

**In Search of International Entrepreneurial Factors of Success  
(or Failure): A multi-level study on Expat-preneurship**

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## **PREFACE**

International Entrepreneurship has long been an area of major interest to me. The reason I decided to write this thesis is that I would like to start my own company in the near future and it will mostly likely occur outside my country of origin. In addition, both my parents are expatpreneurs. In a sense, I would say I was embraced in this environment since I was a child. Hence, I believe this thesis started with my background and is a perfect complement and application to my bachelor in International Business Administration and my master in Strategic Entrepreneurship.

## **ACKNOWLEDGMENTS**

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Also, I would like to thank all eleven expatpreneurs who have agreed to take part in this research. Their honesty and support have truly made this experience extraordinary. I hope I will be able to provide them with interesting and useful insights on the concept of expatpreneurship and factors that have contributed to the success (or failure) of their peers.

Finally, I would like to thank the Rotterdam School of Management for my four years of education. The professors were top class, knowledgeable and enthusiastic to give their best. Lastly, my gratitude also goes to my family and friends for their continued support throughout all these years.

## **ABSTRACT**

The objective of this thesis is to explore a relatively under-researched but growing field within International Entrepreneurship: Expat-preneurship. This term refers to individuals who temporarily live abroad to create a new venture in a host country (Vance et al., 2016).

The study focuses on the factors that determine the success (or failure) of expat-preneurs. A multiple-level model was developed from the literature, grouping factors into three levels or categories: those related to the expat-preneur, to the international new venture and to the country of entry. To explore these factors, a multiple-case study method was followed, using in-depth semi-structured interviews that included a questionnaire. The cases of eleven successful and three failed expat-preneurs were analyzed. It was found that the main factors for success at the expat-preneur level were: past-work experience, technical expertise (industry knowledge), education, professional network and knowledge of how to manage a company. At the company level, the main success factors were: the management team, the financial capital and the strategy developed. Lastly, at the country level, the most important factor was the knowledge of the local business culture. For the failed expat-preneurs, two major factors were identified: taking too high risks and investing in an industry without sufficient knowledge.

Using inductively the information provided by the expat-preneurs, a second model was developed, composed of two axes: type of industry (new vs. old economy) and country of entry (emerging vs. developed). This model investigated the advantages and disadvantages for an expat-preneur to create a company in each type of industry and country, compared with a local entrepreneur. It is expected that the insights obtained in this study contribute to the success of current and future expat-preneurs and to the design of future research, for which several directions are proposed.

*Keywords:* international entrepreneurship, expat-preneurship, success or failure factors, multi-level model, multiple-case study, inductive research

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# 1. INTRODUCTION

## 1.1 Topic Selection

The last decades and the last years in particular have seen an increase in entrepreneurial activity worldwide (Pando, 2017). Although there is still no consensus on a definition of an entrepreneur, several researchers concur with the definition of Harvard Professor Howard Stevenson: “an individual who pursues an opportunity beyond the resources he controls” (Eisenmann, 2013). Although entrepreneurs are often seen as individuals operating outside of organizations, in recent years corporate entrepreneurship, the pursuit of new business activities within an existing organization, has seen a major increase, mainly in Europe and North America (Bosma & Kelley, 2018). Additionally, due to the development of international trade, the growth of internet and the advancement of technology, international entrepreneurship is also on the rise (Oviatt & McDougall, 1994; Reuber et al., 2019): the number of individuals who start their own business abroad is growing substantially, as well as their contribution to the economy of the host countries (Vance et al., 2017).

Going to another country to start a new venture has existed for centuries. The plantations of sugar cane in the Caribbean by Europeans during the XVIII and XIX centuries or of cotton by the Spanish in South America are early examples of this phenomenon (Slavery & Remembrance, 2019). More recently, given the development of different forms of international work experiences, researchers like Andersen et al. (2014) asked for clearer definitions and more exploratory studies in this field, particularly in relation to self-employed expatriates. An expatriate, is as an individual who moves to live and work temporarily and legally in another country, from which he is not a citizen (McNulty & Brewster, 2016).

To take on Andersen and colleagues’ call, Vance et al. (2016) introduced the concept of “expat-preneur”, a combination of “expatriate” and “entrepreneur”, defined as “an individual temporarily living abroad who initiates an international new venture (self-employment) opportunity in a host country” (Vance et al., 2016, p. 202). The term expat-preneur was

developed in 2015 by Dr. Yvonne McNulty, a professor at the Singapore University of Social Sciences, and presented at the Western Academy of Management conference in March of the same year. In contrast, an immigrant entrepreneur is an individual that creates a business abroad, lives permanently in the host country and takes on the host's country nationality. A transnational entrepreneur is an individual that creates a business that operates in both his country of origin and the host country. Taking these definitions into account, an expat-preneur is different from both types of entrepreneurs as the individual has the intention to come back to his country of origin once the goal or project is attained, generally after several years.

A contemporary example of an expat-preneur, who is successful in his new country while keeping a strong attachment to his native country, is investor and philanthropist George Soros. In 2018, his fortune was estimated at \$8.4 billion dollars, after having donated \$32 billion to his Open Society Foundation (Georgesoros, 2019). Born in Hungary in 1930 into a Jewish family, Soros survived WWII and in 1947, he went to study in the UK and obtained a PhD in philosophy from the London School of Economics. After working as an analyst of European securities in London, he moved to New York City in 1956. In 1969, he started his hedge fund with \$4 millions. By 2013, the fund was worth \$40 billion. Even though he became an American citizen in 1961, he initially had the intention to stay in the United States for only four to five years. Soros remains close to his native country and through his foundation he has invested millions, for many years. His donations served a wide range of social causes, mainly education, to institutions such as The Central European University of Budapest (Georgesoros, 2019).

While research to quantify the importance of expat-preneurs in entrepreneurial activity is still to be conducted, it is hypothesized that the dynamics of individual expat-preneurs contribute to the growing international entrepreneurship trend (Vance et al., 2016). Numerous other examples, in addition to George Soros, have been documented and cited in the literature (Vance et al, 2016, 2017; Solimine, 2015). There is for instance the case of American Danielle

Werner, founder and CEO of Expat Insurance, who started her business in her kitchen in Singapore and today has 20.000 clients, and a full-time staff consisting of 30 employees from 14 nationalities (Vance et al., 2016). There are also multiple local initiatives related to the concept of expat-preneurship. For instance, in Singapore, the magazine *The Finder*, the longest-running publication for expats in Singapore, started in 1993, created the “Expat-preneur Awards” in 2017. In addition, one of the researchers that has conceptualized this term is part of the jury: Dr. Yvonne McNulty. It is designed to honor expat-preneurs for their vision, drive and assistance to people to live well in Singapore (The Finder, 2018). Therefore, expat-preneurship is a growing phenomenon in international entrepreneurship that deserves to be further studied.

## **1.2 Personal motivation**

From a personal side, several reasons can explain my choice of this topic. First, both my parents are expat-preneurs. My French father created a company specialized in managing large scale mining projects in emerging countries while my Colombian mother founded a travel agency in Central Asia that helps Asian travelers booking trips to Western countries. I would like to follow their career paths. Second, I have lived in various countries: Kazakhstan, France, Indonesia and the Netherlands. I consider myself a third culture kid, as I lived in Kazakhstan from age 6 to 11. Pollock and Van Reken (1999) define a third culture kid as “an individual that spent a significant part of the development years in a culture other than the parent’s culture, develops a sense of relationship to all of the cultures while not having full ownership in any, and is able and eager to live in different countries”. Now, I am a third-culture adult (Abe, 2018) and feel comfortable in a multi-cultural environment. Lastly, this topic fits with my long-term career ambition of creating my own company, with a preference in Colombia. I am trilingual (English, French and Spanish) and I strongly believe in the potential of South America, a continent that has not yet reached its full potential in terms of entrepreneurial activity.



### **1.3 Contribution**

This study aims to provide both an academic and a practical contribution to the field of international entrepreneurship. On the academic side, it develops an initial framework of critical success (or failure) factors that could be used in future research. Currently, few studies integrate the three factors, the expat-preneur, the international new venture and the environment of the host country. On the practical side, this study could be beneficial for various publics: first, the expat-preneurs themselves, as a guidance for their new venture creation and operation; second, investors to dispose of objective criteria to evaluate the potential of international new ventures and finally, policy makers and national/regional institutions to target their efforts in supporting foreign investment and expat-preneurs moving to and arriving from other countries.

### **1.4 Research Question**

While there are various studies on success (or failure) factors in the literature of entrepreneurship and on various types of international entrepreneurs, research on this area for expat-preneurs is limited. Only one article seems to have explored this subject (Vance et al., 2017). It mentions three factors inductively obtained - education, financial resources and networking - as the most influential on expat-preneurial success. Therefore, researchers recommend that additional field studies be conducted to investigate the factors and develop theory in this area (Vance et al., 2017; Reuber, 2018). Given the gap in the literature, the specific research question of this study is: **What are the main factors that explain the success (or failure) of an expat-preneur?**

### **1.5 Purpose of the study**

The purpose of this study is to investigate the factors that determine the success (or failure) of an expat-preneur. Failed expat-preneurs will be interviewed in order to increase the

generalizability of the factors that were identified as being critical towards determining the success of an expat-preneur. An expat-preneur generates value for the economy of the host country by creating jobs and transferring knowledge (Vance et al., 2016). Nonetheless, his survival is far from being guaranteed. It is therefore critical to determine and understand the elements that influence his entrepreneurial journey. Given the lack of consensus on the meaning of “success”, in this research it will be defined in terms of the firm’s financial performance, as it is the case in other studies (Reuber, 2018). A failed expat-preneur is defined as an individual who has created an INV but that did not survive two years after its conception. In this research, literature on success factors will be mainly used as the purpose of the study is to generate a model on success factors. Lastly, it is assumed that the factors that determine successful or failed expat-preneur’s INVs can be the same. Three financial criteria will be used to evaluate successful performance, consistent with prior research: age of the company (Lasch et al., 2007), profitability and revenue growth (Coleman, 2007; Reuber, 2018). In terms of the firm’s age, it is well documented that a minority of companies survive. For example, in France less than 40% of the new technology ventures survive after three years of existence (Lasch et al., 2007). Profitability measures the ability of a firm to generate revenues in excess of expenses, a necessity for survival. Lastly, the firm’s growth allows hiring of additional employees and provides economic benefits to the owner and employees (Coleman, 2007).

## **1.6 Methodology**

A review of the factors of success for entrepreneurs, international entrepreneurs and expat-preneurs will be conducted to develop an initial theoretical framework for the study (Yin, 2018). As limited literature is available on the expat-preneur, qualitative research methods will be used to gain in-depth insights, using an inductive approach to develop a framework of success (or failure) factors. Specifically, a multiple-case study (Yin, 2018) will be conducted

consisting of eleven individual case studies. In-depth semi-structured interviews will be made, as they allow the exploration of factors of interest while gathering additional information. The individual cases will then be used for a cross-case analysis in order to draw conclusions.

## **1.7 Literature Review**

In this research, as mentioned above, literature related to entrepreneurship, international and transnational entrepreneurship has been reviewed (Oviatt & McDougall, 2005; Zuchella & Magnani, 2016; Cavusgil & Knight, 2015; Reuber, 2018; Lin & Tao, 2012; Dimitratos et al., 2015; Woock et al., 2016). This has provided the basis for the development of a multi-level model of success (or failure) factors of an expat-preneur. This initial model was developed using the available literature on factors of success for all three types of entrepreneurship (Vance et al., 2017; Selmer et al., 2018; Arenius & Minniti, 2005; Hulsink & Koëk, 2014; Lasch et al., 2007; Song et al., 2008; Chrisman et al., 1998). The model classifies the factors in three main categories or levels, as proposed in prior studies (Lasch et al., 2007; Baum et al., 2011; Reuber, 2018; Gurau et al., 2019): the characteristics of the individual, the expat-preneur in this case, of the international venture and of the environment of the country of entry. This framework could also be applied to other types of international entrepreneurs. The factors related to the expat-preneur that will be covered in this review are demographic characteristics, human capital, social capital and financial capital of the expat-preneur. Success factors related to the venture itself comprise the firm's financial capital, its governance and its business strategy. Finally, the success of the expat-preneur is also dependent on the host country specific factors: its cultural, economic and legal environment. Although there are clearly more factors that can be included in each category, the initial model has been limited to factors that are most commonly cited in the literature of entrepreneurship and international entrepreneurship. A revised version of the model will be made based on the cross-case analysis.

### 1.8 Thesis Structure

First, an introductory chapter will be developed containing the research question and presenting the purpose of the study. Then, a literature review chapter will be made containing a model of success (or failure) factors taken from existing literature. Thereafter, a methodology chapter will be made explaining the methods that were used. After this, a chapter will present the results in the form of a within case analysis. Next, a cross-case analysis chapter will be done to identify patterns and generate new insights. Lastly, a discussion chapter will be made that will present the main findings, the limitations of the study and the recommend future research.

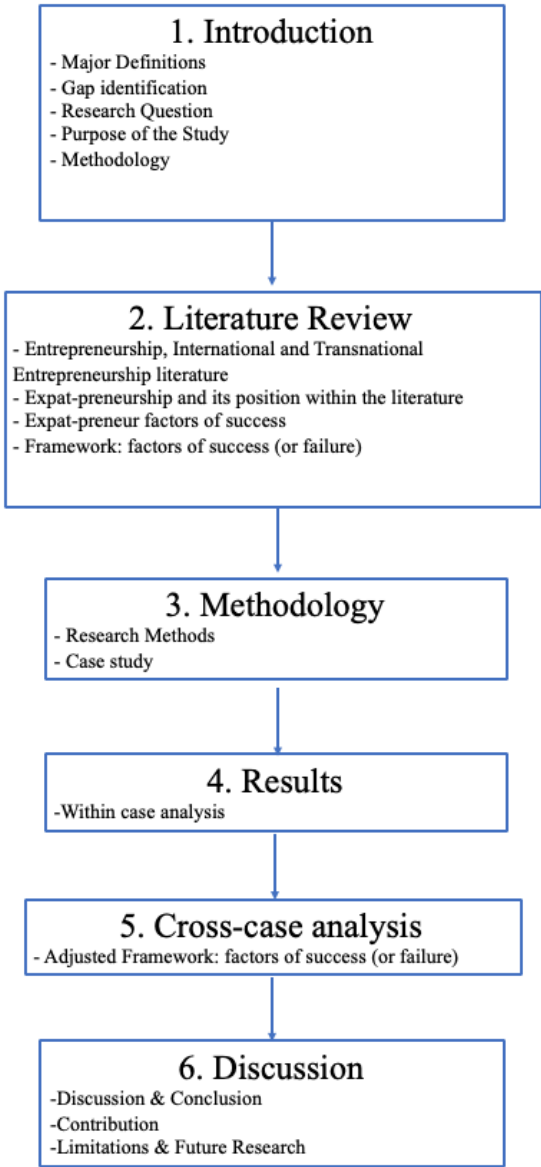


Figure 1: Thesis Structure

## **2. LITERATURE REVIEW**

In this section, the literature regarding entrepreneurship, international and transnational entrepreneurship will be presented, followed by a review of the concept of expat-preneurship. Then, an analysis regarding potential success factors for an expat-preneur will be conducted using the literature from the three categories of entrepreneurs mentioned above. Lastly, a model summarizing the success factors for the expat-preneur is presented.

### **2.1 Entrepreneurship, International and Transnational Entrepreneurship literature**

Entrepreneurs are defined by Harvard professor Howard Stevenson as “individuals that pursue an opportunity beyond the resources they control” (Eisenmann, 2013). The role of the entrepreneur in economic theory dates to the early 1940s, yet until 1970, very few business schools offered courses in entrepreneurship (Vesper & Gartner, 1997). Today, entrepreneurship is taught and researched around the world (Valerio et al., 2014). For example, the number of on-campus entrepreneurship programs offered in the United States has grown from 180 to over 2000 between 1990 and 2014 (Entrepreneur Middle East, 2017). Entrepreneurs are today recognized not only as a driving force of the economy, but also as positive and contributing members of society (Neck et al., 2019).

