide the Foundation, Gates invertedly staffed the CMB with physicians who instead sought to simply further the field of medicine in the country.

This was bound to happen: Welch and Flexner’s 1909 commission to China was not particularly fond of partnering with missionaries and instead saw it as a necessary evil (Daqing, n.d.). While the “true” solution determined by the commission was to organize a nondenominational university, they felt that this was impossible to implement because of the threat it would pose to proselytizing, thus incurring fatal backlash from the missionaries (China medical Commission of the Rockefeller Foundation, 1914; Fosdick, 1988). However, as more experts joined the CMB and PUMC from 1914 to 1917 and missionary societies lost their power over the CMB⁷⁵, following Welch and Flexner’s original recommendations seemed natural. So, in 1918, Vincent dropped the two auxiliary pillars of the CMB strategy—aid to missionary hospitals and fellowships and scholarships—previously laid out by John D. Rockefeller Jr., in favor of focusing its

⁷⁵ As the Foundation settled into its new environment, it was able to build networks independent from missionary societies. Moreover, as secularization grew amongst elite liberals, medicine was falling out of the hands of missionaries, and supporting their tired practices was no longer viable. (Annual Report, 1916, 1917, 1918, 1919)

resources solely on the core of the strategy: medical education (Rockefeller Foundation, 1918). Notably, Vincent still believed in the importance of fellowships; however, these would no longer be considered a strategy separate from the core goal but rather a natural part of promoting medical education through the PUMC (Rockefeller Foundation, 1918).

Importantly, Vincent did not assume office with the view of being an iconoclast; instead, his abandoning of missions was nearly necessary given global economic conditions (Vincent, 1921). The entry of the Rockefeller Foundation into China correlated with the commencement of the First World War (1914 to 1918). Global economic conditions were tumultuous at best: Europe, being the battleground, was no longer a productive market and was quickly losing its infrastructure (Chambers Harrap, 2003). This led to global shortages in labor, materials, and capital, significant drops in the interest rate, and unpredictable exchange rates (Chambers Harrap, 2003; Fosdick, 1988; Low, 2004). The shortage was exacerbated by the need to direct resources toward war relief, doing projects like the PUMC's last priority to the Chinese public. While China was far from the battleground, to start an ally-ship with the West and become a regional hegemon, in 1916, it sent laborers and non-military personnel to aid the French and British in their war efforts and declared war with the German Empire on August 14, 1917 (Chambers Harrap, 2003; Embrey Buckley, 2010, Kissinger, 2012). This increased the labor shortage in China, and led to a transportation bottleneck, given that steamships coming to and leaving China, and trains within the mainland, were mainly being used for the transport of goods and labor directed towards war efforts, thus increasing the material shortage in the country (Embrey Buckley, 2010; Shu-hwai, 2014).

Adding to these issues with transportation, materials, and labor were the battles occurring within China: Germany had settlements in China due to past imperial expansion. Starting in 1914, the Japanese and British regularly and forcibly entered China to force the surrender of these German settlements, such as the settlement of Tsingtao within the Shangdong province (Embrey Buckley, 2010; Rockefeller Foundation, 1916). China, lacking military might, was unable to control or govern these invasions, the randomness of which created a very volatile economic environment (Kissinger, 2012; Embrey Buckley, 2010; Rockefeller Foundation, 1916). In this environment, the PUMC's

construction, originally budgeted at US\$1 million by the time its construction was finished in 1921, had amassed US\$8,283,000 in expenses (Rockefeller Foundation, 1914, 1915, 1916, 1917, 1918, 1919, 1920, 1921)⁷⁶. After opening its doors in 1919 with a yearly operating budget of US\$493,000, it had to more than double this figure to US\$1,065,000 by 1922 (Rockefeller Foundation, 1919, 1921). The Foundation, therefore, had to cut as many expenses as possible, and given the inertia of the PUMC project, the missionary societies were the only logical choice (Rockefeller Foundation, 1921, 1922, 1923).

This was the final straw for Gates: cutting these expenses, in his eyes, would not resolve the CMB's spending problems (Gates, 1977). To Gates, the fault in the budget lay in the CMB's execution and design of the campus. Instead of operating frugally, the campus pandered to the elite:

“The high, graceful, curved Chinese roof of jade-green glazed tiles, made in the factory that once supplied the tile for imperial palaces, had already given the college the name of “the Green City.” Gray brick was used in the structure, similar to that in the Great Wall, and the waves were embellished with conventional Chinese decorations, painted by native artisans.” (p.88)

This, Gates, saw as extravagance and folly: two values antithetical to the frugality of Protestantism (Gates, 1977). However, the other participants in the project disagreed and felt that the campus' architecture was necessary for its integration into Chinese society, as further remarked by Fosdick:

“All this elaborate and somewhat expensive design was employed as a symbol of the desire of the Board to make the College not something imposed from an alien source, but an agency which would fit naturally and harmoniously into the picture of a developing Chinese civilization.” (1977, p.87)

⁷⁶ These numbers were calculated independently, and verified with Brown Bullock's 1980 calculations in her book, *An American Transplant*.

In fact, this issue proved to Gates why the Foundation should instead direct its works towards the humbler means of the missionaries, and after being opposed, Gates left the CMB in 1917. John D. Rockefeller, Jr., adequately summarized Gates' opposition's argument when he said: "the expenditure is a modest one compared to the expenditures in similar institutions in America" (Rockefeller Foundation, 1918, p.5). Gates' reaction is a true symbol of strategic change, given that the man who had originally conceived of the project's idea now left it decrying:

"When you die and come to approach the judgement of Almighty God, what do you think He will demand of you? Do you for an instant presume to believe that He will inquire into your petty failures or your trivial virtues? No! He will ask just one question: What did you do as a Trustee of the Rockefeller Foundation?" (Gates as quotes in Fosdick, 1988, p.17)

Following his resignation, the CMB's mission was further secularized in 1918: "to cooperate with the various existing agencies in the gradual and orderly development of a system of scientific medicine in China" (Rockefeller Foundation, 1918, p.130). Under this new direction, eight new points created the CMB's strategy: pre-medical education, undergraduate courses for physicians, graduate studies for researchers, short courses for practitioners, standardized hospital training, medical research focused on Chinese issues, education on health for the general population, and professional ethics (Rockefeller Foundation, 1918). Note the lack of mention of missionaries compared to Jr.'s earlier 1915 views of the board. The 1920 Annual Report notes how these changes affected the structure of the program:

"Certain changes in the functions and composition of the Administrative Board appeared to be desirable, and one accomplishment of 1920 was the adoption of a plan of reorganization to go into effect in 1921. The points emphasized in the new plan are separation of education and administrative affairs; recognition of the principle of full representation of all divisions of the work; and the creation, in the interest of efficiency, of two small executive bodies with the Director acting as a

medium of Communication between Trustees and college administrative units.”
(p.132)

Gates’ departure had wider impacts on the program: the step away from missionary partnerships allowed the Foundation to, in 1922, begin to bridge partnerships with Chinese schools (Rockefeller Foundation, 1922). Moreover, given that Gates was the only member who doggedly stuck to medical education as a tool for societal change, his departure from the Board allowed the remaining members to analyze the country from a different angle. The change this caused was most evident in 1922:

“With the year 1922, a new phase of the Board’s activities began in the initiation of systematic efforts to improve the teaching of the natural sciences in the colleges and universities of China, as an indispensable factor both in the further improvement of medical education and research and in the extension of the opportunities for securing a medical training to a larger number of individuals. The program adopted included proposals for aiding in the construction and equipping of laboratories and for temporary contributions toward maintaining science departments on a better basis. But probably more important results are to be expected from the provision of fellowships to enable teachers to pursue advanced studies at home or abroad and of visiting professorships by which institutions in China may secure inspiration and guidance from successful teaching of other countries who will be in residence long enough to gain some understanding of the special problems with which Chinese universities are confronted.” (Rockefeller Foundation, 1922, p.124)

This was an early indication of the greater shift towards the natural sciences occurring throughout the Foundation (Rockefeller Foundation, 1922; Fosdick, 1988). Given the nascency of the medical field as an established discipline, many teachers contended that “we haven’t enough that we can confidently teach” (Annual Report, 1922). The stockpile of knowledge in the field was too low for continuous study without the strong support of research; however, research was costly and did not have immediate, direct impacts, and was therefore often the second thought of those practicing medicine at the time (Fosdick,

1988; Rockefeller Foundation, 1921, 1922, 1923). As noted Fosdick: “there [was] a sense in which the practical applications of knowledge [were] the dividends which pure science declares from time to time. When pure science lags, or is interrupted by a cataclysm like war, then it is necessary to pay these dividends out of surplus; and obviously the process cannot long continue” (p.156). The members of the Foundation quickly realized the need for more basic education (Rockefeller Foundation, 1922). One issue with the PUMC was the lack of qualified candidates to choose to accept within the program: largely, there was a lack of basic, scientific skill, and a lack of English comprehension (Rockefeller Foundation, 1922, 1923). When Wickliffe Rose assumed the presidency of the General Education Board in 1923, he brought with him a conviction for generalized education:

“All important fields of activity from the breeding of bees to the administration of an empire call for an understanding of the spirit and technique of modern science... Science is the method of knowledge. It is the key to such dominion as a man may ever exercise over his physical environment. Moreover, appreciation of its spirit and technique determines the mental attitude of a people, affects the entire system of education, and carries with it the shaping of civilization.” (Rockefeller Foundation, 1923, p.5)

This was a sentiment shared by most of the Foundation’s members, if not all, as noted by one director: “large amounts of money are spent by foundations and universities alike on research projects that are unrealistic, unproductive, and often unrelated to human aspiration or need” (Annual Report, 1923, p.5). As such, in 1925, The Rockefeller Foundation “decided to devote itself primarily to the advancement of education in the pure and applied sciences and to the encouragement of research” (Rockefeller Foundation, 1925, p.122). With this change, the CMB then adjusted its working goals to the following, as noted on pages 122 and onward in their 1925 Annual Report: “(1) medical education, in which the main effort is made through the Peking Union Medical College, and institution supported wholly by the Board, and (2) the improvement of the teaching of physics, chemistry, and biology through co-operation with a number of independent colleges and universities.” In 1926, Vincent would reformulate these to the following “concerns:” “medical education and research, in the actual treatment and prevention of

disease, and in the cultivation of the fundamental sciences of chemistry, physics, and biology” (Rockefeller Foundation, 1926, p.124). With this slight change, Vincent was trying to create more scientific dividend by focusing on medical work with consequential impact. The strategy was slowly transforming from focusing on the elite to now focusing on the general population: this reflects Vincent’s early pioneering of rural agricultural programs, proving his affinity towards practical programs.