Early research focused on the traits of entrepreneurs. Researchers attempted to identify a certain set of characteristics that differentiated entrepreneurs from non-entrepreneurs (McClelland, 1965; Collins & Moore, 1970; DeCarlo & Lyons, 1979). Brockhaus & Horwitz (1986) reviewed the trait literature and concluded that there are four major personality traits of entrepreneurs: need for achievement, internal locus of control, high risk-taking propensity, and tolerance for ambiguity.

International Entrepreneurship is a sub-division of entrepreneurship, which deals with the creation of international new ventures (INV). An INV has been defined as “an organization that from its inception seeks to derive significant competitive advantage from the use of

resources and the sale of outputs in multiple countries” (Oviatt & McDougall, 1994, p. 49). This definition has been expanded to include “the discovery, enactment, evaluation and exploitation of opportunities – across national borders – to create future goods and services” (Oviatt & McDougall, 2005, p.7). INVs, by definition, have little or no experience in a given foreign market (Oviatt & McDougall, 1994). However, despite their lack of financial, human and tangible resources that usually characterizes INVs, they leverage on their innovativeness, knowledge and capabilities to achieve considerable foreign market success early on (Knight & Cavusgil, 2004). In addition, the usual smaller size of these firms generates significant flexibility, which is often a prerequisite for succeeding in foreign markets (Young et al., 2018).

In recent years, the concept of international entrepreneurship has had increased academic interest (Oviatt & McDougall, 2005; Zucchella & Magnani, 2016; Cavusgil & Knight, 2015; Reuber, 2018). Various definitions have been proposed by different researchers over the years (Table 1), in addition to the definition cited above by Oviatt & McDougall (2005). These definitions have evolved to accommodate different types of individuals and ventures that have emerged over time (Zucchella & Magnani, 2016) and Oviatt & McDougall (2005) most recent definition stresses the concept of “opportunity”, in parallel with the same idea proposed by Shane & Venkatamaran (2000) and Shane (2010) for entrepreneurs.

Table 1: Definitions of International Entrepreneurship (Zucchella & Magnani, 2016).

Authors	Year	Definition
McDougall	1989	“International Entrepreneurship is defined in this study as the development of international new ventures or start-ups that, from their inception, engage in international business, thus viewing their operating domain as international from their initial stages of the firm’s operations”.
Zahra	1993	“The study of the nature and consequences of a firm’s risk-taking behaviour as it ventures into international markets”.
Oviatt and McDougall	1994	“... a business organization that from the inception, seeks to derive significant competitive advantage from the use of resources and sale of outputs in multiple countries”.
Oviatt and McDougall	2005	“the discovery, enactment, evaluation and exploitation of opportunities – across national borders – to create future goods and services”.

The term of international entrepreneur currently comprises numerous sub-types, including returnee entrepreneurs, argonauts, sojourner entrepreneurs, transnational entrepreneurs and expat-preneurs. Returnee entrepreneurs are individuals who return to their country of origin to become entrepreneurs, after having either worked or studied in a foreign country (Kenney et al., 2013). Existing research on this topic has mainly focused on Chinese nationals (Akkurt, 2016). The concept of argonauts refers to foreign-born, technically skilled entrepreneurs who travel back and forth between Silicon Valley and their home countries, seeking fortune by establishing companies far from established centers of skill and technology (Saxenian, 2006). An immigrant entrepreneur is an individual that creates a business abroad, lives permanently in the host country and takes on the host's country nationality (Ley, 2006).

The concept of transnational entrepreneurship designates individuals who pursue entrepreneurial activities in both their country of residence and their country of origin (Portes et al., 2002; Ley 2006). Thus, the location of the transnational entrepreneur can be either in the country of residence, the country of origin or both. Various studies have looked into transnational entrepreneurs, in particular Chinese transnational entrepreneurs. Lin & Tao (2012) examined Chinese transnational entrepreneurs in Canada to find their characteristics, drivers and success factors. Dimitratos et al. (2015) researched the motivations of Chinese transnational entrepreneurs in the United Kingdom and Canada, two countries they find have similar formal and informal institutions. Woock et al. (2016) conducted research on Chinese transnational entrepreneurs in China to understand the factors impacting their speed to market in their home market and abroad. The findings of these studies will be covered in the following section. To allow a better understanding of the different sub-types of international entrepreneurs, a table summarizing their definitions is presented (Table 2).

Table 2: Definitions of sub-types of International Entrepreneurs

Term	Definition
Returnee entrepreneurs	Individuals who return to their home country after either having worked or studied in a foreign country.
Argonauts	Foreign-born, technically skilled entrepreneurs who travel back and forth between Silicon Valley and their home country.
Immigrant entrepreneurs	Individual that creates a business abroad, lives permanently in the host country and takes on the host's country nationality
Transnational entrepreneurs	Individuals who pursue entrepreneurial activities in both their country of origin and their host country.
Expat-preneurs	An individual temporarily living abroad who initiates an international new venture (self-employment) opportunity in a host country.

**2.2 Expat-preneurship and its position within the Entrepreneurship literature**

The concept of expat-preneurship relates to three other concepts: entrepreneurship, international and transnational entrepreneurship. Figure 1 illustrates the position of “expat-preneurship” within the entrepreneurship literature. An expat-preneur is a type of entrepreneur. More precisely, expat-preneurship falls within the literature of international entrepreneurship. It is highly linked to the concept of transnational entrepreneur, but in contrast with a transnational entrepreneur, an expat-preneur must live in the country where the organisation operates, different from his country of origin (Vance et al., 2016).

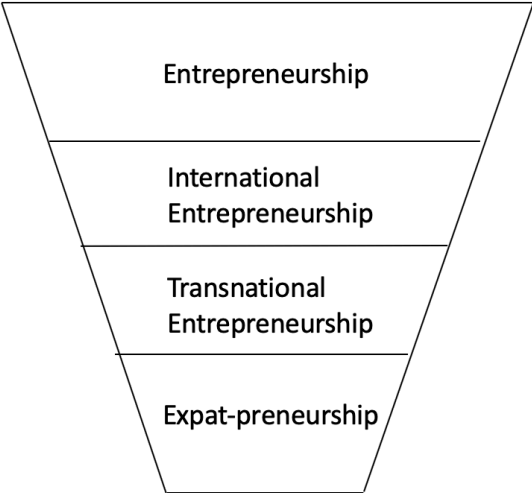


Figure 2: Position of “expat-preneurship” within the entrepreneurship literature



Vance et al. (2016, p.202) define an expat-preneur as “an individual temporarily living abroad who initiates an international new venture (self-employment) opportunity in a host country”. They propose three necessary conditions for qualifying as an expat-preneur: be self-employed, have formally registered a business in the host country for residency purposes and pay income tax on the earnings the company generates in the host country. Additionally, two types of expat-preneurs are conceptualized: *transitioned expat-preneurs* who create an international new venture after having worked or lived in the host country and *self-initiated expat-preneurs* who move abroad to create a company on their own initiative to pursue a foreign career.

By definition, an expat-preneur is an entrepreneur as well as an international entrepreneur. Thus, the factors that determine the success (or failure) in the two previously groups of entrepreneurs, are also applicable to the success of the expat-preneur. Therefore, the literature of success factors of these two groups has been used to determine an initial framework of success factors for the expat-preneur. However, it is important to mention that the expat-preneur is a specific type of entrepreneur and therefore has some specific factors that are unique to this category. For instance, Vance et al. (2016) explain that as expat-preneurs live in a host country that is different from their country of origin, and as such, the individual is affected by cultural factors such as language, traditions and customs.

### **2.3 Expat-preneurs factors of success : A multi-level model**

In this section, literature on factors of success (or failure) will be discussed in order to conceptualize a model. Several researchers (Lasch et al., 2007; Reuber, 2018) suggest that success factors of a new venture can be grouped in three main categories: the individual, in this case the expat-preneur, the firm and the environment of the country, here a host country. Consequently, this section will be structured accordingly. Few studies have been identified that

integrate all three categories or levels into a model. In this section, it is assumed that the factors that affect successful and failed expat-preneurs are similar.

### **2.3.1 The Expat-preneur**

The expat-preneur is the individual who creates the international new venture with the aim to be successful as any other international entrepreneur (Autio, 2005; Vance et al., 2016). This individual is characterized first by his *demographic characteristics*. Age is seen as having an influence in the firm's success. Selmer et al. (2017) explain that expat-preneurs are more likely to be successful when they are more experienced about expatriate life in the host country, as this additional knowledge will facilitate their tendency to exploit expat-preneurial opportunities they might have identified. This is consistent with the survey conducted by Lin & Tao (2012) showing that the majority of transnational entrepreneurs are between 45-55 years old. Gender has also been found to influence an expat-preneur success. Transnational businesses founded by men appear more likely to be successful than those founded by women (Lin & Tao, 2012). This is explained by the amount of time required, which may sometimes be incompatible with family obligations. Marital Status and the number of children was in consequence found to be an important factor as children require time and dedication, which could prevent an individual from investing the resources and effort needed for the firm to be successful (Lin & Tao, 2012).

The *human capital* of the expat-preneur has also been identified as a determinant in the success of his new venture. Sullivan & Sheffrin (2003) define human capital as the stock of competencies, knowledge and personality attributes embodied in the individual that influences his ability to perform as to produce economic value. Education has also been found to be a major determinant of success in a pilot study with 27 expat-preneurs conducted by Vance et al. (2017), to determine their career paths, motivations and challenges. More than 90% of the

interviewees had advanced degrees. Past work experience has also been found to facilitate expat-preneurs' firm performance, as it helps them adapt to complex situations and perform more effectively under pressure (Davidsson & Honig, 2003). Selmer et al. (2017) mention that past work experience in the same industry will provide expat-preneurs with technical and functional knowledge that can be directly implemented. Furthermore, Akkurt (2016) mentions that prior knowledge in business and management, gained either through work experience or education, directly influences the success of the international new venture.

The *social capital* of the expat-preneur was also found to be a key factor of his success. Acquah (2008, p.12) defines social capital as “the actual and potential resources embedded in networking relationships that are accessed and used by actors”. Personal support and professional networks were found to be of high importance. Professional networks have been identified as a major influence in an international entrepreneur's success (Mesnel, 2013; Vance et al., 2016; Reuber, 2018; Gurau et al., 2019). Vance et al. (2017) explain that networks allow expat-preneurs to determine the suitable location for their businesses and to find partners and clients. This study highlights that many networking events are carried out in local chambers of commerce where other expat-preneurs meet and create social interactions with locals. In addition, personal support is also seen as important to succeed. As mentioned by Hulsink & Hoek (2014), social networks provided by family ties and/or community-based contacts supplement the effects of experience.

The *financial capital of the expat-preneur* heavily affects the probability of success of the company. The resources available to the expat-preneur directly affects the survival of the company. In fact, if the individual comes from a wealthy background, it will facilitate the creation and running of the company, as availability of funds is crucial in its survival (Smith, 2012). A main reason why small businesses fail is the lack of financial capital, so the financial background of the expat-preneur can increase his chances of success (CompanyFunding, 2019).

Vance et al. (2017) highlight that more than 90% of the expat-preneurs in their study used their own resources to create their business. The interviewees mentioned that the availability of these resources was vital for their firm's survival during the initial growth stages.

### **2.3.2 The International New Venture**

The success of the expat-preneur is also dependent on the firm's characteristics and resources. *Financial capital used to create the company* is vital for the company's success (Song et al., 2008; Wadhwa, 2009), as evidently the new venture requires funds to exist and survive. Financial capital is the combination of equity and debt, together forming the capital structure of a firm (Van Praag, 2003). Wadhwa et al. (2009) explain that the availability of capital was considered of high importance by nearly 70% of the 549 entrepreneurs that undertook a survey on their factors of success.

*Governance* appears also a determinant of the firm's performance, whether the expat-preneur created his international new venture by himself or in a team of founders. Wadhwa et al. (2009) mention that the management team is directly tied to a venture's success, with over 82% of the respondents mentioning it as important in their success. Akkurt (2016) mentions that collaborating with an indigenous partner can be highly beneficial as the person is aware of local institutions and customs.

Lastly, the *business strategy*, the expat-preneur undertakes is critical and affects the survival of the company and the successful exploitation of the opportunity. For example, the case study of Ilan Maimon indicates that his success in China was dependent on numerous factors, demographic characteristics, knowledge, experience, social capital and financial resources to mention a few, which influenced each other and affected his overall strategy (Gurau et al., 2019). Ilan Maimon entrepreneurial strategy is presented as following the effectuation theory (Sarasvathy, 2001). The effectual approach states that the individual starts

with the available means and chooses the ends that can be achieved through those means. The decisions of the effectual process follow five principles: the bird in the hand, the crazy quilt, the affordable loss, the lemonade and the pilot in a plane (Sarasvathy, 2001). In Ilan Maimon case, the researchers recommend that the entrepreneur should take careful precautions as they face high risks (bird in the hand). Second, the entrepreneur should first form a business with a partner in order to reduce uncertainty (crazy quilt). Third, the entrepreneur must plan the amount of financial resources the individual is willing to lose if the company fails (affordable loss). Fourth, the entrepreneurs must be able to leverage any surprises that can appear (lemonade). Finally, the entrepreneur should focus on activities they can control to minimize risks (pilot in the plane). By combining these recommendations, entrepreneurs will reduce uncertainty and increase their probability of success (Gurau et al., 2019).

### **2.3.3 The Country of Entry**

The success of the expat-preneur is also dependent on the environment of the country of entry. Several researchers highlight that the *cultural environment* has a key role in the success of an expat-preneur's new venture success (Vance et al., 2016; Reuber et al., 2018; Gurau et al., 2019). The knowledge of the language and culture of the host country was found to be highly important in order to succeed (Vance et al., 2016). Akkurt (2016) explains that an international entrepreneur must be able to adapt to a different culture and learn key customs in order to prevent cultural misunderstandings that may lead to business failure. For example, he mentions two key lessons that must be learnt by international entrepreneurs: first, how to behave in a business meeting and second, the closeness of the relationship that is appropriate to have with employees. In a case study, Ilan Maimon, a Turkish expat-preneur, mentions that the understanding of the Chinese culture was the most important factor in the success of his venture (Gurau et al., 2019). Similarly, Gregoire Prouvost, a French entrepreneur who initiated a beer-

import business in China, also mentions in an interview that the understanding of the cultural codes was a key element of his success (Mesnel, 2013). Finally, Reuber (2018) mentions that once an entrepreneur overcomes resource constraints and enter a foreign market, cultural differences are important to their business decisions.

It has long been recognized that a country's *economic environment* is closely tied to the vibrancy and success of its entrepreneurial activity (Aquino 2005; Floyd & McManus, 2005; Zahra, 2004). Governments that can offer established economic and physical infrastructure are more likely to encourage expat-preneurs to start a profitable company within their country (Vance et al., 2016). Anokhin & Wincent (2012) show that the relationship between a country's start-up rate and its innovativeness is moderated by its level of development, which indicates that developed countries are more likely to experience successful international entrepreneurship activity, in part explained by an easier access to new technologies. For example, the Global Entrepreneurship Index identifies the United States as being the country that provides the best environment for entrepreneurial activity (Acs et al., 2018).

Lastly, the *legal environment* has also been identified as having a major influence on the firm's performance. Akkurt (2016) underscores the importance of making network links with political institutions and individuals, especially in emerging countries with weak institutions. For instance, Guler & Guillén (2010) examine how investment from American venture capital firms varies across various host countries. The researchers show that the creation of international ventures in a new country increase with the legal protection of property rights and the stability of local policy. On the contrary, the case study of French expat-preneur Grégoire Prouvost mentions that regulations are constantly changing in China, thus expat-preneurs must be able to constantly adapt, but the size of the opportunity makes the risk worth it. Furthermore, the large amount of bureaucracy in China makes it sometimes necessary to "hire a local partner" to translate documents and deal with the local authorities (Mesnel, 2013).