1928 marked a pivotal year in the Foundation’s overall strategy; and, according to the Foundation itself, marks the year where the Foundation became a mature philanthropic organization (Rockefeller Foundation, 1928). In other words, the years leading up to 1928 were a time of learning, adapting, and reorientation, leading the Foundation to a strategy based on 14 years of international experience. Fosdick recounts this era:

“1928 marked a turning point in the thinking of the trustees. This was in part due to the fact that they had come to the end of an era in philanthropy, an era that was reflected in many other foundations as well. Huge sums had been spent in the endowment of medicine, public health institutes, and programs in higher education. This type of giving could not continue without involving the rapid liquidation of the Rockefeller [Foundation].” (p.156)

Therefore, to abide by its principal deathlessness, the Foundation needed to constrain its budget. It centralized its power by consolidating all Foundation activity under two umbrellas: the International Health Division and the Division of Medical Education. As such, the China Medical Board was released from the Foundation’s purview, becoming an independent body. At the same time, the PUMC would now fall under the Division of Medical Education until it could be confidently transferred to the Chinese government (once the Foundation felt that there was sufficient Chinese infrastructure to support the venture). So, while not futile, the works of the Board’s past would no longer be developed further or expanded, and the supremacy of China within the Foundation’s strategy would no longer exist. Instead, the Foundation’s new work was truly universal and deathless: it centralized its decision-making completely, allowing the Executive Committee to manage finances and program development more holistically, thus increasing program cohesion

and potential universality. The Foundation was no longer operating under the guise of a China-specific strategy but a global one instead. This structural unity was further reinforced by Vincent's successor, Max Mason, who refused to see the varying programs of the Foundation as different strategies and instead addressed these as a whole. (Rockefeller Foundation, 1928, 1929)

In the following years, work in China dwindled: despite the Foundation's attempts to revive interest in China⁷⁷, it could not control the changing environment: with the growing Communist movement and growing unrest within the country⁷⁸ (Embrey Buckley, 2010), it became more and more difficult to find opportune times to invest (Rockefeller Foundation, 1929). Due to the rise of Mao in 1949, the Department of Commerce announced the revocation of the general license for export to China (Freeman, 1996). The measure meant "that all persons and firms wishing to export any commodities to mainland China, Hong Kong, and Macao must submit an application for export licenses," and "such licenses proved, practically, unavailable" (Rea, 1966, p.21). In retaliation, China seized all American assets in China in 1950, virtually ending all trade between the two countries (Rea, 1966; Freeman, 1996; Cody, 1996). Therefore, before the country's reopening after Mao's death in 1976, Rockefeller's strategy in China was halted.

⁷⁷ Such as with Selskar Gunn's China Program, founded in 1931 but only tested in 1935 with a \$1 million budget.

⁷⁸ From 1930 to 1950, the following events brought the country to its knees: (1) 1931 Civil War between the Red Army and Nationalist Party lasting 18 years and resulting in 9.5 million casualties; (2) 1931 Japanese takeover of Manchuria; (3) 1935 second Sino-Japanese war leading to the capture of Shanghai and Nanking and lasting until 1945 and resulting in 15 to 22 million casualties; and, (4) 1945 return of Taiwan to China leading to violence between Taiwanese citizens and Chinese officials.

Chapter 5: The Power of Organization

An analysis of the narrative through Dunning’s Eclectic Paradigm exposes how the Rockefeller Foundation’s internationalization was marked by its focus on the proper organization and distribution of firm resources. While this may not be generalizable to all SEs, these exploratory findings shed new light on how SEs reconcile or could reconcile, their dual strategy, and how social strategies could differ—if at all—from market strategies. The following develops these points further. While the contextual factors are embedded within the analyses of advantages, a summary of context using Porter’s Five Forces will better situate the reader in the field. Importantly, while the Five Force analysis is elaborate, it serves to hasten the evaluation of ownership, location, and internalization advantages. Given its universality in the field, it has not be elaborated upon as a model and theory of competition significantly in this study.

The Rockefeller Foundation’s Industry

The “product” being “sold” by the Rockefeller Family may not be entirely obvious. Initially, when starting the story, one might contend that the Foundation entered the field of medical education; however, a longitudinal analysis of its internationalization reveals that, ultimately, what they sought to internationalize was Western scientific education (Fosdick, 1988; Rockefeller Foundation, 1915). Importantly, medical education was simply a strategy to develop this thinking overseas. As the Foundation’s investments in China changed in 1917 with the advent of the Presidency of George E. Vincent, so too did its focus on medical education (Rockefeller Foundation, 1918). In his 1988 memoir, Fosdick noted that medical education was an instrument through which Western scientific thought could be promulgated, a sentiment originally espoused by Gates (1977).

As such, the industry of analysis will be that of Western scientific education, specifically regarding high education⁷⁹: importantly, while this may seem broad, it must be. As exemplified in the case, the breadth and flexibility of the Foundation’s reach and strategy

⁷⁹ While not a “given” to us today, back then, scientific education was necessarily at the college level, given that elementary education focused on reading, writing, and arithmetic.

allowed for various operationalized versions of this plan to be enacted. Notably, this reflects the adaptability and flexibility embedded within its founding mission to promote the well-being of humanity throughout the world, further concretizing the Foundation's lack of embeddedness within one sector. This flexibility allowed for a pivot away from medical education and towards broader scientific education in 1918.

Porter's Five Forces and the Foundation

Porter's model stipulates that there are five forces affecting industry competition and operating environment: (1) threat of new entrants; (2) threat of substitutes; (3) bargaining power of buyers; (4) bargaining power of suppliers; and (5) industry rivalry (1979). Each will be developed and explored relative to the case (1979)

- (1) The threat of New Entrants: this force analyses the ease of entry within a market, evaluated based on costs such as startup costs, regulatory and legal barriers, and so forth. This force asks: is it easy to enter this field? As such, investigating the barriers to entry of a field. (Porter, 1979)

Before the industrial revolution, American schools were limited, unorganized, unstandardized, and primarily funded by my faith organizations before the Industrial Revolution (Tuner, 1984; Cashman, 1984). However, at the end of the 19th century, American attitudes towards education changed, and a concerted effort began to formalize learning; unfortunately, much like Great Britain, the United States had a laissez-faire attitude towards education (Beck, 2004; Starr, 1977). As such, efforts were disjointed and privately orchestrated, leading to a lack of standards in fields that, as quickly became apparent, should be standardized (Beck, 2004; Chambers Harrap, 2003).

America's laissez-faire attitude meant that the barriers to entry into education were nearly non-existent: as long as one could find students, they could build a school (Backman, 1969). And in late frontier America, finding students came with ease: mass migration across the continent allowed for teachers and preachers to access greater populations, but it also granted them the flexibility to uproot their rudimentary schools for greener pastures (Turner, 1984). Moreover, building materials and labor were readily accessible, and the

lack of regulatory or legal restrictions opened the market wholly (Turner, 1994; Tarbell, 1904; Greenspan, 2018).

Most education before its formalization, and even pursuant to it, was heavily influenced by religion, as notes Kohrs:

“America’s academic institutions were in their infancy, with many of the early colleges being established by various religious denominations, for the primary purpose of training men for the ministry. Consequently, the great majority of instructors at these early academic institutions were men, and predominantly clergymen. During this time, other than the ministry, the two most commonly chosen professions requiring any type of an academic education were medicine and law.” (2015, p.29)

Importantly, the whole of America’s Ivy League⁸⁰ was founded in these early times with similar goals. For example, Harvard’s founding in 1636 was to accommodate the training of new clergymen with the arrival of over 17,000 puritans to the coast of Massachusetts (Kohrs, 2015; Starr, 1977). These institutions set a certain standard for education: their immense campuses, beautifully ornate architecture⁸¹ and structured approach to education would soon be expected as a norm across the country as the Frontier expanded, driving up the costs of education further (Lesnes, 2019; Kohrs, 2015). Importantly, the Foundation sought to internationalize this type of education rather than the backwoods schools educating the American masses.

As such, barriers for those attempting to replicate the Ivy League, as opposed to education generally, were: (1) the high cost of building an elaborate campus; and (2) the high cost and difficulty in finding educated men to assume the position of faculty and staff (Greenspan, 2018). Finding well-trained experts and staff was particularly difficult when

⁸⁰ Includes Brown (est. 1764), Columbia (est. 1754), Cornell (est. 1865), Dartmouth (est. 1768), Harvard (est. 1636), Pennsylvania (est. 1740), Princeton (est. 1746), and Yale (est. 1701). (Lesnes, 2019)

⁸¹ I highly recommend reading Meyer’s *How Gothic Architecture Took Over the American College Campus* (2013) if you are interested in the specific style of American colleges.

basic education was not yet public in America (Kohrs, 2015). This was true in China as well, as noted by Yuan Shih K'ai in his 1903 speech:

“Unfortunately, the various provinces which are starting to look into the school situation generally are hesitant or procrastinating... because of insufficient funds and the difficulty to find teachers.” (1903, Translated by Teng & Fairbank, 1979, p.206)

However, China had a different history with education: China's formalized education system was founded around the year 400 with the civil service examination system (Embrey Buckley, 2010). This system was instilled to formalize men's training for government positions focusing largely on the Confucian classical tradition (Embrey Buckley, 2010; Xiaotong, 1947). In 1898, Guang Xu, then emperor, decreed the creation of a standardized, modern school system accessible to the greater population—these decrees also called for the abolishment of the civil service examination system (Xiatong, 1947; Teng & Fairbank, 1979). In 1905, the Qing empire reformed the school system further by introducing the Western structure of primary, secondary, and college-level education (Xiatong, 1947; Teng & Fairbank, 1979). The Qing also “instructed provincial, prefectural, and county governments to open new schools and start a compulsory education program” (Education Encyclopedia, n.d.).

Following the fall of the Qing in 1911, the Nationalist party further strengthened China's dedication to modern education by pursuing the development of both public and private schools (Teng & Fairbank, 1979; Embrey Buckley, 2010). In 1913, the Nationalists issued Regulations Concerning Private Universities, thus concretizing criteria for private schools' registration procedures and application procedures (Teng & Fairbank, 1979). Importantly, this document also highlighted the current government's intentions, calling for broad financial investments in their education system nationwide (Teng & Fairbank, 1979). The document did not impose any significant barriers on Western private interests, given that it was based on Western criteria of admissions and registration⁸².

⁸² This was only possible given the West's heavy influence on the mindset of the Nationalists, many of whom were Western educated to some capacity, and many of whom sought to emulate the West. Teng &

However, one clear barrier still exists to this day: physical distance and geography, further exacerbating the barriers of cost and access to experts. While China was an opportune market, it remained geographically isolated from the West and largely underdeveloped (in terms of public infrastructure) (Embrey Buckley, 2010): given the transportation and communication methods at the time, this necessarily meant that those traveling to or making direct investments in Chinese developments (from the West) had access to not only financial resources but also connections within the country (MacGillivray, 1907). Lastly, during the specific era of the Foundation's entry to China (and study of China), the country was embroiled in various wars and turmoil following the First Opium War, especially following the Qing's fall (Embrey Buckley, 2010; Chambers Harrap, 2003). Interestingly, while this could be conceived as a barrier to entry given the market's high risk (Kissinger, 2011), the Foundation instead saw this as an invitation for entry (Annual Report, 1915). This further proves Alon et al.'s contention that SEs see opportunity in weak, institutional environments (2020).

- (2) The threat of Substitutes: this force analyses the substitutability of a firm's offerings for competitors. A Substitute is meant to solve the same customer issue but using different technology. Factors affecting this force include, but are not limited to, switching costs, availability of substitutes, and substitute price performance. (Porter, 1979)

Herein lies an interesting turn for the study of SEs, particularly the Rockefeller Foundation. While the Rockefeller Foundation sought to internationalize Western scientific thought, it was not the only one. For nearly two centuries, China had been bombarded with missionaries and clergymen, all of which sought to aid China with education and the eradication of disease: two goals later promulgated by the Foundation (MacGillivray, 1907; Kissinger, 2011; Brown Bullock, 2011). Of course, this effort towards China was primarily driven by the potential to evangelize a population of over four hundred million (Brown Bullock, 2011), thus guiding the direction of the country towards "modernization" (Spence, 1969). So, at the time of market entry for the

Fairbank (1979) share wonderful monologues on behalf of Nationalists such as Sun Yat Sen for further clarification.

Foundation, the market was already hugely developed, with institutions such as Harvard and Yale having their own clergy-run Chinese campuses (MacGillavray, 1907). Moreover, there were various large-scale and small-scale missionary colleges throughout the country, with the small-scale schools focusing on rural areas previously inaccessible to the West (MacGillavray, 1907; Spence, 1969).

Importantly, the Rockefeller Foundation's education plan differed from these based on organization and structure: not only would it not be directly linked to specific religious education⁸³, but their education program would also be modern and based on the field's "state-of-the-art" (Fosdick, 1988, p.128). However, the Foundation did not wish to enter China to compete and close the schools in the landscape not using said technology; rather, they sought to fund their "competitors" to bolster their infrastructure and programs to create a standardized education system (Rockefeller Foundation, 2014, 2015, 2016). As such, we then understand other Western counterparts in the country not to be competitors of the school. Rather, they were partners in some respect, recalling the China Medical Board's mission to, in fact, build an ecosystem of knowledge rather than simply a college campus.

Moreover, given the few American schools in the country and the country's vast population, there was no sense that the different interests had to fight for students (Spence, 1968; Hyatt, 1970). On the contrary, students at Western institutions were encouraged to study at other Western institutions to bolster the network's importance and to encourage the standardization of programs (Unschuld, 1985; Rockefeller Foundation, 1916). So, missionaries from distant rural schools would make their way to the Foundation's PUMC to further develop their knowledge and later return to their rural area to spread said knowledge and adjust their educational strategies. Between large campuses, such as Harvard and the PUMC, there was an expectation for sharing expertise, as physicians from either school would frequently travel to the other for further training (Annual Report, 1916). Importantly, each of these institutions relied on their own funding, or the

⁸³ Originally, being non-denominational, and later entirely secular.

Rockefeller's: therefore, there was no competition in this regard and no need to seek the destruction of these partners⁸⁴.

So, who was their competitor? Showcasing the ideological foundations of SE strategy, the Foundation found itself competing against those with differing views on education. If successful in its endeavors in China, it was the hope for the country's entirety to fall under the Western education system (Gates, 1977). However, this was not holistically accepted by all in China: at this time, the population was split into various ideological factions. Most importantly to the Foundation were those of the Self-Strengthening Movement, who opposed Western intervention in Chinese affairs, and the New Culture Movement, supported by Nationalists, who sought the Westernization of China and the abolishment of reliance on Confucian ideals (Embrey Buckley, 2010). Wo-Jen, a Chinese official and leader in the former movement, adequately summarized the movement's views towards Western education and its advent in China:

“...if these subjects are going to be taught by Westerns as regular studies, the damage will be great... Your slave has learned that the way to establish a nation is to lay emphasis on propriety and righteousness, not on power and plotting. The fundamental effort lies in the minds of the people, not in techniques. Now, if we seek trifling arts and respect barbarians as teachers regardless of the possibility that the cunning barbarians may not teach us their essential techniques—even if the teachers sincerely teach and the students faithfully study them, all that can be accomplished is the training of mathematics... Moreover, the barbarians are our enemies.” (1867, Translation by Teng & Fairbank, 1979, p.76).

Note, barbarians here refer to Westerners, specifically. The above showcases what was known as an orthodox view in China; however, it was a view strongly supported by much of the older intelligentsia (Embrey Buckley, 2010; Teng & Fairbank, 1979). This disdain for Westerners was further proven by the Boxer Rebellion of 1901, an anti-foreign uprising that led to the death of over 32,000 Christian Chinese and 200 Western

⁸⁴ Rather, there was some competition among the recipients of the funds to prove their worth relative to other recipients.

missionaries (Embrey Buckley, 2010). It was this attitude that the Foundation had to compete with. However, luckily for the Foundation, it never met direct opposition: 1911 brought the reign of the Nationalist Movement in China (Embrey Buckley, 2010), allowing the foundation to gain broad appeal from the Chinese officials of the time. However, Nationalists were the norm only in urban areas, and many rural Chinese felt similarly to Wo-Jen regarding the advent of Western education (Hockx & Denton, 2008; Teng & Fairbank, 1979).

While such an ideology anti-West within the country could be perceived as a barrier to entry, its lack of organization, structure, and concerted effort rendered its immediate power moot. While this did not directly interfere with the Foundation's operations, it certainly did impact the long-run environmental conditions that inevitably led to the Communist revolution (Embrey Buckley, 2010), which inadvertently ended the Foundation's relationship with China.

- (3) Bargaining Power of Buyers: otherwise known as buyer power, is the force capturing the customer's ability to influence firm behavior, evaluating factors such as buyer price sensitivity, information availability, degree of dependency on product and switching costs. (Porter, 1979)

Importantly, there were no goods "purchased" through this firm, as the education provided was free (Rockefeller, 2018). So, the bargaining power of buyers, in this case, was nearly non-existent, yet also overpowering: a contradiction we will further develop below.

The Foundation's customers can be thought of as two separate groups: (1) its students; and (2) the larger Chinese society, as both of these were "purchasers" (despite the exchange of funds) of the education system being provided. Importantly, students also include researchers and physicians attending the PUMC in an academic capacity.