## 2.4 Summary

An initial model of the three categories of factors that determine expat-preneurial success along with their sub-factors has been developed (Figure 3). The three main factors are interrelated and together determine the success or failure of the expat-preneur (Reuber, 2018; Lasch et al., 2007). The new venture is dependent on the decisions of the expat-preneur for its survival and sustainable growth while the expat-preneur is affected by the way he manages his company (Gurau et al., 2019). The international new venture depends on the regulations and laws of the host country while the economy of the host country is influenced by the new ventures as an aggregate, with the creation of jobs and the transfer of knowledge (Vance et al., 2016; Oviatt & McDougall, 1994). Finally, the expat-preneur is influenced by the country of entry, as the individual learns a new language and lives a different experience and culture, while the country is influenced by the decisions made by the expat-preneur, as the person generates value for the economy (Vance et al., 2016).

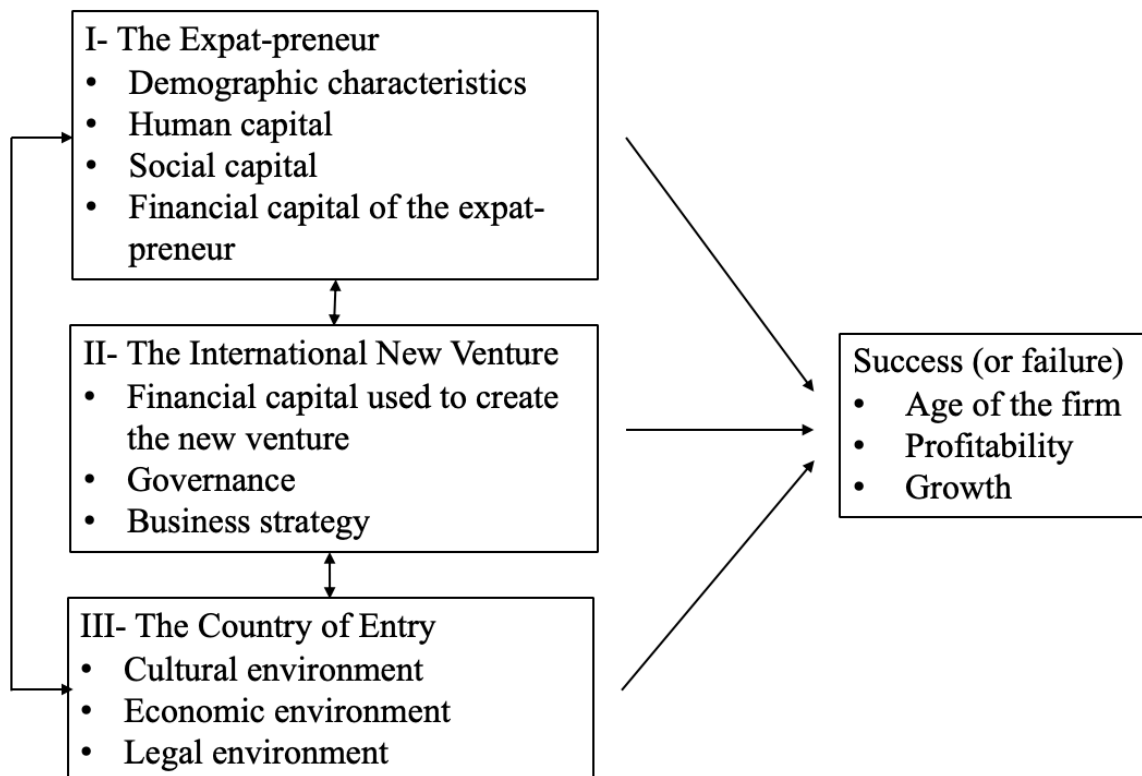


Figure 3: Model showing the factors affecting the success or failure of an expat-preneur's INV

### **3. METHODOLOGY**

In this chapter, the methodology of this research is presented, starting with the research approach, method and design. This is followed by an explanation of the data collection and data analysis procedures, and the assessment of validity and reliability of this study.

#### **3.1 Research Approach**

The objective of this study is to determine and understand the factors that affect the success (or failure) of an expat-preneur. Given the newness of the concept, illustrated by only one study on factors determining the success (or failure) of the expat-preneur, conceptualizing a model of success (or failure) factors, constitutes a major goal of this research. Eisenhardt & Graebner (2007) explain that when little literature addresses the research question properly, a qualitative research approach seems the most appropriate. In this study, an inductive approach will be used, which consists on building theory or attempting to surface concepts from the data collected (Eisenhardt, 1989; Gioia et al., 2012).

#### **3.2 Research Design**

Yin (2018) states that five research methods can be used to address research in the field of social sciences, whether its purpose is descriptive (in-depth description), exploratory (obtaining new insights) or explanatory (causal inquiries). These five methods are: experiments, surveys, archival analysis, histories and case studies. The fit of each research method depends on three conditions (Yin, 2018). First, the form of the research question (how, why, who, what or where). Second, the extent to which the behavioral phenomenon requires control by the researcher and third, whether the phenomenon is contemporary or only historical. This study is of exploratory nature, the interest being to know the “why” and “how” the expat-preneurs succeed (or failed), tracing his or her journey with his venture over time. Yin (2018) argues that “how” and “why”



questions are likely to lead to the use of a case study as the preferred research method. Nonetheless, an experiment or an analysis of archival data are also methods used for “how” and “why” questions.

In this study, the researcher has no control on the journey of the expat-preneur. Consequently, it is clear that there is no control over the events that are being studied, hence an experiment would not be a method that would fit. Additionally, the interest is in contemporary events in the real life and context of the informant, the expat-preneur, which makes analysis of archival data, not suitable for the study. In summary, the three conditions of a case study advocated by Yin are met: a “how” and “why” question, no control on the phenomenon and an analysis of contemporary events, thus, the case study method will be used in this study. The unit of analysis is the expat-preneur.

### **3.3 Case Study**

Case studies can be conducted as either a single-case design or a multiple case design. Yin (2018) argues that multiple case studies are more robust in terms of results. A single case study is appropriate when the case seems to represent a single anomaly in the light of existing literature, which is not the interest in this research. In contrast, a multiple case study is used when a “replication logic” is necessary to reveal support for theoretically similar results (literal replication) or contrasting results (theoretical replication; Yin, 2018), with the aim of building a general model that fits each individual case. In this study, the success (or failure) factors affecting each expat-preneur were investigated, therefore a multiple case study was conducted with replication logic, in order to establish comparability of the patterns observed. A cross-case analysis followed, to establish common success (or failure) factors across all expat-preneurs and to identify differences within the cases. The insights generated provided the basis for theory building from case studies (Eisenhardt, 1989). Furthermore, case studies of failed expat-

preneurs were analyzed to increase the generalizability of the factors that were identified as being critical towards the success of the expat-preneur.

### **3.4 Case Selection**

Determining the exact number of cases that should be researched is difficult. Eisenhardt (1989) argues that it should lie between four and ten. Less than four cases do not provide enough evidence to substantiate your conclusions while more than ten cases may provide a saturation of information while adding little new insights. The aim of this study was to interview both successful and failed expat-preneurs from all ages across the globe. Failed cases were selected in order to reduce the success bias and survival bias. The criteria used to select the cases were:

#### **For successful expat-preneurs:**

- The expat-preneur must have created his international new venture in a country other than his country of origin.
- The expat-preneur must be the founder.
- The international new venture was created at least two years ago.
- The international new venture must be profitable.
- The international new venture must experience growth in terms of revenue or employment of additional employees.

#### **For failed expat-preneurs:**

- The expat-preneur must have created his international new venture in a country other than his country of origin.
- The company does not exist anymore.
- The expat-preneur must have been the founder.
- The international new venture was created at least two years ago.

### **3.5 Data Sources**

The collection of the data was performed in March 2019. In order to find cases that meet the above-mentioned criteria, multiple sources were used:

- The websites Expatica and InterNations: these are international online associations that allow expatriates to meet around the world.
- Expat-fairs: these events allow expatriates to meet.
- LinkedIn: a professional networking site.
- Personal contacts: in order to find expat-preneurs or by asking expat-preneurs for referrals.
- Magazines or journals articles with information of selected expat-preneurs (such as The Finder, 2019).

After gathering a list of potential candidates, personal information was collected (name, firm name, country of origin, country of entry, city or website). Prior to the interview, an e-mail was sent to the expat-preneurs containing an overview of the topics to be discussed. The interview protocol was not given before the interview in order to prevent potential biases.

### **3.6 Data Collection Methods**

In this study, semi-structured interviews were used to collect the data. Yin (2018) explains that interviews are the most important source of evidence in a case study. Semi-structured interviews allow to structure the discussion while giving interviewees the freedom to answer questions openly. A pilot interview was performed, which allowed adaptation of the research protocol based on the answers and insights. It was structured based on the model conceptualized in the literature review. The pilot interview was excluded from the analysis section. The semi-structured interviews provided the basis for the analysis section of this

research. In addition, a questionnaire was made with all the factors, using a scale of 5 (extremely important) to 1 (not at all important; Wadhwa et al., 2009). This questionnaire was done with the intention of complementing and cross-checking the data obtained with the interviews. It was sent to the participants after the interview in order to not bias their responses. Both the interview protocol and questionnaire are included in the Appendix.

### **3.7 Data Analysis**

Each interview was recorded, with the consent of the expatpreneurs, which allowed to have an accurate transcription. Rowley (2012) explains that researchers should “organize the data, get acquainted with it, code it, interpret it, present it and write it down”. The main steps that were taken are described below.

#### **Step 1 -**

After transcription, the process of coding the data was done using Atlas, a computer software for qualitative data. A three stage approach was used (Giola et al., 2012). First, the data was “open-coded”, interview quotes were grouped in a broad sense. Then, axial-coding similarities were sought to group codes together in more comprehensible themes that corresponded with existing theory. This was done in order to reveal relationships between codes. Finally, based on the axial coded data structure, visualizations of the data was done to obtain a better understanding.

#### **Step 2 –**

Each code may have one or multiple themes and may therefore belong to more than one construct. To give a more conceptual meaning to the data, codes were grouped in over-arching

themes. Codes that could be associated with the same concept were merged and codes that were repetitive or identical were removed from the coding structure.

### **Step 3 –**

Yin (2018) suggest the use of triangulation techniques to ensure that the data collected is valid. Information available online was used to verify whether the statements reflect the true meaning of what the informant intended to say. In addition, the questionnaire was used to ensure consistency with the answers given in the interviews. All transcripts and questionnaires have been archived and are easily available.

### **Step 4 –**

The findings of this study were compared and reviewed in the light of the existing literature on international entrepreneurship, transnational entrepreneurship and expat-preneurship. The results of the data will be presented in the next chapter. Limitations of this study have been identified and explained. Also directions for future research are suggested to further strengthen and deepen the current literature on international entrepreneurship. The study once finished will be provided to all the participants, per their request.

## **3.8 Validity and Reliability**

In order to guarantee quality standards for the case study research, Yin (2018) suggests the use of four tests: internal validity, construct validity, external validity and reliability. First, internal validity deals with establishing casual relations from the data. Since this study does not have an explanatory aim, this criterion is in principle not applicable. Second, construct validity is related to the degree to which the correct operational measures are being used. To make sure this criterium was fulfilled, two procedures were used (Yin, 2018). On the one hand, multiple

sources were analyzed, to triangulate the information: written information about the expatpreneurs, direct interviews and direct observations. On the other hand, operational measures were aligned to those used in other studies on international entrepreneurs, such as, the education scale from the GEM study (2018). Third, external validity has to do with the generalizability of the results. As this study is qualitative, its aim is to do analytical generalization, that is generalization to theory, as opposed to statistical generalization (Yin, 2018). To ensure this criterium, a multiple case study design is used with replication logic and minimal changes to the interview protocol once the study started. Lastly, reliability, refers to ensuring that the procedures can be repeated by another scholar in order to replicate the results. To increase the reliability of this study, the interview protocol is included in the Appendix. In addition, both successful and failed expatpreneurs were interviewed and compared, to increase the generalizability of the factors that were identified as being important towards determining the success of an expatpreneur's INV.

Table 3 – Overview of selected successful and failed cases

Successful Companies										
Case	Industry of the company	Gender	Age currently	Age when started	Country of origin	Host country	Marital Status/Children	Education	Languages Spoken	
1	E-commerce	Female	32	28	Australia	Singapore	Married/2 Children	BSc in Chemical and Metallurgical Engineering at University of Queensland	English	
2	E-commerce	Male	36	34	Russia	United States	Not Married/No Children	BSc in Computer Science at University of Kasanodar	Russian, English	
3	IT	Male	21	19	Spain	Netherlands	Not Married/No Children	BSc in Business Administration at Rotterdam School of Management	Spanish, English	
4	IT	Male	21	19	France	Netherlands	Not Married/No Children	BSc in Business Administration at Rotterdam School of Management	French, English	
5	Consulting	Female	35	33	France	Germany	Married/2 Children	MSc in Management at SKEMA Business School	French, English	
6	Consulting	Female	45	43	United States	Colombia	Married/1 Children	BSc in Management at SKEMA Business School	English	
7	Manufacturing	Male	40	30	Japan	Brazil	Married/1 Children	BSc in Latin American Studies at Yale University MBA at Fundacao Getulio Vargas	Portuguese, English	
8	Production	Male	28	23	Germany	Colombia	Not Married/No Children	BSc in Business Administration at University of Hamburg	German, English, Spanish	
9	Natural Resources	Male	52	32	Spain	Kazakhstan	Married/5 Children	MBA at HEC Paris	French, English, Spanish, Russian	
10	Logistics	Female	52	46	Colombia	United States	Married/3 Children	BSc in Marketing and Advertising at Universidad Unilliana de Bogota	Spanish	
11	Retail	Male	72	62	United States	Colombia	Married/3 Children	MBA at University of California, Berkeley	English, Spanish	

Failed Companies										
Case	Industry of the company	Gender	Age currently	Age when started	Country of origin	Host country	Marital Status/Children	Education	Languages Spoken	
1	Architecture Business	Male	40	30	Japan	Brazil	Married/1 Children	MBA at Fundacao Getulio Vargas	Portuguese, English	
2	Investment Fund	Male	52	32	Spain	Kazakhstan	Married/5 Children	MBA at HEC Paris	French, English, Spanish, Russian	
3	Ranch Business	Male	72	62	United States	Colombia	Married/3 Children	MBA at University of California, Berkeley	English, Spanish	

## **4. WITHIN-CASE ANALYSIS**

The previous chapter documented the methodological approach and decisions that were made over the course of the research. Before the data was coded all the transcripts were printed and read twice, in order to get a better understanding. In this chapter, each case has been subjected to within-case analysis. This within-case analysis aimed to reveal the factors of success for each individual expat-preneur. The analysis will be made based using the three categories of factors identified in the literature review, namely factors related to the expat-preneur, the international new venture and the country of entry. Respondents were willing to share their confidential data on the condition that their names were not explicitly mentioned in the report. Each expat-preneur was identified with a case number. In this report, several expat-preneurs agreed to being interviewed as both successful and failed expat-preneurs, as they are serial expat-preneurs. An overview of the companies that match each case number can be provided upon request.

Successful cases will first be analyzed followed by the failed cases. Each case will follow the same analysis structure: the analysis of the expat-preneur, second his international new venture and third, the country of entry. Lastly a final section will summarize his or her factors of success, grouped into the three categories or levels previously mentioned.

### **4.1 Overview of Selected Cases**

In this study, eleven expat-preneurs were interviewed, having formed fourteen companies. Eleven companies were successful while three failed. There are 4 women and 7 men, from 8 different countries (Spain, France, Japan, Germany, Colombia, Australia, United States and Russia) who have started new ventures in 8 different countries (Netherlands, Kazakhstan, Uzbekistan, Brazil, Colombia, United States, Singapore, Germany). In terms of age, it ranges from 21 to 72, with expat-preneurs in five age categories (21-30, 30-40, 40-50,



50-60 and 60-72). Seven expat-preneurs are married with one to five children , while four are not married without children. All expat-preneurs have a bachelor degree, three having an MBA and one master in management. The pilot interview was helpful because it also made clear that several factors of success are industry specific.

## **4.2 Successful Cases**

### **4.2.1 Case 1 – E-commerce**

#### **Expat-preneur**

Case 1 is a woman from Australia. The company was established in Singapore four years ago. It sells equipment for child transport (plane, car, train or simple daily usage) to individuals, directly on the website. The expat-preneur is currently 32 years old and started her business when she was 28. She is married and has two children. She started her business as she realized the lack of infrastructure and equipment for child transport in Singapore, especially when they have to take public transportation (e.g.: taxi).

Case 1 holds a bachelor degree in chemical and metallurgical engineering from the University of Queensland in Australia. Prior to starting her business, she worked for over ten years in a large mining company. She learned managerial skills while working in that company, for instance investment proposals, managing people and handling deadlines. She left the company when she realized the inefficiency of team meetings and bureaucracy associated with large companies.

While on maternity leave, she met with other mothers and had the idea of starting a new business.

She started the business without any prior knowledge or network in the child transport business. She said the business started as a pure opportunity since no one had created a company in that sector before.

*“It started because I got my first child and I was on maternity leave. I said to the mothers while taking a coffee that it is not safe for children when they take a taxi. It meant that I wanted to work on it.”*

The only help she got was from her mother in law that shipped her the equipment from Australia. Her husband also helped on the psychological side.

### **International New Venture**

She started her company alone with personal funds she had saved from her past work experience at a mining company. Today, the company has 6 full time employees. She explains that she has gained a lot of flexibility since creating her company. Her policy is to hire employees in tasks that she can do but she does not have time to do or does not like to do, and to hire consultants for work that she does not know how to do.

*“For example, I am not the best marketer so we have a digital marketing consultancy and we also work with a public relations firm. A network of consultants and employees allows me to give directions on WhatsApp.”*

Thanks to this policy, she managed to grow organically without any debt and have the time to put proper systems and procedures in place. Several competitors appeared but she managed to knock them down because they had breached contracts. For her, competitors are useful because they force you to continually reflect and reconsider your business, leading to a better customer service.

## **Country of Entry**

With regards to the country of entry, Singaporeans speaks English very well, so on that side it was not complicated for her. However, she explained that it was very complicated to learn the local customs and culture. In the beginning, she had a really hard time making business locally. However, all her suppliers were western so she did not have to deal with this aspect. Overtime she managed to work with local suppliers and today they like to work with her company because it is beneficial for their businesses.

*“Both local companies and western suppliers like to work with us because we managed to breach the gap between doing business in South East Asia and Australia, Israel, Germany, US and New Zealand.”*

With regard to the economic environment, she explained that Human Resources (HR) was one of her largest struggles. Capital is problematic but with a line of credit it can be handled, but legal issues and HR are more complicated to handle. She had to hire consultants to do those tasks. On the other side, the infrastructure in Singapore is exceptional ideal for entrepreneurs.

On the legal side, she mentioned that Singapore is very rule based. Singaporeans really value high education degrees and extensive work experience. However, when she hires employees, she is more interested in the person that in the qualifications or experience they have.

## **Factors of Success**

Overall, she believes that a staged, sustainable and slow growth strategy was key. Also, she mentioned that that she was a multi-capable founder and this helped her. In addition, from the factors discussed the most important on her success were: education, past work experience,

technical experience, personal capital, work with local partners, strategy and easiness to get a visa.

*“I think staged, sustainable and slow growth is key. Also, having a multi-capable founder makes a big difference. If you are asking me about the ones mentioned in this interview, then I would say education, past work experience, technical experience, personal capital, work with local partners, my strategy and the easiness to get a working visa, were crucial.”*

She explained that being an expatriate was both positive and detrimental. It helped her bring fresh eyes into a need that no one has noticed before. However, since she is an expatriate, many locals did not want to do business with her at the beginning. For instance, she was not given any grants or local coverage on local newspapers, but since she engaged a local public relations employee, her company is doing better.

Table 4: Critical Factors of Success for Case 1

Expat-preneur	Company	Country
Education	Business strategy: staged, sustainable and slow growth	Easiness of getting a working visa
Past-work experience	Strategy developed	
Technical experience		
Work with local partners		
Multi-capable founder		
Personal capital		

**4.2.2 Case 2 – E- commerce**

**Expat-preneur**

Case 2 is a man from Russia. The company was created in the United States. It sells mid to upscale Hawaiian made jewellery to individuals, directly on the company’s website. He is

currently 36 years old and started his business when he was 34. He is not married and does not have children. The expat-preneur started this business as he realized the potential of local artists in Hawaii and the lack of visibility they had.

Case 2 holds a BSc in Computer Science at the University of Krasnodar. Prior to starting his business, he worked for over four years at Yahoo's computer science department in Oregon, USA. He learned technical skills but decided to move to Hawaii to work and discover a new environment.

He started the business without any prior knowledge or network in the jewellery business. He started this business as he discovered an opportunity. He had no help from his family but he met someone working in Hawaii who helped him develop the business and who is today one of his employees.

### **International New Venture**

Case 2 started his company with little funds. He even borrowed a camera from a friend. He created his website by himself, watching YouTube videos and taking advantage of everything he could get for free on the Internet.

*“People were charging so much money for a website that I decided to do it myself. I took everything I could find from YouTube and internet.”*

Today, the company has two full time employees and is growing substantially. He is not really interested in what his competitors are doing, he mainly focuses on his business and how he can better serve his customers, for instance, improving the quality of the pictures or the user friendliness of the platform.

## **Country of Entry**

Since he had previously worked in the United States at Yahoo, he already spoke English. He explains that he was not aware of the business culture in the United States as he had mainly worked in the computer science department and not in an operational team.

In terms of the economic environment, it was difficult for him to find talented employees. He tried searching for free-lancers but it was hard because he noticed that the candidates were not doing their job properly and that he could even do a better job than them. He wanted to find free-lancers that were willing to work on a commission basis, but they refused because they wanted a fixed per hour wage.

*“I was looking for people that were willing to work on a percentage of sales basis but no one wanted. They all wanted hourly wages and that just did not work for me. I know that for some people it works but not for me.”*

He thinks that the infrastructure in the United States is really beneficial for business initiatives. For example, FedEx, the courier company, was very helpful because he was sure that he could send valuable jewellery without the risk of theft or violence, which he could not have done in Russia.

On the legal side, he mentioned that there is little bureaucracy in the United States and that people are very eager to start a business. When he compares this situation to Russia, he said it was much easier to start a business in the US due to the stability of laws and regulations.

## **Factors of Success**

Overall, he stated that believing in what you are doing and be backed by a solid product is key (Table 5). For him, the most important factors for his success were country of entrance,

network, knowledge of the culture of the country, work with local partners and flexibility of laws and regulation in the country.

*“To succeed, I would say believe in what you are doing but it has to be backed with a solid product, that means a good quality product that tackles a need. Another thing, is to continue to persevere and not giving up. Out of the factors we discussed, I would say that the most important for my success were: the choice of the country, my network, my knowledge of the culture of the country, my work with local partners and lastly the flexibility of laws and regulation”.*

He believes that being an expatriate has been both beneficial and detrimental. Sometimes since he is Russian, he felt no support at all but on the other side, he knew that he brought new eyes and saw the opportunity, with a different mindset to the need at hand.

Table 5: Critical Factors of Success for Case 2

Expat-preneur	Company	Country
Belief	Solid product	Selection of country of entrance
Network	Work with local partners	Knowledge of culture of the country
Perseverance	Alone in Business	Flexibility of laws and regulations

### 4.2.3 Case 3 – IT

#### Expat-preneur

Case 3 is a man and from Spain. He created in the Netherlands a decentralized storage platform for businesses or individuals to stock their data with confidentiality and safety. He is

currently 21 years old and started his business when he was 19. He is not married and has no children. He created this company as he realized that data in conventional platforms (such as Dropbox or Google Drive) is not highly protected and that prices are too high. So he saw an opportunity to create a new platform that is more secure and cheaper than large platforms.

Case 3 holds a bachelor in International Business Administration from the Rotterdam School of Management. Prior to starting his business, he worked for several years at a large hosting company. He therefore had some experience in the centralized storage industry, but he did not have any in the decentralized industry.

He started the company without any prior knowledge or network in that industry. He had previously started a company in the hosting industry which he sold to finance his current company. His family did not help him in the creation or the management of his company. He established a professional network over the years, as it is a new industry and no-one knew about it until the past few years.

### **International New Venture**

He started the company with his own funds from the sale of his previous company. Today, the company has 7 full time employees. He currently finances the company with an initial coin offering (ICO) the company made in 2017. With these funds, he got the product developed and launched in April 2019.

In terms of strategy, right now the company focuses exclusively on growth and that requires cash. By increasing the customer base, the company expects to be profitable by the end of this year or next year at the latest.

*“It depends on how fast you want to grow. If you raise a lot of money you do not have to wait to be profitable to grow fast and you can focus on growing, growing and growing. This*



*is what Amazon and Uber have done. Now that they are very large, this is how they make money. This strategy is what we want to follow.”*

Compared to Dropbox or Google Drive, his company is cheaper and safer, which constitute his main competitive advantage. Later this year, he plans to go for a Series A investment in order to be able to scale his business internationally and take it to another level after two years of development.

### **Country of Entry**

With regards to the country of entry, he entered the Netherlands. Due to the Dutch educational system, a large majority of the population speaks English. Therefore, it was not necessary for him to learn Dutch and not knowing the language did not affect him. In relation to the business culture, he did not know the culture of the country before starting nor does he know it now.

On the economic environment aspect, he decided to work remotely. He had developers from eastern Europe, as labor is cheaper than in Western Europe. As he works in an industry that is new and very small, he did not only limit himself to the Netherlands.

*“We work in a small industry with very little players so if we would have limited our clients to the Netherlands we would not have been very successful.”*

On the legal side, he mentioned that the Netherlands is very stable and that he did not have any problems on that side.

## Factors of Success

Overall, he believes that the team is the most important factor to take into account when you start a business (Table 6). He stated that for him money and the idea are secondary because if you have a good team, after some reflection and time you will ultimately come up with a new idea. In addition, he believes that past-work experience is key because he believes he would have made less mistakes at the beginning. Furthermore, he believes that technical knowledge, skillful employees and having enough financial capital are essential factors to succeed.

*“I think the team is the single most important thing. The idea and money are not that important. Because if an idea is not good then you can come up with a new one. I found that experience is very important because I made a lot of mistakes at the beginning that I would not have made today. To the factors we discussed, I would add: my technical knowledge, employing skillful employees and the financial capital.”*

Case 3 believes that being an expatriate had no impact on him because he works remotely.

Table 6: Critical Factors of Success for Case 3

Expat-preneur	Company	Country
Education	Talented employees	
Past work experience	Team	
Technical knowledge	Financial capital	

#### 4.2.4 Case 4 - IT

##### Expatripreneur

Case 4 is a man from France. The company was established in the Netherlands. He created with his co-founder a platform for restaurants to digitalize orders in restaurants via a webpage connected with smartphones, without the need of an application. He is currently 21 years old and started the business when he was 19. He is not married and does not have any children.

He holds a bachelor in International Business Administration at the Rotterdam School of Management. He did not have any past-work experience before starting his company. He says that this was at his disadvantage because he did not have any network nor experience to build upon.

*"I never worked before so I had no network or past-work experience to help me".*

In addition, he did not have any prior knowledge or network in the IT/restaurant industry. He said that he has been thinking on this idea since high-school but never had the chance to really work on it because he directly went to do a bachelor's degree. His family was very helpful, not only with financial resources but also with experience. Both his parents are entrepreneurs and helped him, especially to start the business. In terms of professional contacts, he did not have any network to build upon. Over time, he has built his own, which is vital for him today.

## **International New Venture**

Case 4 financed the company with the money his father gave him for his living expenses. This was extremely helpful and valuable for him. Without their help, he could not have started his company.

*“We invested our own cash with the help of our friends and family.”*

He mentioned that in digital start-ups, you play in an opportunity that is time dependent. Therefore you need to move fast, which means raising money fast. However, he said the problem with all these IT companies is that they are better at raising and spending money than making money. The key is to have cash in your bank account or else you cannot survive and grow. It can be your money or investors' money.

*“IT companies are good at raising and spending money but they are not good at making money. Generally, in digital start-ups you play in an opportunity that is time bound. You need to play fast and move fast in raising money. Usually you raise money faster than you make money. At the end, cash is king and that is always what it boils down to. “*

The company plans to raise an investment round which will bring an additional 5 employees and a Dutch director with extensive experience in entrepreneurship. The new employees will mostly be for product development and sales.

As a company, they think that focusing too much on your competitors is a mistake. A better customer service as well as a better user friendly design is their main competitive advantage.

*“Well, of course you should look at what they do, but the main focus should be on what you are doing and what you can do to offer a better service to your customers.”*

### **Country of Entry**

With regards to the country of entry, they entered the Netherlands, an English friendly country. In fact, this expat-preneur believes that coming from abroad brings in a sense of legitimacy because restaurant owners think this concept was created abroad and is not “Dutch made”, therefore it must be good.

*“For our industry, you get some legitimacy when you are non-Dutch because they think it is an American /British innovation and so it is not Dutch made.”*

Interestingly, he believes that the innovation space is mostly in English, thus not speaking Dutch has so far not been a problem. In fact, the segment they are in, in the restaurant industry, is composed primarily of young, educated individuals that look forward to innovation and so English is not a problem. He believes that adapting to the Dutch culture was more complicated but still he believes that they have managed quite well. This can be explained by the fact that they followed an accelerator program in Amsterdam, which provided them insights on the Dutch start-up ecosystem and culture.

With regards to the economic environment, he believes that it was not difficult to find talented employees. In fact, the Netherlands has many good universities with very talented students eager to work. The fact of joining the start-up accelerator program was very beneficial for him and made him aware of all the opportunities given by the Dutch start-up ecosystem. Once you know someone, he will re-direct you to someone else they know that can be helpful

for you. The Dutch start-up ecosystem has built a well knitted network which benefits all the players.

On the legal side, he was amazed by the amount of fines you get in the Netherlands if you do not follow the rules.

*“It is amazing to see the number of fines we got from the tax office.”*

As such, even though everything is really well structured in the Netherlands, it takes some time before you get your business right. However, he believes that since everyone speaks English very well, it is very simple to call any public service for help. As a comparison, he considers public service assistance in the Netherlands to be more helpful than in France.

### **Factors of Success**

Overall, he believes that the team is the most important factor when starting a company (Table 7). In addition, he believes that your co-founder should be complementary to you, and both should agree on the vision of the company. Without this foundation, he believes there is no point in going further. He also believes that it is very important for you to understand the need in the market. He believes that raising funds to grow is not the most important thing to do since, before that, you have a lot of things to handle and to learn that only ex-entrepreneurs or experienced VC's can teach you.

*“The first factor of success, in my opinion, is the founders. You must be complementary.*

*Second, you must be aligned in your vision of the business. The foundation is your team before anything else.*

*Third, you need to understand the problem and the need in the market. To be honest, you should raise funds only to grow your business. Before you reach that point, you have a lot of things to handle that only ex-entrepreneurs or experienced VC's can teach you.*

*Lastly, out of the factors we have discussed, I would add education, past work experience, technical experience and the help I got from my family.”*

He explained that being an expatriate for him was an advantage, as English speaking innovations sound better than local innovations. It brings a sense of legitimacy that restaurant owners look for.