The first group, students, did not significantly impact the Foundation's strategy when not Western-trained. Rather, students with less vetted "expertise" were confined to the PUMC strategy by the sheer power structure of the PUMC relying on graduated enrollment, as discussed in the narrative. They held no power in this case: this is evident given the lack

of focus on students and their wishes in the Foundation's ongoing annual reports and strategy. What emphasized this lack of power was the sheer magnitude of the Chinese market: if a student did not align with the Foundation's strategy, thousands of others would, giving the Foundation a broad population from which to draw the most fitting or accommodating "buyers." However, one type of student did have power on campus and the power to shape the campus' future: "expert" students previously taught in Western scientific thought.

Regarding Chinese society as a whole, the longitudinal view of the case reveals its great power. Despite not being direct "buyers" of Rockefeller's program directly, society as a whole was intended to be the area in which most positive spillovers from the strategy would appear (Rockefeller Foundation, 1914). While positive spillovers did impact the country, the country had a far greater impact on the Foundation's strategy. Importantly, when first surveying China, the Foundation found much support for its program, which reaffirmed the program's structure prior to launch. However, this approval was only from a small population in the entire economy: the Nationalist Party and its allies⁸⁵. Much of the greater society, mainly rural, was either not interested in the project or against Westernization generally (Teng & Fairbank, 1979). While this population's power did not impact the Foundation at first, it also did not impact the whole of Chinese society either (Embrey Buckley, 2010). The population of rural Chinese had been systematically treated as "slaves," as dubbed by Wo-Jen above, a situation which had not ameliorated with the advent of Nationalism (Xiaotong, 1947). Actually, by many accounts, the rural Chinese state of affairs was worsened by the Nationalism party which was not precluded from continuing and strengthening alliances with landlords, rather than working towards much-needed land reforms (Xiaotong, 1947). The Chinese "peasants," historically undervalued in their political system, were recruited by the Communist Party, which led to the eventual disintegration of all foreign interests in the Country (Embrey Buckley, 2010). In this sense, then, the Chinese society held so much power that it necessarily created barriers to entry and continuance on the Foundation in 1950.

⁸⁵ Generally, people belonging to this party or in support of this party were also strong supporters of Westernization (Teng & Fairbank, 1979).

- (4) Bargaining Power of Suppliers: this force analyses the supplier's power to control their outputs and prices. As such, this force depends on supplier switching costs, the impact of inputs on the bottom line, employee solidarity (such as with trade unions), and the existence of substitute inputs. (Porter, 1979)

The Foundation's suppliers in China were two-fold: (1) suppliers of expertise; and (2) suppliers of labor and materials.

Suppliers of expertise were paramount in opening the PUMC and executing the formation of a medical ecosystem. Mainly, the school could not have opened without faculty or administration, most of which arrived from Western nations, such as Great Britain or the United States, while others were Western-educated Chinese⁸⁶. However, this recruitment process was facilitated by the Foundation's social, human, and financial capital. The Foundation's board and committees already housed many members who were physicians: however, they were not only physicians but, in many cases, the heads of medical schools in the United States, such as Harry Pratt Judson, second President of the University of Chicago, Simon Flexner, former head of pathology at the University of Pennsylvania, and Willaim H. Welch, the first dean of the Johns Hopkins School of Medicine (Rockefeller Foundation, 1914, 1915). Originally, the Foundation sought to have experts as members to properly guide its strategy and attempts in the field (Annual Report, 1914, 1915; Gates, 1977). This had a spillover effect on the sourcing of talents required for their projects, as the members were easily able to reach out to their networks for recruitment, which they did. The Foundation's deep pockets, matching and often exceeding physician salary expectations (Rockefeller Foundation, 1914), further solidified this flow of supplies. Moreover, the Foundation held the upper hand in supplying potential speakers with access to their network, a state-of-the-art campus, and an international experience: as such, the Foundation was extremely selective in its recruitment processes (Rockefeller, 1914, 1915).

⁸⁶ Notably, tracking ethnicity of faculty demonstrates the power of the Foundation's "graduated enrollment" hierarchy. As more and more Chinese graduated the college and were Western educated, more and more of the faculty became Chinese.

However, the suppliers of knowledge, being so highly regarded by the Foundation who relied on expert opinion to create a strategy, inevitably affected strategy, albeit through external or internal feedback systems. Externally, experts in the great field readily contacted the Foundation with opinions and recommendations. In fact, the Foundation welcomed this, as seen with its frequent use of public conferences to source expert opinion. Internally, those working for the Foundation, either permanently or through contract, were encouraged to regularly transmit their opinions and findings to upper management. Essentially, given its reliance on expertise, while having access to a pool of experts, the Foundation was also largely constrained by these experts' individual human and social capital.

However, on the side of labor and materials, the Foundation did not find as much power, given that it was dealing directly with the Chinese: importantly, while material dealers and brokers spoke English, rare was the craftsman willing to deal directly with a Westerner (Teng & Fairbank, 1979; Xiaotong, 1947). So, dictated by Chinese merchants, the flow of raw materials depended on vast networks spanning the country over which Americans had little control. Let's take, for example, the PUMC's roof tiles: these were created by the same manufacturer supplying the imperial palace with tiles for centuries (Rockefeller Foundation, 1918). The cultural and linguistic disconnect meant that, in such transactions, it became difficult to not only bargain but to determine fair prices and expectations, and it was quickly suspected that the Foundation was being overcharged (Gates, 1977). While the Foundation's vast financial capital was able to subsidize any premiums charged by locals, the Foundation's reliance on Western management techniques in a foreign land resulted in expenditures nearly eight times greater than the forecasted budget. While much of this was attributed to changing market conditions, it does highlight an important fact: the Foundation held little to no control over the supply chain of materials needed to erect the site. This was evident with the advent of World War I and World War II when the entire supply chain of the Foundation was interrupted by ongoing conflicts in the country (Embrey Buckley, 2010). While the PUMC campus was not in a zone of conflict (Rockefeller Foundation, 1924), the heavy reliance on Chinese merchants and their dwindling availability during wartime led to extremely unstable expenditures and unpredictable access to labor and materials (Fosdick, 1988).

- (5) Industry Rivalry: or competitive rivalry seeks to measure the rivalry amongst the firm market's current firms and requires an understanding of industry rivals. Factors to consider with this force include firms' concentration ratio, advertising expense levels, and competitive advantage gained from innovation. (Porter, 1979)

As previously discussed, this case differs from standard strategizing in that the clear “rivals” of the firm, in this case, are not those offering the same offerings as the Foundation, given that these would be seen as strengthening the Foundation's overall goal for Chinese education. And so, the rivals were opposing ideological factions, as previously demonstrated.

As such, rivalry, while not openly discussed by the Foundation, existed between those developing the Westernized education system and those who did not support this movement. Fortunately for the firm, those not supporting the movement were (1) not in power, (2) geographically sparse and isolated from cities (where most Nationalists lived), and (3) financially constrained⁸⁷. The threat of rivalry, particularly in the Foundation's earlier years, was quite small.

While the Foundation was aware of anti-Western sentiments as espoused during the Boxer Rebellion, they also knew that these posed no direct competition to their flourishing education system. These did not have the reach, capacity, or capabilities to create their own (Xiaotong, 1947). Moreover, while the Nationalists held control of major cities and ports, it would remain impossible for such movements to gain any traction (Embrey Buckley, 2010).

However, the threat of rivals grew in the long run, as did the Communist party and its traction in gaining rural supporters. However, their rivalry would not be consequential until World War II, where various battles on Chinese grounds and wars with Japan would weaken Chinese infrastructure and the Nationalist party (Embrey Buckley, 2010). Consequently, with the weakening of the Nationalists, the threat of rivalry grew. With the

⁸⁷ Most in support of conservative values were farmers stuck in serfdom. Those conservative aristocrats who had been previously wealthy under the Qing empire large lost their wealth after the fall. (Embrey Buckley, 2010).

rise of the Communists, the rivalry was necessarily destroyed, as the country no longer allowed the concepts supported by Nationalists to preside.

Ownership Advantages

Ownership advantages rest heavily on the firm’s internal resources and capabilities. For clarity, those contributing to the Foundation’s core competencies are listed in the table below:

Table 10. Rockefeller Foundation Resources and Capabilities

Resources	Capabilities
<ul style="list-style-type: none"> - Large pool of financial capital. - Highly bureaucratized structure. - Social capital in the form of network access and trust. - Human capital in the form of expertise and experience. - Innovation in the form of state-of-the-art educational facilities. 	<ul style="list-style-type: none"> - Evidence-based management and program development. - High-collaboration framework. - Strategic unity, flexibility and adaptation.

Forming the core competency of the Foundation, this bundle of resources and capabilities are the core from which competitive advantage may arise. To determine whether or not these fostered a competitive advantage in the Foundation, Barney’s VRIO framework is applied (2001):

- I. Valuable:** The value of the Foundation’s programs lies in their potential impact. Truly, the Foundation sought to, at first, fund other Western schools in China that were unable to upgrade their facilities themselves. Therefore, while the Foundation’s idea was not novel, it was, in fact, very valuable. As previously noted, even among the Chinese literati, it was felt that the education system had waned in China due to a lack of available funds and expertise: this was reflected in the works of Western schools as well, who were regularly petitioning Private Foundations for funding and human capital. Therefore, the Rockefeller Foundation’s program overcame both of these issues. Importantly, it could only do so through the use of networks, such as missionary networks and the American political

network, further highlighting their importance in strategy. In this sense, it was seen as valuable by many of its supporters. To this day, the value of this program is still discussed in high regard, especially in China (Brown Bullock, 2011). Also important was the flexibility of the Foundation's strategy in adapting to the new views on what is valuable work, spearheaded by its internal human capital, while also allowing it to adapt to new technologies.

- II. Rare:** The PUMC and its ancillary programs were indeed, rare. While missionary schools, including large campuses like Yale's, also offered medical education and general Western scientific education, their lack of funding and consequent lack of expertise rendered their programs inadaptably to the quickly evolving field of Western science. Specifically, the Foundation was, unlike others, able to leverage the newest means of college organization (as per the Flexner Report) and sought to base its programs and facilities on the latest, state-of-the-art technology and knowledge. Importantly, the Foundation's large endowment made it possible for it to seek these advantages, and so too did its large social network spanning colleges across the world.
- III. Inimitable:** The Foundation sought to specifically make its program inimitable so that it may be adopted globally by various governments and so that the Chinese government could invest, when possible, in the reproduction of the program inland. However, while the program's structure is imitable, the two factors of expertise and funding were not. Expertise, housed within individuals, is unique to individuals: without the exact staff furthering this strategy, it is very unlikely for another program to be identical. Namely, the expertise housed by the staff here was related to medicine and the management of projects and organizations, generally. The Foundation and many of its members, such as Gates, had strong backgrounds in the "modern ways of management" that arose during the Gilded Age. And so, this management expertise was also inimitable, and given its large contributions to program success, it would also render the

entire project's imitation extremely difficult. The Foundation's financial capital was also very difficult to imitate and could only be matched by other foundations such as the Carnegie Foundation for the Advancement of Teaching. As a good contrast, Carnegie's Foundation remained in North America for most, if not its entire life, further signaling specific conditions, such as access to international capital, which rendered the program inimitable (Cashman, 1984).

IV. Organized: Here lies the Foundation's greatest success, in the eyes of its Founder. Importantly, the organization of resources and capabilities, in this case, was reliant entirely on the human capital housed in the firm, namely the management expertise and experience of the members of the Foundation. They adequately applied business principles to the operations of the Foundation. According to Sr.:

“We shall have the best charities supported generously and adequately, managed with scientific efficiency by the ablest men, who will gladly be held strictly accountable to the donors of the money, not only for the correct financing of the funds but for the intelligent and effective use of every penny. Today the whole machinery of benevolence is conducted upon more or less haphazard principles. Good men and women are wearing out their lives to raise money to sustain institutions which are conducted by more less or unskilled methods. This is a tremendous waste of our best material. We cannot afford to have great souls who are capable of doing the most effective work slaving to raise the money. That should be a businessman's task, and he should be supreme in managing the machinery of the expenses. The teachers, the workers, and the inspired leaders of the people should be relieved of these pressing and belittling money cares. They have more than enough to do in tilling their tremendous and never fully occupied field, and they should be free from any care which might in any wise divert them from that work.” (2018, p.185)

The above clearly distinguishes the Foundation from past attempts at good works along the lines of the organization. This dogged commitment to management practices allowed

the Foundation to be impactful in its work and orchestrate multi-million dollar international projects before telephone lines could connect the East and the West. Moreover, in his view on “the Best Philanthropy,” Sr. notes the importance of organization:

“The best philanthropy, the help that does the most good and the least harm, the help that nourishes civilization at its very root, that most widely disseminates health, righteousness, and happiness, is not what is usually called charity. It is, in my judgment, the investment of effort or time or money, carefully considered with relation to the power of employing people at a remunerative wage, to expand and develop the resources at hand, and to give opportunity for progress and healthful labour where it did not exist before. No mere money-giving is comparable to this in its lasting and beneficial results.” (2018, p.142)

This bundle highlights the importance embedded in expertise and organization, supported by financial capital. As espoused by Sr., the Foundation’s ownership advantages lie in the use and management of its internally-available resources and skills. According to Lundan (2010), the Foundation possessed an Intangible Asset Ownership Advantage, allowing it to coordinate expertise and capital to fulfill its programs properly. These types of program lead to efficiency and market power. As will be discussed in the final portion of this chapter, efficiency was indeed sought-after and realized.

Location Advantages

As previously elucidated, the study of location advantages requires a study of inter-country relationships. In this case, we are interested in Sino-American interactions. Recalling Ghemawat’s CAGE (2001) framework, a comparison of the countries was commenced; however, one interesting detail quickly became apparent: the extensive Western, English-speaking network in China essentially flattened the world between the two countries. As espoused in Friedman’s *The World is Flat, Globalization 2.0*, the time of multinationals spearheading globalization rendered geographic borders irrelevant for corporations (2005). This case is a good, early example of this flattening of distances, as the Rockefeller Foundation leveraged its social capital to eliminate cultural and political

distances and soften the effect of geographic distance. Meanwhile, the economic distance was irrelevant, given that the Foundation collected no income from the China market, and was thus unaffected by this market's poor economic standing.

Regarding the cultural and political distances, working through their American political network, as did Greene, and their missionary network, as did Gates, the Foundation's projects were largely shielded from the differing cultural and political views outside of their network. For example, the language differences were irrelevant, given that the China Medical Board decided that the PUMC would operate firstly in English. Moreover, when conducting their commissions, Welch, Flexner, and Gates, being only English speakers, were able to traverse the country with ease by using their networks, never requiring even a fundamental understanding of the local language.

Regarding geographic distance, it was not much of a factor given the lack of transportation of goods. However, to further flatten the field in corporate communication and travel, the organization's structure softened the impact of geographic distances. From the PUMC to the China Medical Board to the Rockefeller Foundation, each board had a linking member centralizing power towards the Foundation's President. Given the advent of the telegraph and the recently established postal service between the two countries, communication between China and the United States became as commonplace as between North America and Europe. China was no longer considered an isolated nation as it previously was.

Therefore, the importance of social capital to internationalization is noted, as it has been in various other studies (see Rodrigues & Child, 2012; Han, 2006; Chetty & Agndal, 2007; and, Arenius, 2002). Importantly, social capital has been said to be a catalyst to early internationalization labeled as Born Global, a topic covered in the longitudinal analysis of this chapter.

Therefore, the Foundation had different reasons driving them toward China than straightforward cost advantages. It was of specific interest for the following reasons: (1) the founding members had developed networks and experience in China due to their past business, religious or political experience with the country, which was notably largely

positive⁸⁸; (2) there was the previous infrastructure and work in the country on whose coattails the Foundation could ride (meaning, the country was accessible for business and mentally primed to these ideas); and, (3) the Chinese population had advantageous attributes. First, it was large, over 400 million strong. Second, it was experiencing a period of rapid change, making it amenable to new ideas. Therefore, it was estimated that the impact of projects in China would be exponential. More specifically, Shanghai and Peking (Beijing) were chosen as original selections for the location, given that they were both large and important urban areas. Beijing, however, remained the first and top choice, given its place as the nation's capital.

Internalization Advantages

The Rockefeller Foundation had a three-pronged approach to China which eventually evolved into one overarching strategy. In this section, I will discuss their internalization choice as it was first conceived through the acquisition of the PUMC college.

The Foundation, operating in a foreign land, required some form of partnership in order to succeed, recalling a previous quote: “on the bases of the fullest possible utilization of existing institutions and equipment, and of the most cordial cooperation with the missionary boards and other agencies which have already carried on medical work in China.” (Rockefeller Foundation, 1915, p.257). Therefore, a partnership or acquisition seemed like the best use of Rockefeller funds. However, when selecting a partner, the Foundation did consider partners other than the missionaries. They originally considered partnering with the Chinese government directly, thus taking a step back from directly partnering with missionaries. However, when evaluating this alternative, it was determined that the ownership advantage of the firm—and intangible asset ownership advantage born from strong organizational systems, human, and social capital, and management—would be in jeopardy, recalling a previous quote by Gates:

⁸⁸ Demonstrating the strength of this relationship, after his resignation from the Foundation, John D. Rockefeller, Jr. would amass one of the largest collection of Chinese art and antiques (Brown Bullock, 2011).

“The missionary bodies at home and abroad were distinctly and openly, even threateningly hostile to it as tending to infidelity. On the other hand, not even Mr. Rockefeller’s promise of ten million dollars for an endowment could tempt the Chinese government to tolerate our proposed institutions, free though it was from all religious bias unless we would consent that it be controlled and run by appointees of the Chinese government. The study by the Commission of the sort of schools China was actually trying to establish disclosed incompetence so universally, and dishonesty so frequently, as to make any considerable Chinese influence in the... proposed institutions out of the question.” (1977, p.81)

Therefore, while we can understand that the Foundation always intended a form of acquisition and partnership with a local network, it needed not to be the missionaries necessarily. However, they were chosen given their perceived capabilities and legitimacy, signaling the weight of human capital in their internalization decision. Moreover, it demonstrates why the Foundation didn’t simply send money directly to the missionaries, rather than going there themselves: the missionaries had not been successful in establishing a strong public health framework in the country, and their hospitals remained small, underfunded, understaffed, and ill-equipped. Even the larger missions with more funding, such as Yale, had not been successful, signaling that management was the real issue within missionary societies. They weren’t implementing modern management principles (Rockefeller, 2018).