Table 7: Critical Factors of Success for Case 4

Expat-preneur	Company	Country
Education	Help from Family	
Past work experience	Team	
Technical knowledge	Vision	
Analysis of market		

#### **4.2.5 Case 5 – Consulting**

##### **Expat-preneur**

Case 5 is a woman from France. She started her consultancy firm in Germany as a freelance for firms which operate in the marketing and communications industry. She is currently 35 years old and started the firm when she was 33. She did not need a lot of funds to start the company, but used the funds she has saved from her past work. She is married and has 2 children. She mentioned that because she got a child, she decided to become a freelance consultant and have more time, at a comparable salary.

*“Actually, that is one of the reasons I started as a freelance consultant because both my children are very young. They go to the kindergarten. I searched for a job but then I compared the salaries and saw that it was not that different with a freelance job and it also allowed me to follow my passion and be very flexible. I could work from 9 to 4 so it was perfect.”*

As she wanted to see her children grow and to educate them properly, she originally searched for a job but then she saw that the difference in salary between a free-lance consultant and an employee was very low so she decided to opt for freelance. It allows her to be very flexible in her time management.

She holds a Master in Management from SKEMA Business School. Prior to starting her business, she worked as a Chief Marketing Officer at a large insurance company. Then, she moved with her husband to Bangkok, where she created her own digital advertising company. After Bangkok, she moved to Berlin and started her freelance career two years after living there.

This expat-preneur started the business without any help from her family. From her past work experience, she had a good network in France and in Germany, and that helped her to get her first clients.

### **International New Venture**

As stated earlier, she started her company alone with personal funds she had saved from her past work. She started the firm with just a computer and a software that could do basic graphic design but not of high quality.

*“I did not need a lot of funds to start my company. I just needed my computer and a software to do some graphic design but that was relatively cheap. I had my personal computer and internet that was the only thing to start.”*



Interestingly, since she does not know German, she works exclusively with French individuals in Berlin. Since the French expat community in Berlin is large, she has enough clients.

### **Country of Entry**

With regards to the country of entry, since most of her clients are French, she would do most of her work in English or French. Her German is basic hence she focuses on clients that would work in English or French. She did not know anything about the German business culture before starting her business.

*“My German is really basic. The French community in Germany is quite big. I was not good enough to work in German so I focused on French clients. All my communications are either in French or in English.”*

She did not need to hire any employees. In Germany, it is quite easy to start as a freelance: you just need a type of social security number. There is not much to do apart from specific papers you need to fill in. Also, since her turnover was quite low, she did not need to fill in a lot of papers for taxes. She mentioned that the tax declaration process is complex for expatriates and that most expats hire consultants to fill the taxes for them. However, she complained that they tend to be very expensive. The government in Germany is not very helpful with expatpreneurs.

In relation to the legal environment, being French she did not need a working visa. In addition, she explained that the laws and regulations are quite stable in Germany so it was quite simple for her to start and operate her business.

**Factors of Success**

Overall, she believes that having your first clients is key to survive. She said she was fortunate to start a consulting business that requires little capital to start, and it is easy and cheap to grow and scale. The factors that have been important for her in her success are: country of origin, education, past work experience, knowledge of running a company, technical expertise, successful management of bureaucracy, flexibility of laws and regulations and her network.

*“I think that most important is to have your first clients. I did not have to invest a lot. The fact that you can start with just a social security number was helpful to grow and scale. Out of the factors we have discussed, I would say that my country of origin, education, past work experience, knowledge of running a company, technical expertise, successful management of bureaucracy, flexibility of laws and regulations and network were critical to my success.”*

She believes that when you are an expat you should target your expat community because it is easier for you to know their specific needs. Also, the fact of targeting people that have a similar customs and culture, makes it easier for you to start.

Table 8: Critical Factors of Success for Case 5

Expat-preneur	Company	Country
Education	Successful management of bureaucracy	Flexibility of laws and regulation
Past work experience	First clients	
Technical knowledge	Eay to scale	
Country of origin	Little investment needed	
Knowledge of how to run a company		
Network		

## 4.2.6 Case 6 – Consulting

### Expatripreneur

Case 6 is a woman expatripreneur from the United States. The company is in Colombia and provides freelance consultancy services to non-profit companies. She is currently 45 years old and started when she was 43. She is married and has one child. Interestingly, the fact of having a child was a motivator for her to start her business overseas, instead of a burden. It helped her through the flexibility it provided. In addition, child care in Colombia is cheaper than in the US.

*“Interestingly, having a child was a motivator to start a business abroad instead of a burden. It helped me thanks to the flexibility it provided me. I could have child care here in Colombia that was cheaper than in the US. In the US, both parents need to cook, take care of the child and handle the business which makes life harder than in Colombia.”*

The expatripreneur holds a BSc in Latin American Studies from Yale University. She has worked her entire career as a freelance consultant. She started her career in 1997 with a range of non-profits organizations. Her work experience at a famous non-profit in the United States has served her as a model for the rest of her career. In fact, most of the work she does now in Colombia is related to her work in the US and mostly in development consulting. She had never created a company before but her experience at that company was critical in creating her firm.

Her family did not help her directly but they really supported her initiative. They are very proud to see that she managed to learn and grow a business in another country by herself. The network she developed at the large non-profit was key, because without it she could not have started anything. Referrals from people that worked in the industry was also quite important. Overall, she explains that a professional network is key to be successful.

## **International New Venture**

She started her company with very little funds, with her work experience at a large non-profit organization. Her main advantage was that she started a business in the consulting industry which did not require a lot of start-up funds.

*“I did not need a lot of start-up funds to start my business”.*

The low funds plus the low cost of living in Colombia were motivating factors for her to start her company. She works by herself but she engages contractors when she is very busy. Her main advantage of her business is flexibility, many times through doing business in the internet.

*“I can do anything my clients ask me except being there in person in 5 minutes”.*

## **Country of Entry**

She knew some Spanish before coming to Colombia but she said she was not fluent. As mentioned earlier, she works mainly remote so most of her clients are in the United States. She did not really need to know about the business culture of Colombia because most of her clients are in the United States. So she said that she did not have any cultural issues to overcome.

She also did not need to hire any local employees nor was affected by the local infrastructure. She did experience some problems related to banking system in Colombia. In fact, she believes that it is quite complex and that since most of her clients are in the United States, they do not know about it. She therefore has to plan in advance.

**Factors of Success**

Overall, she explains that the one most important factor to be successful in her business was her network. In addition to this, other key factors for the success of her business in Colombia have been: the country where you start the business, marital status and number of children, education, past work experience, technical expertise and low cost of living.

*“My network has been crucial. I used to look at this as something secondary, but in fact it is really crucial, especially in consulting. Out of the factors we have just discussed, I would say the country where you start your business, marital status/children, education, past work experience, technical expertise and low cost of living have been key to my success in Colombia.”*

For her, being an expatriate is advantageous because it allows her to take on more risks. She would not have taken that much risk in the United States, clearly she said living in Colombia bought her time as cost of living is cheaper.

Table 9: Critical Factors of Success for Case 6

Expat-preneur	Company	Country
Education		Selection of country of entrance
Past work experience		Low Cost of Living
Technical knowledge		
Marital Status/children		
Network		

## **4.2.7 Case 7 - Manufacturing**

### **Expatriate-preneur**

Case 7 is a man from Japan. His company operates in the car manufacturing business and produces components for large car producers (Toyota, BMW and Volvo) in Brazil. He is currently 40 years old and started the company when he was 30, with funds he had saved from previous jobs. He is a serial expatriate-preneur and has created 7 companies over the years. He is married and has one child, he opened the company before he had the child so that did not influence him.

Case 7 has an MBA from the Fundação Getúlio Vargas. Prior to starting his business, he worked as a plant manager at a large textile company. Even though it was not in the same industry, this experience was highly important because as a plant manager, he was responsible for all the operational aspects of the company. He learned about managing people and the different departments of a factory.

In the beginning, he had some help from his father, who worked on the financial aspects of the company.

*“At the start, I could not hire anyone so my family was of great assistance. I needed help when I received a lot of orders at once. In terms of professional network, I was fortunate enough to have my own network. This was vital in creating my own company.”*

### **International New Venture**

He started his company alone with personal funds. He sold his two apartments and his car. He jokes about it but he really invested all his funds. He mentions that doing that was necessary because almost all companies in Brazil go bankrupt because of problems of cash flow.

*“Cash flow is the most important. 90% of the companies in Brazil fail because of cash flow problems. This is why I sold everything so that I had cash in the bank.”*

The company started with only one employee, then quickly went to five employees in one month and is now stable with around 68 full time employees.

The strategy was clear from the start, he needed differentiating elements from his competitors. He had four: more knowledge, imported products, tax benefits and a 24/7 customer service.

*“First, we had more knowledge than the other competitors. We implemented ISO 9001, an ethnic department and had public certifications. Second, we do not produce all the components ourselves, we import some components that are cheaper than producing locally. Third, we obtained tax benefits that most of our competitors do not have. Lastly, we have a 24/7 customer service department.”*

## **Country of Entry**

With regards to the country of entry, he had done his education and worked in Brazil so that was very helpful. He knew Portuguese. Since he has worked previously as a plant manager, he understands the local culture. He still had to deal with some issues in dealing with suppliers from different countries and in adapting to them. For instance, handling orders in China for car components was quite difficult.

In relation to the economic environment, it was quite difficult for him to get talented employees because of local problems in Brazil. In this country, it is very difficult to find honest people that are going to manage ethically your factory when you are not there.

The government was not extremely helpful but did provide some tax advantages that helped him grow. Lastly, on the legal side, he mentioned that Brazil is very bureaucratic and that this heavily impacted the business. Things in Brazil take more time to get done, so you have to handle local authorities with a lot attention and patience.

### **Factors of Success**

Overall, he believes that you need passion in order to grow and scale. Then, the expat-preneur needs to do business in a way that is different from competitors. Lastly, he needs to be persistent and have trust in his team. In addition, out of the factors discussed in the interview he mentioned education, past work experience, knowledge of how to handle a team, his financial capital, his strategy, his technical expertise, his network and the hiring of talented employees as critical for his success.

*“First, you need to have passion. You need to find ways to do business in a different way than everyone else. Second, you need to be persistent and have trust in you and in your team. Also, affordable cost of living did affect the success of my business. Out of the factors we have discussed together, I would say education, past work experience, knowledge of how to handle a team, technical expertise, network, financial capital, my strategy and finally the hiring talented employees has contributed to my success.”*

In the whole, he believed that being an expatriate was disadvantageous for him because people tend to trust other people that resemble them. It is a matter of trust and network; if nobody knows you, how can they prefer you. Also, in your own country, people are more willing to help you because they can relate to you.



Table 10: Critical Factors of Success for Case 7

Expat-preneur	Company	Country
Education	Differentiating elements	Affordable cost of living
Knowledge of how to manage a team	Hiring of talented employees	
Technical Knowledge	Team	
Network	Financial capital	
Past work experience	Strategy developed	
Passion		
Trust		

**4.2.8 Case 8 - Production**

**Expat-preneur**

Case 8 is a man from Germany. The company was established in Colombia. He created this company with his elder brother. The company sells organic non-carbonated juices, positioned as refreshing drinks. He is currently 28 years old and started the company when he was 23. He is not married and has no children.

He holds a bachelor in Business Administration from the University of Hamburg. While studying his bachelor, he worked for several beverage companies. He also knew the founder of a large organic certified juice drinks company in Germany.

In addition, he had a solid network to build upon. He created this business with his brother, which had more experience in the beverage industry. His brother had worked for a large beverage company producing a substitute of Coca-Cola. In addition to his brother, he had a large professional network to build upon, with the contacts both brothers have made while working in Germany.

## **International New Venture**

He financed the company with funds they managed to raise from investors. They raised 200 000 dollars which helped them to develop the product, launch production trials and pay employees, mostly in the marketing and sales division. He believes in relation to financing that if you want to scale then you need to have cash in the bank to grow. At the moment, they are making their decisions on a cost-based strategy but they want to be able to do more strategic decisions. They hope to raise an investment round by the end of 2019, in order to really scale.

*“We hope to close a large deal to really be able to scale-up and make strategic decisions because until now it has been mostly cost-based.”*

The company currently operates with 6 full time employees, with 3 employees in Bogota and 3 in Medellin. All of their employees are from Colombia. They do not have a lot of employees because their business model is very light. They buy all the organic fruits for their products, outsource all the production to local plants, and focus all their efforts on sales and marketing. By doing so, they manage to have a reduced number of employees.

Concerning this business strategy, to outsource all the production and focus solely on sales and marketing, they have copied it from a company they had previously worked for.

*“We understood how successful beverage companies succeed. The company I worked for also did the same. They outsourced all the production and focused mostly on the commercialization namely marketing and sales.”*

They asked their former company advice about production, sourcing of materials and packaging. Without their valuable help, their company would not have survived. Their main

difference from Coca-Cola and Postóbon, the local competitors who control 92% of the beverage market in Colombia, is that they do not offer fresh juices.

*“We realized that 92% of the market was dominated by Postóbon and Coca-Cola. They mostly have really sweet drinks. They do not have healthy and premium drinks in the juice segment so we found an opportunity and started to exploit it. We realized that if we did not do it someone else would have done it.”*

The company sells 100% organic certified products that are sealed and have a shelf life of more than a day. This is their main competitive advantage compared to fresh juices. Their main target group are people who go on outdoor activities and care about having a healthy juice that can be closed.

### **Country of Entry**

The expat-preneur spoke some Spanish but in the beginning he was not fluent. He explained that in Colombia, most of the people do not speak English so after three months, he became proficient in Spanish. Concerning the local business culture, it took him some time to adapt, because in Colombia people take a lot of time to do their investigations in order to be certain that they can trust you and that they are willing to work with you.

*“It cost us a lot to adapt to Colombia. Especially, when you are an entrepreneur and you are financially low it can be quite suspicious. Like in other countries in South America, they do their investigation and it can take weeks or months.”*

Another cultural aspect he had to deal with is that in Colombia, things take much more time to get done compared to Germany. For instance, he explained that once there was a problem with a machine they had bought in the production plant and it took them one month in order to repair it. The problem is that in Colombia, the local's take it very personal if you question them. For instance, some suppliers stopped working with them because they believed they were too harsh.

*“In Latin American you cannot criticize what they do. Here, they take it very personal. Some even did not want to work with us anymore.”*

As he is German, he believes this really changes from his home country, where everything is on time and criticism is accepted.

In relation to the economic environment, he mentioned that it was difficult to hire talented employees because although the youth is generally well educated, unemployment is high and many people apply to jobs but are not motivated to join a start-up. Human resources has been one of his biggest problems.

*“Education is developing in Colombia. You see a lot of young well educated people. To hire them, it is very hard. We have many candidates applying for jobs, but it is hard to find the right people for our company because it is very innovative.”*

The government in Colombia did not help them in any way, he would have wanted some more help but he understands that the government has other more important priorities.

Concerning the legal environment, he easily got a working visa to start his company. But he was surprised by the amount of bureaucracy in Colombia. For instance, he explained that in order to sell organic products, you need a seal. An American or European company who

have their home organic certified seals, cannot sell in Colombia because they do not have the Colombian seal. Paradoxically, the requirements for the European and American seals are much higher.

*“Colombia has its own organic stamp certification. You can have the European and the US certifications but you cannot call the products organic if you do not have the stamp from Colombia. Foreign companies do not want to invest into entering Colombia. Europe and the United States have higher standards than the ones from Colombia yet the producers cannot call their products organic. They do this to protect the market.”*

He believes Colombian bureaucracy is there to protect local businesses from foreign investment. Lastly, he was surprised by the low corruption as well as the fact that the laws and regulations are quite stable.

### **Factors of Success**

Overall, this expat-preneur believes that the most important factors for his success were his flexibility and patience. Apart from these, he also mentioned adapting to the local culture and the importance of networks. In fact, he believes that networks are more than 50% of a business. From the other factors discussed, he mentioned language, past work experience, education, his financial capital, his strategy, the team and the successful management of laws and regulations as key elements of his success.