As previously espoused, the Rockefeller Foundation’s competitive advantage was its ability to organize and mobilize its resources, given its large stock of human capital. It is its efficient organization of funds and expertise that it sought to internationalize, something it could only do if it were also responsible for managing the overseas strategy, therefore maintaining a high level of control over operations. The choice to acquire the PUMC was, therefore, inevitable. Moreover, the acquisition of the PUMC further highlights the irrelevance of distance to the Foundation: it acquired a campus from English missionaries, therefore, transacting entirely in English; moreover, to complete the transaction and the negotiations, Greene willfully traveled from the United States to the United Kingdom, to China.

Strategic Evolution

From 1914 to 1917, the Foundation's strategy in China evolved significantly, albeit gradually. The following will dive into the themes found in the longitudinal study of the firm: first, despite the age of the story, this firm was still a Born Global, although facilitated by different factors than today. Second, the firm's evolution from a Global firm to a Transnational firm by centralizing its competitive advantage was in line with our findings on the type of ownership advantage identified previously.

Born Global

As discussed regarding the historical methods, it can interestingly locate newer concepts thought to exist due to recent developments in the past, therefore making us question our understanding of the concept. In this case, studying the process of the Foundation's internationalization revealed that Born Globals are not necessarily a recently occurring phenomenon. On the contrary, they might be as old as internationalization itself. Born Globals are firms that internationalize either at or quickly after the founding. In the case of the Rockefeller Foundation, it internationalized to China in 1914, one year after its founding. More interestingly, however, its members had begun researching and planning for China unofficially over three decades prior. This made me question a major point in Born Global theory: is it a new phenomenon enabled by the proliferation of technology? As notes Rasmussen & Madsen in speaking on the "rise" of Born Globals: "the explanation for this new picture of internationalization of firms is claimed to be more global market conditions, new developments in transportation and communication technologies, and the rising number of people with international experience" (2002, p.3). However, this case explicitly demonstrates that these conditions could have been met one hundred years ago, forcing us to re-image what is truly new about our landscape.

Regarding the case, it seems evident that the Foundation was facilitated by its social capital to expand early, given that networks were vetted, explored, and fostered during the Foundation's first commission to China in 1909—before its official founding. Later missions after the Foundation's opening started on a solid foot and worked with established ties within the country. This raises the question of pre-work in SEs, and Born

Globals: to what extent are strategic choices made outside of the firm's legal boundaries (regarding time and founding)?

Interestingly, the Foundation's behavior matches recent recommendations made by Wharton Business School Professor Ian MacMillan, who, in his book, *The Social Entrepreneur's Playbook*, states that SE strategy must be subjected to a pressure test, then planned, then launched, and then scaled. Importantly, if an SE is going to be Born Global, we would expect its pressure testing to either take place within the first few months of founding; or, more likely, prior to founding the firm. In lockstep with this recommendation, the Foundation had previously pressure-tested the general idea of medical education in China with the 1909 commission and further pressure-tested their idea with the 1914 commission. This is imperative to success, as notes MacMillan:

“...If you think about it, is if there were an easy entrepreneurial solution to the problem, it would have been developed already. These are very, very tough, intractable problems. The characteristic feature of these types of enterprises is huge amounts of uncertainty. It's so easy to go charging down the road spending other people's resources only to find out that your idea wasn't well backed in the first place.” (2013)

Therefore, based on the above, we can appreciate the importance of human capital in SEs, particularly in the form of expertise and expertise in the issue attempting to be solved. Importantly, the Foundation understood this and recruited physicians to appear on their board and conduct the environmental studies.

Evolution Through Efficiency Seeking

Previously, we noted how the ownership advantage of the firm was identified as property rights and/or intangible asset advantages, as noted by Lundun (2009). This type of advantage is sought for efficiency and market power (Lundun, 2009). Overall, Gates' early call for *universalism* and *deathlessness* were realized through a slow, gradual adjustment of strategy towards efficiency, making the firm *efficiency-seeking*.

This finding reflects other findings on Rockefeller, Sr., generally: as notes Bolanos in his study of the Standard Oil Company: “Rockefeller cemented control through a willingness to internalize contextual uncertainty (related to the nature of the energy business) as a stepping stone to managing contractual uncertainty (related to transactions with other parties)” (2019, p.1). This, nearly word for word, can be transferred to the Foundation’s strategy. This is not surprising, given that according to Tarbell, both Sr. and Jr. held an affinity for internalization and centralization to seek organizational efficiencies that would result in lower operational costs—leading to a monopoly (1904). Therefore, we can appreciate that with this, and with Sr.’s testimony regarding organization, the Foundation felt it could best serve humanity by applying a rational, scientific management process to handling social issues.

However, this dedication to rational management driven by conventional market forces only truly became evident with the firms’ strategic changes in 1917 and 1928 with the two reorganizations of the Foundation and changes in management in China. Ultimately, the Foundation’s efficiency-seeking behavior evolved from a Global Firm to a Transnational Firm—truly becoming *universal* and *deathless*. In its infancy, as a Global Firm, the Foundation sought to deliver its standardized processes to China: the “American way” of management and education. The “product” was not readily locally responsive. The only adjustments made to contextualize the PUMC were aesthetic, and the language of business on campus and at board meetings was unilaterally English. With regards to controlling costs, based on Sr.’s previous assertions and an internalization advantages analysis, we can see that the Foundation invested in China in search of organizational efficiency: this is not to say that the project would not be costly or would be less costly than elsewhere; this is to say that the Foundation felt it was in the best position among others in the field to most efficiently address the issue.

But, as time drew on, the PUMC grew costlier and costlier, mainly due to Rockefeller’s lack of control over its supply chain for materials and labor in-country. In 1917, it stopped any new allocations to other projects in China other than the PUMC (such as the funding of missionaries) and focused all of its efforts on the one college. When constricting the budget, this was the necessary move. The PUMC was a long-term, fixed asset that could

not simply be abandoned overnight, unlike appropriations to missionaries. In 1928, the strategy changed further: China was no longer in its country-specific program but rather integrated along with all other programs based on their function. The Foundation would no longer engage in such large, static investments and would instead invest in smaller projects that it could review every year (Rockefeller Foundation, 1928, 1929, 1930). This is similar to its current structure reliant on fellowships and grants; however, in the era in question, Foundation requests for spending were still stimulated mainly by internal experts; whereas today, it is largely a giving program based on external applications (Rockefeller Foundation, 2020).

This would allow the Foundation to remain more budget-oriented, allowing it to end its current hemorrhaging. In the words of Fosdick, the foundation centralized its cost- and program management but decentralized the operation of projects (1988). In other words, the balancing or governing portion of their SE strategy was internalized and therefore deemed its long-term competitive advantage (sustained competitive advantage) by the Foundation. In contrast, the execution of both social and market strategy was now not the responsibility of the Foundation's core. While Foundation Vice-President Selskar Gunn would still present project ideas for China in the 1930s, these would only highlight the Foundation's newfound local adaptivity. Selskar Gunn's China Program was the seminal project to be managed mainly by locals rather than requiring the supervision of Western experts (Rockefeller Foundation, 1936)⁸⁹.

The Rockefeller Foundation has clearly been successful in its deathlessness, lending this strategy some credence: having learned from the risks associated with large, static investments (especially during shifting geopolitics), the Foundation decided to focus on controlling what it truly did best: management. This shift in strategy, brought on by fluctuating global prices (especially in China), a changing field of science, and secularization, truly demonstrate the reliance on international strategy on perceived ownership, location, and internalization advantages. Due to the nature of its original ownership advantages—efficiency-seeking—being placed in a global depression, the

⁸⁹ Unfortunately, the Project came to an end quickly due to this project's location and the state of the Country in the 1930s (Rockefeller Foundation, 1950).

Great Depression, forced the Foundation to quickly adjust and sharpen its strategy, in line with ownership advantages, but in light of a changing context and therefore changing location advantages. This study exemplifies the value in using the Eclectic Paradigm in a longitudinal analysis, but it also points to conventional mechanisms underlying SE behavior, despite their focused social mission. Importantly, however, while the dramatic changes in global markets brought on by World War I were found to accelerate strategic refinement, the Rockefeller Foundation's flexible founding mission still allowed for this adaptation to occur. As noted by Sr. with regards to its conception:

“The idea needs, and to be successful must have, the help of men who have been trained along practical lines... When it is eventually worked out, as it will be in some form, and probably in a better one than we can now forecast, how worthy it will be of the efforts of our ablest men!” (2018, p.185)

Chapter 6: Discussion

In starting this study, I assumed, much like Alon et al. (2020), that given SE's non-market strategy, we may need to re-imagine conventional internationalization literature to explain their behavior. However, this study has illuminated the lack of necessary difference between social and market strategizing and, therefore, internationalizing. While the Rockefeller Foundation internationalized a "purely" social strategy, it did so with traditional management techniques and under conventional motivations captured by the Electic Paradigm. Therefore, it may not be internationalizing literature that needs re-conceptualizing, but SEs in general. The following discussion explores these two elements: why were my results largely "conventional," and what does this mean for SE literature?

Polanyi and the Dominance of Market Logic

While Polanyi's concept has, in the past, been applied to the study of SEs, it has traditionally been applied in explaining the rise of SE. However, I wish to use it in a novel way: to discuss the direction of research on SE conceptualization and SE internationalization.