*“If you are an international entrepreneur and want to be successful, and this does not matter the country, you are going to enter a market and then you need to be very flexible and*

*have a lot of patience. It is a lot more complex than you will think. Even if you believe you have thought about everything, it is not going to be the case.*

*In another culture, it is even harder to be an entrepreneur. Then, you need a lot of patience to learn the new culture and its way of doing business. You need to be very open and extraverted and able to connect to other people.*

*Starting a business is more than 50% networks, people you know that can help you or that are going to talk to you. You can ask them and how to solve a problem. If you work for a company for 20, 30 or 40 years, then the probability that you know someone that can help you is much lower. Then going to a new country and not knowing anyone makes business much harder. The circle of people you know is very important and you need to pay a lot of time and attention developing that part of your business: going to events, meeting new people, being open, just to always know more people. This is key in scaling up.*

*From the factors we have discussed, I would say language, past work experience, education, financial capital, my strategy, the team and the successful management of laws and regulations were critical for our success.”*

For him, being an expatriate was both beneficial and detrimental because on the one hand, it allowed him to create a company with less funds than in Germany, but on the other hand, he had to adapt to a whole new culture. In fact, 10 000 euros converted in Colombian pesos is a lot of money whereas in Europe it is not seen as a large amount. As such, being German in Colombia was really advantageous and he could hardly see a Colombian starting a company in German due to the financial burden.

Table 11: Critical Factors of Success for Case 8

Expat-preneur	Company	Country
Past work experience	Team	Adapting to local culture
Technical Knowledge	Financial capital	Successful management of bureaucracy and laws
Network	Strategy developed	
Patience		
Flexibility		

**4.2.9 Case 9 – Natural Resources**

**Expat-preneur**

Case 9 is a man from Spain. The company produces cement in Kazakhstan. He is currently 52 years old and started his company when he was 32. He is a serial expat-preneur and has created over 7 companies through the years. He is married and has 5 children. He had saved some money from his previous jobs but has mostly raised money from investors when starting his companies. The fact of starting companies in emerging countries helped him a lot with his children because he could easily get help with duties at home.

*“I worked in a country with low income standards, so it was easy to get help at home. In addition, when you are an entrepreneur you have more flexibility with your time, you can work when you want to and not when you do not feel like it. You do not have the constraints of a large company.”*

He is a chartered civil engineer from the Escuela Tecnica Superior de Ingenieros de Caminos and holds an MBA from HEC Paris. Prior to starting his cement business, he had worked in many different industries namely: real estate, hospitality and construction. The cement company was his third company, so he had extensive experience in creating and running businesses.

He did not have any help from his family and he had no other help while starting the cement business in Kazakhstan. He learned the business while operating it. Over the years, he managed to create his own professional network.

### **International New Venture**

He had no money to start the business at the beginning. However, he was fortunate to have had some experience as a fund manager which helped him raise funds from investors. Being his third company, he had already done it two times before. Generally, he creates companies with people who have one or more of three characteristics: either they have money, a good idea or useful skills.

*“I normally start a company with friends or investors that like the idea and trust it. Either they join because they have money, a good idea or useful skills.”*

The company currently has approximately 800 employees. The amount of employees largely fluctuated with the years. When he bought the plant, the factory was not operating and he had to hire almost everyone from the village to re-start it. Over the twenty years of operation, he stabilized the number of employees to about 800. Now, it is a public company listed on the stock market.



His strategy is to be as low cost as possible with a good location to distribute to the different customers in Central Asia. The company is currently debt free so they are now in the cash flow period.

*“We are cost based and we are close to the capital. The company was built over many years. We took a lot of debt in the past, now we have paid it all so we are much more comfortable. We are now in the cash flow period.”*

### **Country of Entry**

At the time of starting the company, he did not know any Kazakh and he still does not know the language. Fortunately for him, Kazakhstan is one of the ex-soviet countries, so at the time everyone spoke Russian. In fact, today Russian is still the business language. Also, in Kazakhstan local people do not have much respect for the law. If you are a foreigner you must know that it does not work the same as in Europe. You must be extremely vigilant of the risks that you take and know that the it is not a 100% fair game.

*“You must know that the law is not the same as in Europe. You have to be careful of the risk you are taking. It is very different from Europe. You take fundamental risks. In a place where the rule of law is not 100% fair, it is important to know how you play football.”*

With regards to the economic environment, he mentioned that it was not always easy to hire talented employees due to ethic issues or to corruption. Also, in 1999, the government of Kazakhstan did not have money to assist entrepreneurs. However, they did provide him with tax incentives.

*“At that time, they only gave you some tax incentives but today they give you better loans at a fair interest rate.”*

He mentioned that today local banks can provide assistance to entrepreneurs but the interest rates will be much higher than in western banks due to the higher risks involved. However, he believes that establishing a good relationship with local banks is key because they are located closer to your company and can be of great help in the case of an emergent issue. So, he believes it is easier to create a company today in Kazakhstan as the country is developing.

Lastly, concerning the legal environment, he said that you get an automatic visa if you start a company and the government is trying to get more people to become residents. Bureaucracy and stability of laws were quite tricky for him to handle. Lastly, when dealing with the local government or authorities he recommends to handle them with a lot of care and patience. You should be extremely careful not to antagonize government officials.

### **Factors of Success**

Overall, he believes his success is due to a number of factors. First, a detailed analysis of the industry and the barriers to entry. Second his persistence was key: being able and willing to work extremely hard to fulfill your objectives. Third, a solid experience in raising funds from external investors. Fourth, the fact of not underestimating luck, which you need in order to grow a successful company. Lastly, you need a good relationship with local banks and investors. In addition to these factors, others discussed in the interview and that he considers key for his successful company are: country of entry, education, past work experience, technical knowledge of how to handle and manage a firm, his financial capital, his strategy, the team, ease of hiring talented employees and easiness of obtaining a visa.

*“I believe success is due to a number of factors: Number one, is to analyze the sector very carefully. Where are the opportunities and threats? Is there a need for your business? What I am going to do is useful?*

*Number two, check the barriers to entry, make sure you are not going to get copied by someone else very quickly. You must make sure you have some head start whether it is technology, size, money, sector, regulatory, environment.*

*Number three, you need to be prepared to work extremely hard. You do not know what the future will be.*

*Number four, you need to be good at raising money and selling your product and yourself. It is an essential part. You are going to spend a lot of time selling your projects more than your products. That means meeting banks, investors and newspapers. So at the heart most entrepreneurs tend to be good salespeople.*

*Lastly, luck is very important. If you have bad luck, then you have to restart. It is easier to restart in Northern countries but in Southern European countries it is not. You have to take the risk, banks and investors should not call you a criminal as long as you did your best. You should be able to do it again.*

*Shortly, banking facilities are also important to consider. Ideally, in the country of entry. You need to diversify the number of banks you use and the number of investors you have. It is more complicated to organize but it is worth on the long run.*

*From the factors we have discussed, I would include country of entry, education, past work experience, technical knowledge of how to manage a firm, team, financial capital, strategy, ease of hiring talented employees and finally the easiness of obtaining a visa.”*

He believes that being an expat is disadvantageous because you need to work very hard for local's to trust you and you need to understand a new language and culture. But if you are good at what you do then your chances of success are high.

Table 12: Critical Factors of Success for Case 9

Expat-preneur	Company	Country
Detailed analysis of market	Good relationship with banks/investors	Country of entry
Experience in raising funds from external partners	Team	Ease obtaining a Visa
Persistence and hard work	Financial capital	Ease of hiring talented employees
Technical knowledge of how to handle a business	Strategy developed	
Luck		
Check barriers to entry		

#### 4.2.10 Case 10 - Logistics

##### Expat-preneur

Case 10 is a woman expat-preneur from Colombia. The company was created in the United States. It delivers packages from the United States to Panama, Colombia and Ecuador. She is currently 52 years old and started her business when she was 46. She is married and has 3 children. She started this business as she was sending a lot of packages to her family in Colombia and she was dissatisfied with the price and service that were offered. She got married very young so her children were already quite old when she started her business. On the children's side, she says that it was not an issue.

She holds a BSc in Marketing and Advertising from the Universidad Unilatina de Bogota. Prior to creating her company, she had worked in three large companies, Alpina Colombia, Bavaria Colombia and Bavaria Ecuador. These experiences were very helpful for her because she learned about strategy and the overall structure of a successful company. She

had no experience in logistics or in supply chain, when she started her business. This was the first company she created.

She started this business with the help of her elder daughter. In addition, she got the help of suppliers. She managed to get the exclusive franchise of Avianca for the United States, the largest airline and transport company in Colombia. Once they signed the franchise agreement, she entered the Avianca system and they helped her, but the learning process was long and required adaptation.

*“I had no experience in logistics and a little in supply chain. It was not hard to learn but the process took time (tariffs, competitors, etc.).”*

Furthermore, the treaty of free-circulation of goods between Colombia and the United States really helped her in developing her business.

### **International New Venture**

She started the company with her own funds and did not take any loans. She explained that she experienced a staged growth.

The company currently has 5 full time employees. They sub-contract all the customer service. The employees are mainly responsible of registering the packages and sending them to the countries of destination.

Her business strategy has been lean from the beginning. The license agreement with Avianca and the free-circulation of goods signed between the United States and Colombia, really propelled her business. Using Avianca’s system was extremely valuable for her as it is efficient and has a large customer base and fleet of planes.

*“We got into the system of Avianca and the process of learning was quite fast but you need to remain flexible and continue finding customers and services in Colombia and in the other countries.”*

### **Country of Entry**

In relation to the country of entry, she operates from Miami, one of the largest Spanish speaking cities in the United States. As such, she did not need to learn English. Almost all her customers, are from Latin American origin. However, she believes that not knowing the language was detrimental and inhibited her from scaling faster. She thinks that people living in the United States have different habits than those living in South America. The later get influenced by the United States. For example, she explained that in the United States, they pay your salary per day or per week while in Colombia it is per month. As such, people manage their finances completely differently depending on the place where they live.

*“The system in the United States works very differently so you get influenced by this and it changes your habits. I think I had to learn those habits. For example, in Colombia they pay your salary per month. In the US, it is per day or per week. People manage money in a completely different manner than in Colombia.”*

In terms of the economic environment, she explained that it was not easy to hire talented employees as most of them want to work remotely. As such, it was hard to find employees that were motivated and eager to learn her business. The government did not help her and she did not receive any tax advantages.

On the legal side, she mentioned that opening a business in the United States was very easy because you do everything yourself, online. As long as you pay your taxes, the government

will leave you alone. To compare, in Colombia people try to pay less taxes, not always in a legal manner. In the United States, they control your taxes so you cannot do that. Furthermore, it takes only one month to open a company in the United States, which would have taken much more time in Colombia. The bureaucracy is much higher in Colombia than in the United States. Overall, she believes that the United States anticipates much more than Colombia as they force you to pay long before the deadline. For instance, she has to pay her license fee every year but they only give her four months to pay or else you get a fine. As a result, the company has a better cash management system and plans ahead, which is not the case in Colombia.

*“We have a license to operate and we have to pay once a year but they send you the invoice payable in only four months and then if you do not pay you get a fine. In sum, they anticipate in the US which they do not do in Colombia.”*

### **Factors of Success**

Overall, she believes that a solid analysis of market was key to becoming successful. Then, she mentioned that having enough capital and cash is crucial, especially in the first two years. Lastly, she believes that having a solid team to help her was crucial in her success. From the other factors discussed during the interview, she believes that language, work experience, knowledge of how to run a company, her financial capital, her strategy and knowledge of the culture were crucial to her success.

*“In terms of success factors, first, I would say it is the study of the market, you need to know your market very well. The second one, I would say is that to have enough funds because the first and second year, it is going to be very slow. So keeping a close eye on your finances is very important. Also, the team is very important.”*

*From the other factors discussed during the interview, I would say language, work experience, knowledge of how to run a company, financial capital, my strategy and the knowledge of the local culture where the most important on becoming successful.”*

She believed that being an expatriate was disadvantageous. For instance, she mentioned that if you want to talk to banks it is crucial that you speak the country’s language.

Table 13: Critical Factors of Success for Case 10

Expat-preneur	Company	Country
Detailed analysis of market	Financial capital	Knowledge of language
Past work experience	Team	Knowledge of local culture
Knowledge of how to run and manage a company	Strategy developed	
Personal Capital		

#### **4.2.11 Case 11 - Retail**

##### **Expat-preneur**

Case 11 is a man from the United States. He sells up-scale emerald jewellery to individuals in his numerous stores in Cartagena, Colombia. He is currently 72 years old and started the business when he was 62. He is married and has one child and two step-children. The fact of having children was not an issue for him because when he arrived to Colombia, he was not married and his son was already an independent adult.



He holds a BSc in English literature from San Francisco State University, a business degree at Thunderbird School of Graduate Studies and an MBA from the University of California at Berkeley. Prior to starting his business, he worked as a management trainee at a large bank in New York. In his job, he did not feel satisfied and decided to become a middle man in the precious metal industry selling exclusively to manufacturers of gems. He was selling them gold and silver to produce their jewellery. After many years in this business, he decided to go to Colombia to start a ranch family business, as his brother and father were farmers.

For his emerald business, he did not receive any help from his family. However, he entered the emerald business when he got the opportunity to work as a manager of a large gem store in Cartagena. As he needed to wait the crops to grow, he decided to accept the position for just a few months. As he was single, he accepted and eventually he became a full time partner in that store. After a few years, the lack of tourism in Cartagena made the business collapse and he decided to start his own business.

### **International New Venture**

He started his company with the funds he has saved from his previous emerald's store. It was not profitable for him to get a loan from the banks because of the high interest rates linked to the inflation in Colombia.

*“I was kind of forced to go out on my own. In Colombia, it is hard to get money from the bank, as due to the inflation, the interest rate was above 3% a month. I was as risk-averse as I could be. The bank situation was important.”*

Today, the company has five full time employees responsible for sale in his shop in Cartagena. Majority of his sales - 95% - are reliant on cruise ships that enter this city. Over the

years, he has developed strong partnerships with them. They are very interested in buying emeralds as Colombia has the reputation of having the finest emeralds in the world. He tried to open a shop in Panama but it was less successful as the country does not have a reputation regarding emeralds.

### **Country of Entry**

With regards to the country of entry, he mentioned that he lived as a child in Chile and Colombia because his parents were expats. The fact that he was a child made that he could not get a sense of the business culture but he was able to pick up some cultural traits that are distinctive to Colombia.

Concerning the economic environment, he does not like to hire a lot of employees because it makes it more complicated for him to manage the business. He thinks that the system in Colombia is very equalitarian and helps local entrepreneurial activities.

With regards to the legal aspect, he had no problem obtaining a visa to start his business. However, he was surprised by this very bureaucratic aspect of Colombia. He associated it to the Spanish colonial times and that it is very Latin american to have numerous seals and taxes imposed to foreigners. He mentions that the largest problem with the emerald business is that it is not well regulated. The government struggles putting in place procedures and rules because people at the bottom, miners, never tell anyone the truth. As such, it makes it very hard to legitimize the business and to make it compliant with normal business practices.

*“The problem with the emerald business is that the government has not been able to regulate it. The emerald business is affiliated with criminals and smugglers. At the very bottom of the business, miners do not tell anyone the truth. So it is very hard to make it legal and to make it compliant with normal business practices.”*

## **Factors of Success**

Overall, he believes that what is needed to become a successful expat-preneur, is to know the language of the host country. In addition, knowing the culture and business customs is crucial. For instance, he explains that you cannot expect anyone in Colombia to arrive on time to meetings. Cultural sensitivity and trust are in his opinion the two most important factors to succeed as an expat-preneur. From the other factors discussed during the interview, he mentions that education, past work experience, personal capital, flexibility in management of laws and regulations, knowledge of how to start and run a business, his financial capital, his strategy and the hiring of local employees, were the most important factors for his successful business.

*“On the international side, the languages, social and business customs of the country you enter are as critical as everything else that has to do with your business. For instance, in Colombia you cannot expect someone to be overly on time. So, I think cultural sensitivity and language are crucial. Trust is also key. Lastly, planning in advance is also very important.*

*From the factors discussed during the interview, I would mention education, past work experience, personal capital, flexibility in management of laws and regulations, knowledge of how to start and run a business, my financial capital, my strategy and finally the hiring of local employees.”*

Overall, he believes that being an expatriate has been both advantageous and disadvantageous for him because some people just dislike Americans while other’s really like working with them. As he has been working in this business for over forty years, he has brought some key contributions to the emerald business: being on time, being fair and most importantly paying on time. He really believes that his honesty has made him last for all those years.

Table 14: Critical Factors of Success for Case 11

Expat-preneur	Company	Country
Education	Hiring of local employees	Language
Past work experience	Planning in advance	Knowledge of culture and business customs
Knowledge of how to start and run a business	Financial capital	Flexibility of laws and regulations
Personal capital	Strategy developed	
Trust		

### 4.3 Failed Cases

As it was extremely difficult to find people who were willing to discuss their failed businesses, it was decided to interview several of the successful serial expat-preneurs who also had failed companies. As such, Case 7, 9 and 11 from the previous section correspond to the Cases 1, 2 and 3 in this section, respectively. Having done the presentation of these expat-preneurs before, this section will go directly to the factors related to their failures. Please refer to the previous section for a description of the expat-preneur.

#### 4.3.1 Case 1 – Architecture

##### Factors of Failure

Case 1 is the Japanese expat-preneur who created a manufacturing company in Brazil. The company failed because the expat-preneur was too focused on his other businesses. Additionally, he was not an architect so he did not know the business he was operating in. Also,

the scale of the business was not large enough for him to spend the amount of time and resources that such business required, not to mention the corruption in Brazil in that specific sector.

*“The main reason the architectural project failed was focus. When you do something and you do not know everything. This one was harder to learn. I focused on the companies that made me the most money and required least amount of time. Moreover, the scale of the market was not large enough to lose that amount of time and resources, not to mention the corruption.”*

Table 15: Critical Factors of Failure for Case 1

Expat-preneur	Company	Country
Lack of focus	Required too much time and resources	Corruption
Lack of knowledge of industry	Scalability was an issue	

**4.3.2 Case 2 – Finance**

**Factors of Failure**

Case is the Spanish expat-preneur who created the cement company in Uzbekistan. The company made investments in Central Asia and lost considerable amounts of money investing in banks in Uzbekistan. In 2009, following the financial crisis, the government decided to nationalize the banks. As such, instead of buying out investors, they issued themselves shares under the market value to regain control of the banks. As a result, private investors in those banks were “kicked-out”, instead of buying back their shares for a premium. He discussed that several reasons explained his failure: the risk of nationalization, one that you cannot foresee, but more importantly, investing in an emerging market that is not ready for foreign investment.

*“We invested in Uzbekistan banks and the government decided to take control of them. But instead of buying everyone out at a decent price, they issued themselves shares at the price they wanted. Thus, they became majority shareholders. The problem was the risk of nationalization and government changing the laws. It was my mistake to invest in a country that was not ready for foreign investment.”*

Table 16: Critical Factors of Failure Case 2

Expat-preneur	Company	Country
Risk taking person		Risk of nationalisation
		Country not ready for foreign investment
		Unwillingness of the government to buy-out investors

### 4.3.3 Case 3 – Agriculture

#### Factors of Failure

Case 3 is the American expat-preneur who created an emerald business in Colombia. The company was growing grass to be given to animals. The original plan was to scale and buy another major piece of land to expand the business. Unfortunately, it did not go as planned due to the violence and theft in the country, that prevented them from developing their business.

*“The main factors of for being unsuccessful were violence and theft.”*

Table 17: Critical Factors of Failure Case 3

Expat-preneur	Company	Country
		Violence
		Theft

## **5. CROSS-CASE ANALYSIS**

The previous results chapter analyzed and summarized the factors of success for each case. In this chapter, the cases are compared to reveal patterns that emerge from the data. This chapter aims to converge the data into a coherent interpretation of the results.

Three analyses will be conducted. First, the factors of success will be analyzed by industry and then a second analysis will be made across all industries. Due to lack of time and resources, it was not possible to find failed companies within a similar industry. Therefore, only the second analysis will be conducted for the failed cases.

### **5.1 Analysis by industry**

After conducting the pilot interview, it became clear that several factors of success were industry dependent. Therefore, the successful cases were grouped by industry. Due to lack of time and resources, some cases were grouped in related , not identical industries.

Overall, five industries were represented in this study: E-commerce, IT, Consulting, Manufacturing/Production/Natural Resources and Logistics/Retail. Two companies are active in the E-commerce sector (Case 1 & 2), two in the IT industry (Case 3 & 4), two in Consulting (Case 5 & 6), three in the Manufacturing/Production/Natural Resources (Case 7 & 8 & 9) and two in the Logistics/Retail (Case 10 & 11). The analysis for each industry will be conducted separately. It was decided to have at least two companies in each industry, to be able to evaluate replication of factors.

## 5.1.1 Successful Cases

### 5.1.1.1 Industry 1 – E-commerce

Table 18: Critical Factors of Success for Case 1 & 2

	Case 1	Case 2
Expat-preneur	Education	Belief
	Past-work experience	Network
	Technical experience	Perseverance
	Multi-capable founder	
	Personal capital	
International New Venture	Business strategy: staged, sustainable and slow growth	Solid product
	Work with local partners	Work with local partners
		Alone in Business
Country of entry	Easiness of getting a working visa	Selection of country of entrance
		Knowledge of culture of the country
		Flexibility of laws and regulations

In e-commerce, the factors related to the “expat-preneur” were considered more important than factors in other categories, they spontaneously mentioned factors of success related to the expat-preneur as the major determinant of their success. A difference is that Case 2 did not mention any demographic characteristics as being important towards his success whereas Case 1 put significant emphasis on her own skills and characteristics. A clear similarity between the cases is that they both emphasize that working with qualified employees is key to their success. The location and physical storage of goods are of high importance. For instance, placing a warehouse in a developed country is less risky than placing it in an emerging country.



### 5.1.1.2 Industry 2 – IT

Table 19: Critical Factors of Success for Case 3 & 4

	Case 3	Case 4
Expat-preneur	Education	Education
	Past work experience	Past work experience
	Technical knowledge	Technical knowledge
		Analysis of market
International New Venture	Talented employees	Help from Family
	Team	Team
	Financial Capital	Financial Capital
		Vision
Country of entry		

In IT, it can be seen that both expat-preneurs considered country of entry related factors to be “not relevant” towards their success. This can be explained by the fact that this industry is less country dependent as with the internet they can work in any country. In addition, both founders created their company in the Netherlands. As such, they did not consider learning the local language. Overall, both founders agreed on what factors were key in their success: human capital factors, the management team and financial capital.

### 5.1.1.3 Industry 3 – Consulting

Table 20: Critical Factors of Success for Case 5 & 6

	Case 5	Case 6
Expat-preneur	Education	Education
	Past work experience	Past work experience
	Technical knowledge	Technical knowledge
	Country of origin	Marital Status/children
	Knowledge of how to run a company	Network
	Network	
International New Venture	Successful management of bureaucracy	
	First clients	
	Eay to scale	
	Little investment needed	
Country of entry	Flexibility of laws and regulation	Selection of country of entrance
		Low Cost of Living

In consulting, both founders mentioned the same “expat-preneur” factors that were key in their success: education, past work experience, technical knowledge and network. As consulting is fundamentally people dependent. As with IT, internet based companies are not country dependent. Moreover, establishing a company in an emerging country can be advantageous due to cheaper cost of living. This seems logical as consulting is fundamentally

people dependent. Both expat-preneurs believed that their professional network was an important factor in their success and that low initial investment was also important.

#### 5.1.1.4 Industry 4 – Manufacturing/ Production/ Natural Resources

Table 21: Critical Factors of Success for Case 7, 8 & 9

	Case 7	Case 8	Case 9
Expat-preneur	Education	Past work experience	Detailed analysis of market
	Knowledge of how to manage a team	Technical Knowledge	Experience in raising funds from external partners
	Technical Knowledge	Network	Persistence and hard work
	Network	Patience	Technical knowledge of how to handle a business
	Past work experience	Flexibility	Luck
	Passion		Check barriers to entry
	Trust		
International New Venture	Differentiating elements	Team	Team
	Financial capital	Financial capital	Financial capital
	Strategy developed	Strategy developed	Strategy developed
	Hiring of talented employees	Capital borrowed from F/F/F	Good relationship with banks/investors
	Team		
Country of entry	Affordable cost of living	Adapting to local culture	Ease obtaining a Visa
		Successful management of bureaucracy and laws	Ease of hiring talented employees

In the manufacturing industry, all three categories of factors are important in the success of their ventures. For all three expat-preneurs, their technical knowledge was critical since they

operate in complex and knowledge-intensive industries. Also, all agreed that their strategy, the financial capital and creating a company in a team were essential. Creating a business in these industries was shown to be more complex and with higher risks, compared to consulting or e-commerce firms, both in developed and emerging countries.

Case 9 was the only expat-preneur to mention luck as a key success factor. In a larger quantitative study of success factors of entrepreneurs (Wadhwa et al., 2009), general luck (“good fortune”) was considered important by 73% of the respondents, the third most important factor after experience and management team.

**5.1.1.5 Industry 5 – Logistics/Retail**

Table 22: Critical Factors of Success for Case 10 & Case 11

	Case 10	Case 11
Expat-preneur	Detailed analysis of market	Education
	Past work experience	Past work experience
	Knowledge of how to run and manage a company	Knowledge of how to start and run a business
	Personal Capital	Personal capital
		Trust
International New Venture	Enough finances/cash to survive first years	Hiring of local employees
	Financial capital	Financial capital
	Strategy developed	Strategy developed
	Team	Planning in advance
Country of entry	Language	Language
	Knowledge of local culture	Knowledge of culture and business customs
		Flexibility of laws and regulations

In logistics/retail, both expat-preneurs agreed that past work experience, knowledge of how to run/manage a company and personal capital were key success factors. Also, both agreed that knowledge of the local culture was key to their success, as well as personal and financial capital. Knowledge of the local language was also considered a main success factor, as they operate in an industry that is dependent on customer preferences.

The major difference between the cases was that Case 11 believed that hiring of local employees was key to his success while Case 10 did not mention this factor.

## **5.2 Analysis across industries**

In this section, the analysis will be conducted across all industries. Factors of success are assumed not to differ by industry in order to find meta-factors that were mentioned across all cases. A table will count the number of times each factor was mentioned by the interviewees. Factors that have the highest overall count will be considered as the most important towards the success of an expat-preneur's international new venture. Two separate analyses will be made, one for successful companies and one for failed companies.

## 5.2.1 Successful Cases

Table 23: Count and rank of factors by category

	Codes	Count	Rank
	Expat-preneur	Past work experience	9
Technical experience		8	2
Education		7	3
Network		5	4
Knowledge of how to run a business		4	5
Analysis of market		3	6
Perseverance/ Hard work		2	7
Trust in partners		2	7
Knowledge of local language		2	7
Personal capital		2	7
Belief		1	8
Alone in business		1	8
Help of family		1	8
Vision		1	8
Country of origin		1	8
Marital status/children		1	8
Passion		1	8
Patience		1	8
Flexibility		1	8
Experience of raising funds from investors		1	8
Luck		1	8

International New Venture	Financial capital	7	1
	Strategy developed	6	2
	Multicapable partners/ Team	6	2
	Talented employees	3	3
	Work with local partners	2	4
	Good relationships with banks	2	4
	Slow, staged and sustainable growth	1	5
	Solid product	1	5
	First Clients	1	5
	Easy to scale	1	5
	Little resources are needed	1	5
	Capital borrowed F/F/F	1	5
	Barriers to entry	1	5
	Enough cash in bank	1	5
	Planning in advance	1	5

Country of Entry	Knowledge/Adapting to culture of country	4	1
	Selection of country of entry	3	2
	Easiness of getting a Visa	2	3
	Flexibility of Laws & Regulations	2	3
	Successful management of bureaucracy	2	3
	Low cost of living	1	4

Factors that were mentioned at least four times were considered most relevant. Out of the 42 factors mentioned by the 11 expat-preneurs, nine were cited by at least four expat-preneurs and therefore are the main factors towards becoming successful. These factors are: past work experience, technical expertise, education, network, knowledge how to run and

manage a company, financial capital, strategy developed, multi-capable founders and knowledge/adapting to local culture.

### 5.2.2 Failed Cases

Table 24: Analysis across industries for failed companies

	Case 1	Case 2	Case 3
Expatripreneur	Lack of focus	Risk taking person	
	Lack of knowledge of industry		
International New Venture	Required too much time and resources		
	Scalability was an issue		
Country of entry	Corruption	Risk of nationalisation	Violence
		Country not ready for foreign investment	Theft
		Unwillingness of the government to buy-out investors	

From the failed cases analysis, it can be seen that most of the factors of failure were in the “country of entry” category. All cases mentioned factors of failure linked to the country of entry. As such, from this analysis, it can be concluded that knowledge and adapting to local culture is key towards succeeding in a foreign country. Also, all three expatripreneurs have created companies in emerging countries (Brazil, Uzbekistan and Colombia). Consequently, understanding the local culture in an emerging country seems crucial.

## 6. DISCUSSION AND CONCLUSION

### 6.1 Discussion of Findings

In this study, eleven successful and three failed expat-preneur's cases were investigated to determine their main factors of success (or failure). Each expat-preneur participated in a semi-structured interview. All cases were compared and contrasted in the cross-case analysis section.

Research Question: **What are the main factors that explain the success (or failure) of an expat-preneur?**

From the existing literature, a model was derived that served as the structure of this study (Figure 3). After the multiple case analysis, nine factors were considered important by the eleven expat-preneurs. The initial model has therefore been adjusted to reflect the results in this research (Figure 4). As can be seen, most of the factors are in the category expat-preneur. Interestingly, no demographic factor was mentioned.

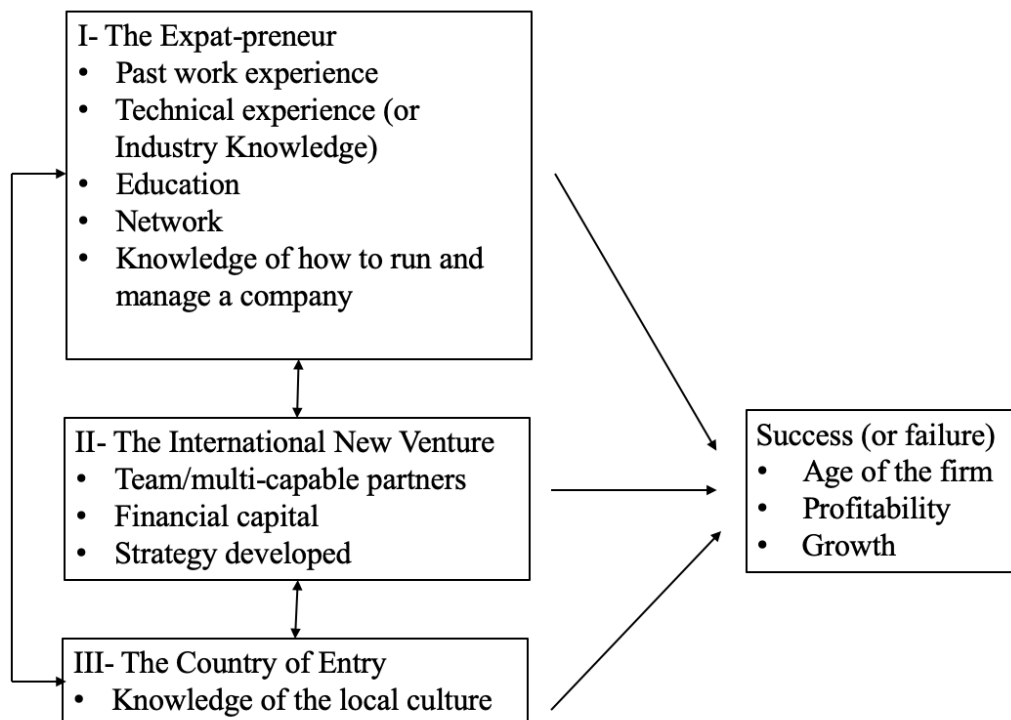


Figure 4: Multi-level model of main factors of success (or failure) for expat-preneurs



From the multi-case analysis, some new and enriching insights were gained on both expat-preneur's factors of success (or failure) and on the concept of expat-preneur as a whole. This section will discuss first the most important factors explaining the success of an expat-preneur reinstating them as propositions, followed by a summary of the other insights obtained from the analysis and presented into the three categories followed throughout the study. A final section will combine these insights to draw implications for the concept of expat-preneur.