According to Polanyi, the nineteenth-century industrialization of the West led to a *great transformation* caused by the "utopian endeavor of economic liberalism to set up a self-regulating market system" (Polanyi, 1944, p.31). This transformation gave rise to the *market society*, "an economic system controlled, regulated, and directed by market prices; order in the production and distribution of goods is entrusted to this self-regulating mechanism" (Polanyi, 1944, p.71). At its core, this market society:

“assumes a market in which the supply of goods (including services) available at a definite price will equal the demand at that price. It assumes the presence of money, which functions as purchasing power in the hands of its owners. Production will then be controlled by prices, for the profits of those who direct

production will depend upon them; the distribution of the goods also will depend upon them; the distribution of the goods also will depend upon prices, for prices form incomes, and it is with the help of these incomes that the goods produced are distributed amongst the members of society. Under these assumptions order in the production and distribution of goods is ensured by prices alone.” (1944, p.71)

Everything becomes for sale, and markets are created for *all* resources—such as land, capital, and labor—leading to *fictitious commodification*⁹⁰ (Polanyi, 1944). Inevitably, the rise of the market society led to the disruption of social unity, which is usually engendered through exchange, redistribution, and householding⁹¹ (Polanyi, 1944). Through the sale of fictitious commodities, the market society "means to subordinate the substance of society itself to the laws of the market." As noted by Roy and Grant: “Polanyi thus presents economic life as a *totality* of relations and institutions that goes beyond transactions of goods and services” (2019, p.9). Why, then, do we conceptualize social strategy (or behavior) as different than economic or market behavior?

As we saw with the Rockefeller case, their social strategy *was* market-oriented, meaning it was subordinate to their market strategy and the market at large. Importantly, it seemed impossible for the Foundation, despite its large endowment, to disembed its social strategy from the market, given its reliance on fictitious commodities such as labor, land, and capital in fulfilling its social mission. While this work does not seek to generalize, it does question the possibility of any SE’s social strategy being disembedded from the market. SE social strategy is *necessarily* productive: it involves transforming resources into a good or service to be delivered to a set community and is therefore subordinate to markets through prices, as noted by Polanyi above. The evolution of the internationalization case in China is a perfect example of this, as their strategy necessarily evolved to accommodate price fluctuations caused by World War I and the Great Depression.

Polanyi’s economic theory was posed in direct opposition to neo-classical economics and its reliance on scarcity and means-end relationships. Importantly, Polanyi “identifies a

⁹⁰ Polanyi uses the word “fictitious” here in referring to resources that cannot be directly sold on a market as traditionally conceived (Polanyi, 1944).

⁹¹ Householding defines economies where households are responsible for production (Polanyi, 1944).

tendency in the study of economics to equate the economy exclusively with the market, a representation he calls the economistic fallacy” (Roy & Grant, 2019, p.8). In studying SEs as *hybrid* organizations operating under two logics, we are essentially repeating this economistic fallacy. As previously espoused in my conceptualization of SEs—based on the current literature—SEs are studied as operating both *in* and *out* of the market, hence why their profit-generating strategy is commonly referred to as their *market* strategy, clearly distinguishing their social strategy as non-market.

Largely, the social strategy is seen as the SE’s differentiating factor from for-profit firms: however, under Polanyi’s conceptualization of the economy, there is *no* differentiation between “social” or “market” behaviors in society post-great transformation (Polanyi, 1944). As put forward by Roy and Grant in their critique of SE scholarship:

“Unquestioningly accepting the assumption that the social-economic relationship is dyadic, we would argue, potentially narrows our local lens *and* reinforces neoliberal assertions about the dichotomy between economy and society. We have to recognize that social enterprise is a highly ‘fluid and contested’ concept.” (Roy & Grant, 2019, p.13).

I take this further, putting into question our classifications of business “types,” particularly when distinguishing SEs from conventional firms. What truly differentiates an SE from a conventional firm if anything? While it can be easy to distinguish Barrick Gold—a corporation unknown for its CSR efforts—as conventional when compared to a firm like TOMS—a company selling shoes to fulfill its social mission of giving shoes (TOMS, n.d.)—how can we begin to distinguish TOMS from AirBnB and their new *OpenHomes Campaign* which offers free temporary housing to those displaced by crises (AirBnB, 2022)? Many scholars would stipulate that these differ in the primacy of their social strategies (see Nash, 2010). However, as seen with the Rockefeller case, what does *primacy* mean—or matter—when all strategy is subordinate to the market, therefore, market strategy?

Moreover, given the recent surge in CSR activity by firms due to its significant impact on investments (Basset & Giare, 2021), how are we to distinguish Socially Responsible

Companies (SRCs) from SEs? Because, yes, you read that right, within the mix of company types, we also find SRCs⁹²: these are companies defined as using their “position and resources for something more than pleasing shareholders or increasing their bottom-line” (Bright, 2020). Straightforward yet broad, this term seems to be a catch-all for SEs and CSR; however, its own field of study distinguishes itself from SEs quite clearly (Cornelius et al., 2008). This brings me to a great quote by Dr. Langhe and Fernbach from the Harvard Business Review:

“Your mind is a categorization machine, busy all the time taking in voluminous amounts of messy data and then simplifying and structuring it so that you can make sense of the world. This is one of the mind’s most important capabilities; it’s incredibly valuable to be able to tell at a glance whether something is a snake or a stick.” (2019)

Importantly, they note that for categorization to have value, first, it must be proven to be valid: it cannot arbitrarily divide a homogenous group (Langhe & Fernbach, 2019). Based on the scanning of the field and categories espoused above, the categorization *does* feel largely arbitrary. Second, “it must be useful,” meaning that “the categories must behave differently in some way you care about” (Langhe & Fernbach, 2019). Herein lies the crux of the issue: in studying the Rockefeller Foundation’s internalization, I did not find what is expected in the literature, as stipulated by Alon et al., that SEs *should* behave differently due to their reliance on a *dual logic*. Rather, I found that the internationalization of the Rockefeller Foundation to China could be easily explained by conventional internationalization theory, and, as explained above, this is clearly due to the subordination of the social to the market. On this, I would like to point to a first call to action for future researchers: empirically, rather than theoretically, future researchers should flesh out the definition and conceptualization of SEs and further determine their validity as a research concept in internationalization.

⁹² A great example of such a company is Patagonia, known as The Activist Company: its mission is to be in business to save our home planet (Patagonia, n.d.)

Rockefeller Universality and Imperialism

Throughout my perusal of the Rockefeller Foundation's history through secondary sources, one theme was often explored: that of imperialism. Specifically, the Foundation has been accused, specifically in the case of China, of cultural imperialism (Ninkovich, 1984), which is the "imposition by one usually politically or economically dominant community of various aspects of its own culture onto another nondominant community" (Tobin, n.d.). Upon first reading, this definition immediately caught my attention: given the entrenchment of values in strategy as shown with the Rockefeller's mission, how can SE internationalization of social missions ever attempt to *not* be classified as cultural imperialism?

Importantly, and as exemplified in the case, strategies, whether social or market, are intrinsically value-laden and reflect only the market conditions from which they appeared (Polanyi, 1957). As noted by Roy & Grant (2019), SEs are:

“...shaped by context, sector, culture, region, politics, history, geography, ideology. In essence, a social enterprise based in Nairobi is unlikely to resemble a social enterprise based in Northampton except in the most superficial ways.”
(p.12)

The above reflects Polanyi's conception of embeddedness (1957) and is critical to understanding how organizations are formed and how imperialism materializes intrinsically without nefarious intent.

An avid reader of Critical Theory myself, I had a starting bias towards the Rockefeller Foundation: having previously heard criticism of imperialism and Americanism—on top of various ridiculous conspiracy theories—I expected to find explicit forms of imperialism within their strategy. Much to my surprise, I did not: while the Foundation *did* use dated language that by today's standards would be nothing short of racist or inflammatory, there was nothing to flag conspiratorial intent to “take over” China. Quite the opposite: the Rockefeller Foundation strategy intended to leave China, and all of its

international projects, once it was deemed that the local people could manage them independently.

Herein lies the true power of embeddedness: although not explicitly imperialist, and although I am quite certain that they themselves would not have dubbed themselves imperialist, the simple fact that the Foundation was conceived of in the United States, within a different substantive to China's, meant that their strategy was, necessarily, imperialistic, as it sought to export cultural products to nations it deemed underdeveloped, and therefore nondominant in the Global economy.

As exemplified in the case, the Rockefeller Foundation's mission was part and parcel to their Protestant ideology, despite seeming secular to the Western eye. Importantly, through the narrative, it was shown how values from the greater environment shaped individual ideology and Foundation ideology. This, in organizational theory, is known as *imprinting*, or the:

“...process whereby an actor or entity develops characteristics that reflect prominent features of the environment... Traditionally, organizational and management scholars have used the imprinting concept to describe how organizations and industries take on elements of the wider social and economic environment in which they are founded.” (Tilcsik & Marquis, 2014, p.1)

Therefore, this challenges current conceptions of SE internationalization by questioning its ethical standing: if firms are imprinted upon by their home environment, which happens to be dominant, is their strategy truly valid in other non-dominant contexts? Remembering the Rockefeller case, we can provide a valuable roadmap to SEs in this regard: originally, the strategy from founding to 1928 thought of itself as universal in that it felt that medicine, and science, were universal. In this way, the Foundation was not locally responsive; however, it had high control over local operations. Interestingly, in 1928, the Foundation began focusing on project funding rather than operation due to its attempt to be more aligned with deathlessness. Necessarily, this increased their universality, as it did their local responsiveness. In this way, their projects were slowly

conceived more and more in foreign lands, lending them to be more appropriate to local conditions.

However, there is a caveat to this: given the Foundation's intrinsic alignment with Western scientific thought, which is itself an ideological standing, it was only locally responsive to the extent that its response would align with its core ideology. In other words, despite the vague mantra to *promote the wellbeing of all mankind throughout the world*, the Foundation possesses a very specific moral judgment on *how* this promotion can be done and what is classified as wellbeing. This moral judgment can vary dramatically based on the substantive from which the ideology originates. As such, for SEs to avoid the trap of cultural imperialism, they would need to focus heavily on the local (project-specific) substantive and allow the project to emerge from it, thus ensuring that they are aligned as grassroots movements. Therefore, SEs would be encouraged to co-construct strategies in the countries they choose to operate. Unfortunately, this exploration is beyond the scope of this paper. Still, it is with this thought that I bring up my second call to action for future researchers, and that is to further the investigation of SEs as agents of imperialism and how they—if at all—resolve this inherent flaw within their internationalization.

Study Limitations

Importantly, the study has various limitations related to the period of the case, data biases, and location biases.

First, on the aspect of time, it must be noted that this era, the early 20th century, was a great time of change for management practices, as elucidated by Gates (1977) and Rockefeller Sr. (2018). Notably, management practices were new, and organizing became a science (Rockefeller, 2018). Therefore, the Foundation put much emphasis on record keeping and management. Luckily, this meant that I had access to a wealth of information, particularly in regards to Annual Reports. However, aside from these reports, all other relevant documents are, while partially digitized, not as well treasured by researchers and have therefore not been archived thoroughly. This means that the search for data was lengthy, tedious, and not exhaustive, leaving out potential facts that could have largely

changed or swayed the narrative. I contend that using secondary sources alongside my primary sources allowed for the mitigation of this risk; however, I know this to be naïve, given that it is more than likely that the other researchers ran into the same issues as myself and therefore stuck to the easily accessible documents.

This brings up another point: document bias and archive bias. While the Rockefeller Archive Center is one of America's most highly regarded archive centers, it must still make judgment calls on what is accessible online and thoroughly cataloged and what is not. The rules on what determines a document's "worthiness" in this process are unclear, nor is it ever described in the Archive's protocol. Therefore, the scope of documents accessed was also heavily reliant on the Center's presentation of the data, which is based on their assumptions of what is an "important" document. This leads us to document bias: what did the directors of the time deem "important" and reportable? To this, one can never have a clear answer, as these types of managerial decisions can be made for various reasons, such as optics, relevance, or even time-management and organization. Moreover, while we do understand the basics of inter-Foundation communication, there is no explicit document outlining their communication practices and protocols, therefore further obfuscating their document creation process and not allowing us to fully grasp the extent of bias.

Importantly, the extent of the bias is compounded in the study, given that finding Chinese documents from the era proved nearly—if not entirely—impossible. All research on China was necessarily drawn from a secondary source, increasing the reliance on other narrator's interpretations. While I tried to mitigate this by sourcing English translations from the era, such as from Teng & Fairbank's instrumental book, *China's Response to the West*, it must be noted that even the best translations are only interpretations. So while reliable, given Teng & Fairbank's noted legitimacy in Chinese History, they must always be accepted with a dash of nuance. Moreover, while I was able to grasp the Republican Era of Chinese policy through Xiaotong's iconic work *From The Soil*, it is worth noting that Xiaotong himself is describing people he deems as other to himself: he, an urbanite, sought to describe the plight of the common "peasant" Chinese. Notably, he did so using Western sociological techniques as he was Western-trained. Therefore, this study is nearly

devoid of direct analysis of common Chinese voices or those most impacted by societal change.

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Appendix A

<i>Subject of Analysis</i>	<i>Sources of Primary Data</i>
<p><i>Rockefeller Foundation (programs and managers)</i></p>	<ul style="list-style-type: none"> • Annual Reports, published by the Rockefeller Foundation, 1913 to 1950 • Letter from John D. Rockefeller, Jr. to Harry Pratt Judson, 1914 • Letter from Charles W. Eliot to John D. Rockefeller, Jr, 1914 • “Memorandum regarding the China Medical Board,” by the Rockefeller Foundation, 1915 • “Letter from John D. Rockefeller, Jr. to the Rockefeller Foundation board members,” 1915 • “Certificate of incorporation of the China Medical Board,” by the Rockefeller Foundation, 1915 • “Preliminary annual report of the China Medical Board,” by Wallace Buttrick, 1915 • “Resolutions of the Rockefeller Foundation regarding China,” by the Rockefeller Foundation, 1927 • Letter from M.K. Eggleston to Roger S. Greene, 1928 • “Report of a special committee on the Peking Union Medical College,” by Raymond Fosdick, Simon Flexner, and David Linn Edsall, 1928 • “Minutes of the Rockefeller Foundation regarding the Chinese National Association of the Mass Education Movement and their treatment of illiteracy in China, by the Rockefeller Foundation”, 1928 • “China and the Rockefeller Foundation,” by Selskar Gunn, 1934 • “Mr. Gunn's program for China,” by the Rockefeller Foundation, 1934 • “Memorandum regarding the organization and program of the Peking Union Medical College,” by Henry Houghton, 1935 • Letter from John B. Grant to Alan Gregg, 1935 • “Principles for the China program,” by John B. Grant, 1935 • Letters from Selskar M. Gunn to Max Mason, 1935 • Letters from Selskar M. Gunn to Raymond B. Fosdick, 1936 • “Principles of organization and function of the field station of the North China Council for Rural Reconstruction,” by the Rockefeller Foundation, 1937

	<ul style="list-style-type: none"> • “Minutes of the Rockefeller Foundation regarding the China program,” 1937 • Memo from John B. Grant to Selskar M. Gunn regarding impact of war on medical education in China, 1938 • Letter from Selskar M. Gunn to Marshall C. Balfour, 1939 • “Memorandum regarding the wartime imprisonment of China Medical Board staff,” by Agnes M. Pearce, 1942 • Letter from John D. Rockefeller, Jr. to Sumner Welles, 1942 • “Report on the Peking Union Medical College,” by Harold Loucks, 1942 • Letter from Stephen Chang to Claude E. Forkner, 1943 • Letters from Alan Gregg to Raymond B. Fosdick, 1946 • Letter from S. George Hatem to members of China commission, 1946 • Letter from Alan Gregg to Robert A Lambert, 1946 • Letter from C. Sidney Burwell to Raymond B. Fosdick, 1946 • “Report of the commission sent by the Rockefeller Foundation to China to study the problem of the development of medicine and public health,” by Gregg Alan Burwell, C. Sidney, and Harold H. Loucks, 1946 • Letter from Raymond B. Fosdick to Winthrop W. Aldrich, 1947 • Meeting of trustees of the Rockefeller Foundation, 1947 • Letter from Charles B. Fahs to David H. Stevens, 1948 • “The Chinese Association of the Mass Education Movement,” by the Rockefeller Foundation, 1948 • “Memorandum regarding the political trends in China and the progress of the Mass Education Movement in China,” by the Rockefeller Foundation, 1949 • Letter from Y. C. James Yen to Gerard Swope, 1949 • “The R.F. ‘China Program,’” by the Rockefeller Foundation, 1950 • “China statement of principle, rural reconstruction,” by the Rockefeller Foundation, 1950
<i>Rockefeller Family</i>	<ul style="list-style-type: none"> • “Dear Father, Dear Son,” collection of letters from the Rockefeller Archives written between both John D. Rockefeller and his son, Jr., published in 1994

	<ul style="list-style-type: none"> • “Random Reminiscences of Men and Events: Autobiography,” by John D. Rockefeller, published in 1909 • “John D. Rockefeller on Money, Advice and Words of Wisdom on Building and Sharing Wealth,” collection of John D. Rockefeller quotes compiled and published in 2015
<i>Subject of Analysis</i>	<i>Sources of Secondary Data</i>
<i>Rockefeller Foundation</i>	<ul style="list-style-type: none"> • “The Story of the Rockefeller Foundation,” by Raymond D. Fosdick, 1952 • “The Molecular Vision o Life: Caltech, The Rockefeller Foundation, and the Rise of the New Biology,” by Lily E. Kay, 1999 • “Foundations of the American Century: The Ford, Carnegie, and Rockefeller Foundations in the Rise of American Power,” by Inderjeet Parmar, 2012 • “Philanthropic Foundations in International Development: Rockefeller, Ford and Gates,” by Patrick Kilby, 2021
<i>Rockefeller Family</i>	<ul style="list-style-type: none"> • “The History of the Standard Oil Company,” by Ida Tarebll, 1904 • “The Oil Prince’s Legacy: Rockefeller Philanthropy in China,” by Mary Brown Bullock, 2011
<i>China</i>	<ul style="list-style-type: none"> • “From the Soil: the Foundations of Chinese Society” by Fei Xiaotong, 1992 • “China’s Response to the West, a Documentary Survey,” by Ssu-yu Teng and John K. Fairbank, 1979 • “Cambridge Illustrated History of China, Second Edition,” by Patricia Buckley Ebrey, 2010 • “Western Advisers in China, To Change China,” by Jonathan D. Spence, 2002 • “A New Literary History of Modern China,” edited by David Der-Wei Wang, 2017
<i>U.S.A</i>	<ul style="list-style-type: none"> • “On China,” by Henry Kissinger, 2011 • “Capitalism in America: an Economic History of the United States,” by Alan Greenspan and Adrian Wooldridge, 2018
<i>US-Sino Relations</i>	<ul style="list-style-type: none"> • “China through American Eyes: Early Depictions off the Chinese People and Culture in the U.S. Print Media,” by Wenxian Zhang, 2018