### **6.1.1 The Expat-preneur**

Several factors were found to be important towards explaining the success of an expat-preneur. Past work experience was found to be key as from that experience they have learned how a business works and key management tools. Experience was also the main success factor found by Wadhwa et al. (2009). For example, one expat-preneur mentioned that she learned team and time management skills. As mentioned by Davidsson & Honing (2003), past-work experience helps entrepreneurs adapt to complex situations and perform well under pressure.

*P1: The prior work experience of the expat-preneur is key towards managing a successful company.*

Technical experience (or industry knowledge) was found to be important towards the success of an international new venture. Selmer et al. (2017) also mention that technical expertise is key in creating and running a successful company. Interestingly, in this study some expat-preneurs started their business without much knowledge of the industry, but they had technical expertise in other industries. They built their knowledge by running the company, although they mentioned that previous industry knowledge would have facilitated the process, especially in the beginning.

*P2: Knowledge of the industry is not necessary in order to create a successful business but it facilitates the process, especially in the beginning.*

Education was found to be an important factor towards the successful management of a business. All the expat-preneurs interviewed in this study have a bachelor degree or higher. Vance et al. (2017) also found that higher education is key to the success of expat-preneurs, as it contributes to better abilities to deal with the complexities of starting a business in a new country. University education appears as a major difference with national entrepreneurs, who put a lower importance to university education as a success factor (Wadhwa et al., 2009).

*P3: University education contributes to the success of the expat-preneur.*

The professional network was found to be important for an expat-preneur's success. Case 6 and Case 8 mentioned that their network was the single most important in their company's success. Networking is a key factor in creating and running a successful company (Mesnel (2013), Vance et al. (2017), Reuber (2018); Gurau et al. (2019)). It was also considered the third most important factor by national entrepreneurs (Wadhwa et al., 2009).

*P4: The professional network is key in becoming a successful expat-preneur.*

Knowledge of how to run and manage a company, related to both work experience and education, was also found to be important. Case 7, 9 and 11 are serial expat-preneurs. They all mention their knowledge and experience as being critical, as they were better at raising money and managing employees. Also, Case 3 mentioned that he has learned a lot from managing his company and that today he would not do the same mistakes. Akkurt (2016) mentions that

knowledge in business and management gained either through work experience or education heavily influences the success of an expat-preneur's INV.

*P5: Knowledge of how to run and manage a company is key in becoming a successful expat-preneur.*

Other insights related to the category expat-preneur were found, namely related to his role as an expatriate. Based on the interviewees, it was considered either was either advantageous, disadvantageous, or neutral to be an expat-preneur, depending on the industry and country. This insight will be fully developed later.

*P6: The benefit/burden of being an expat-preneur is country and industry specific.*

A final interesting insight in this category is that having a child can be a triggering factor for young mothers to start a career as expat-preneurs, as opposed to a preventing factor. This is due to the time flexibility entrepreneurship allows. This is contrary to the findings of Lin & Tao (2012) who states that having a young child discourages to create and manage a company.

*P7: Some women that have young children become expat-preneurs due to the flexibility it provides.*

### **6.1.2 The International New Venture**

With regards to this category, it was found that creating a company with a team is an important success factor, particularly in the context of an expatriate. The interviewees mentioned that having a local partner can be really beneficial in running a company in a country

that is different than their own. They know local customs and can handle local authorities accordingly. Akkurt (2016) mentions that working with indigenous partners can facilitate the creation and running of a successful company. From the study of Wadhwa et al. (2009), the management team was also a main factor of success, mentioned as second most important.

*P8: Having talented management team is key to becoming a successful expat-preneur.*

Related to the previous point, it was found that in most cases, finding local talented employees was one of the main struggles. They believed that human resources was one of the most complex aspects of managing a business as an expat-preneur.

*P9: Hiring local employees is difficult and a main struggle for many expat-preneurs.*

Another insight relevant to the category of international new venture, is the necessity to develop a relationship with local banks, even in emerging markets where the interest rates are higher. It was found to be necessary in order to prevent any urgent issues that can occur. Case 9 mentioned this reason explicitly.

*P10: Good relationships with local banks is beneficial in all countries (even emerging).*

Furthermore, it was found that the need to raise capital is dependent on the industry and country you operate in. For instance, in freelance consulting little capital is needed to start a business but in industries like IT/Natural Resources, Production and Manufacturing, a large capital is needed in order to start and operate the business and in developed countries, more investment is needed to start and operate a business compared to emerging countries.

*P11: Intensity to raise capital is dependent on the industry and country (high for IT/Natural Resources, Production/ Manufacturing and developed countries but lower for freelance consulting and emerging countries ).*

In addition, it was found that financial capital and cash flow management are an important factor when creating and running a successful company. This is in accordance with the findings from Vance et al. (2017). Case 7 mentioned that 90% of the firms in Brazil fail because of cash flow issues.

*P12: Financial capital and a positive cash flow are crucial for running a successful company.*

Lastly, it was found that the business strategy developed by the INV would significantly impact its probability of success (or failure). Case 1, 7, 8, 9, 10 and 11 mentioned this factor.

*P13: A successful company needs a well-defined strategy from the start.*

### **6.1.3 The Country of Entry**

With regards to the country of entry, it was found that prior knowledge of the local culture (including language to communicate) and business customs were key in order to become successful. This can be explained by the fact that by knowing the culture, the expat-preneur will have better communication and can create more trustworthy relations. Case 7 mentioned that because they can relate to you more easily, they are more willing to share their contacts. International entrepreneurs must have knowledge of the local language if they want to succeed

(Akkurt, 2016), with the caveat than in some countries (for example: the Netherlands- and industries (for example: IT), knowledge of English is sufficient.

*P14: Knowledge of the local culture and business customs is key.*

However, when speaking to American expat-preneurs, they explained that a major disadvantage in the United States is that they only teach you English in high-school with basic Spanish. They believed that American expat-preneurs were disadvantaged as they could only speak one language, compared to other expat-preneurs.

*P15: Knowing the host country's language, apart from English, is an advantage for creating and running a successful business.*

A final insight relates to the specific country of entry. Expatriates could reduce cultural issues by working exclusively with other expats from their diaspora. Case 5 & Case 6, operating in the consulting industry, were working primarily with clients from their own country.

*P16: Expatriates can work with other expats/groups from the same country to reduce the cultural adjustment issues (language or business customs).*

To conclude, the table below shows the number of expat-preneurs who support, partially support or do not support each proposition developed in discussion in this section (Table 25).

Table 25: Number of expat-preneurs who support (or not) each proposition

Proposition	Support	Partial Support	Not supported	Not applicable
P1: Past work experience is key	81% (9/11)	9,5% (1/11)	9,5% (1/11)	
P2: Knowledge of industry is not relevant	81% (9/11)		19% (2/11)	
P3: Secondary education is key	90% (10/11)		10% (1/11)	
P4: Networking is key	45% (5/11)	55% (6/11)		
P5: Knowledge how to run and manage a company is key	36% (4/11)	28% (3/11)	36% (4/11)	
P6: Benefit/Burden being an expat is country/industry specific	100% (11/11)			
P7: Women with young children could become expat-preneurs	36% (4/11)			64% (7/11)
P8: Team/multi-capable partners is key	55% (6/11)	45% (5/11)		
P9: Hiring local employees is hard	55% (6/11)	28% (3/11)	18% (2/11)	
P10: Good relationships with local banks is key	28% (3/11)	73% (8/11)		
P11: Intensity to raise capital is industry and country specific	100% (11/11)			
P12: Financial capital is key	64,5% (7/11)	37,5% (4/11)		
P13: A successful company has a well developed strategy	55% (6/11)	46% (5/11)		
P14: Knowledge of the local cuture is key	36% (4/11)	64% (7/11)		
P15: Knowledge of an other language is key (apart from English)	81% (9/11)	19% (2/11)		
P16: Expatriates can work with other expatriates to reduce cultural impact	19% (2/11)			82% (9/11)

**6.2 Conclusions and implications for the concept of expat-preneurship.**

As stated earlier, being an expatriate can be either an advantage, a disadvantage or neutral (neither advantage or disadvantage), depending on the industry and the country. This relation can be represented in a model (Figure 5). The X- axis represents developed and emerging countries while the Y- axis represents the type of economy: new economy (companies that rely on the internet) versus the old economy (dealing with production, manufacturing, etc.). This model can provide some relevant insights on the role being an expatriate.

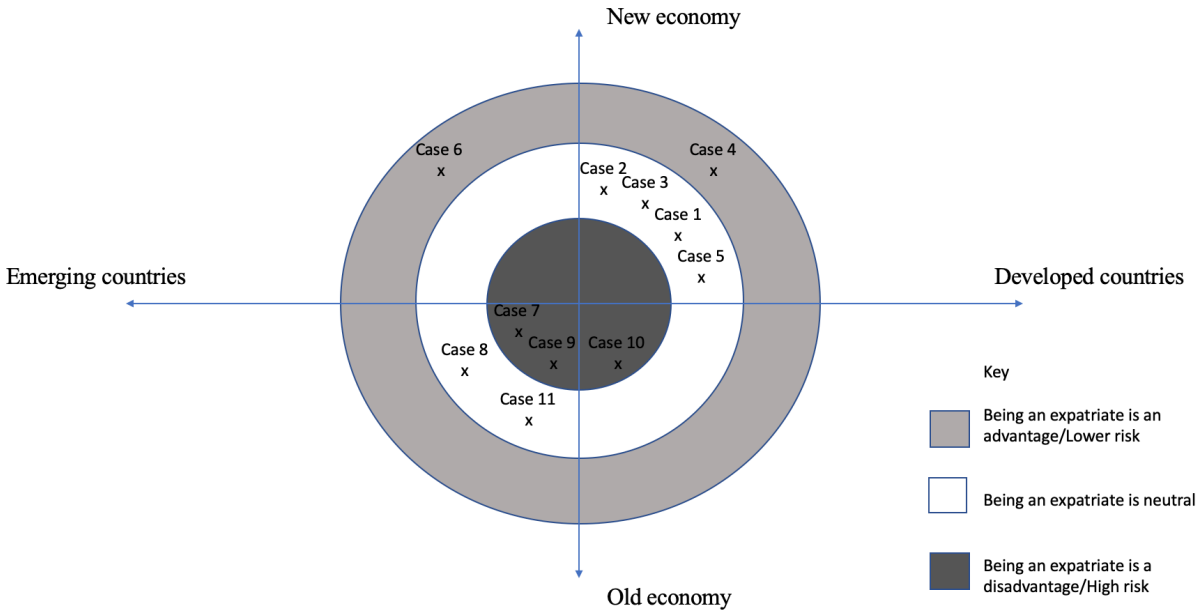


Figure 5: Role of an expatriate given his country and industry.

As can be observed, therefore most of the selected cases in this study fall on the top right quadrant and bottom left quadrant. The insights from these two quadrants have the highest reliability compared to the other two. Four main conclusions can be inducted from this model.

First, expat-preneurs who create a company in the new economy, living in an emerging country, tend to be advantaged compared to locals because they experience a lower cost of living and also they have to pay lower salaries to employees. In addition, thanks to the internet, it is easier to do business with developing countries, as physical presence may no longer be needed. Nonetheless, it can be hard to find talented employees.

Second, expat-preneurs who create a company in the old economy in an emerging country tend to be disadvantaged or neutral (neither advantaged or disadvantaged) compared to a local. Although, they experience a lower cost of living and lower investment costs compared to developed countries, they must develop a solid network to build on and be able to adapt to the local culture. For instance, they might have to learn the local language, which requires a significant effort from the expat-preneur.

Third, expat-preneurs who create a company in the new economy, living in a developed country, tend to be neutral. All entrepreneurs have an equal chance of success. As such, being an expatriate does not affect the probability of success. However, compared to emerging countries, they may have an easier access to capital but with higher competition.

Lastly, expat-preneurs who create a company in the old economy, living in a developed economy, tend to be disadvantaged. As an expatriate in these industries, a solid competitive advantage is needed as well as a solid network to build upon. On top of this, there is heavy competition, as a large number of companies tend to be present in the old economy in these countries.



The advantages and disadvantages of being an expat-preneur are each quadrant are summarized in Figure 6.

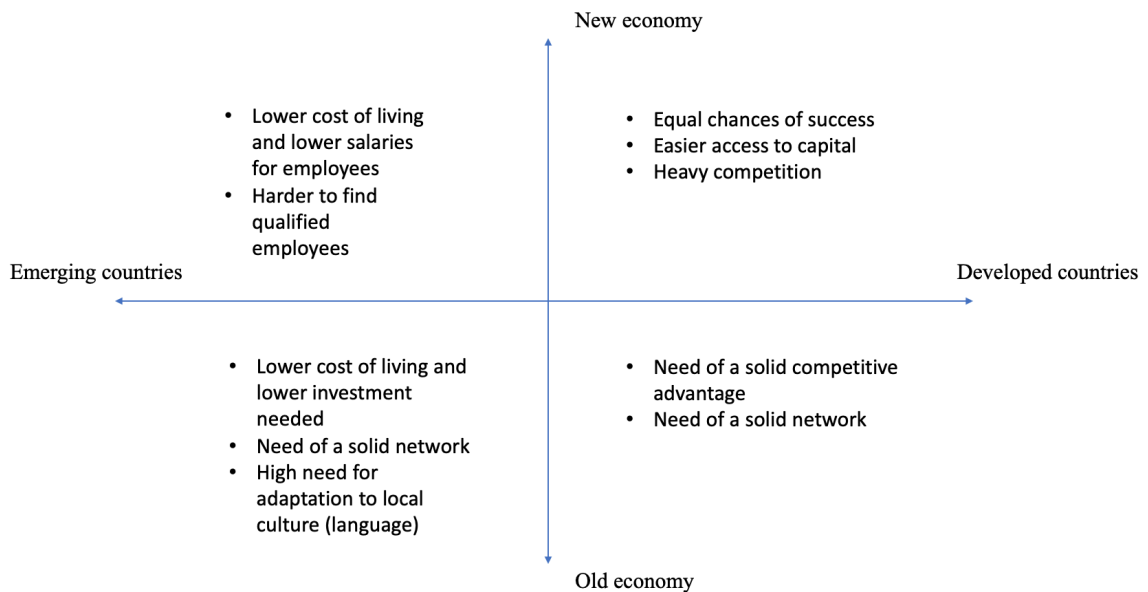


Figure 6: Advantages and Disadvantages of being an expat-preneur given a country and industry.

### 6.3 Contributions to the literature

This thesis contributes to the literature on international entrepreneurship with the two models and the insights developed previously, there was not a multi-level model that integrated the factors that lead an expat-preneur’s company to become either successful or to fail (Figure 3 and 4). A study by Vance et al. (2017) briefly mentioned three factors to be the most important towards expat-preneurship success: education, financial resources and networking. In this thesis, it was aimed to expand the knowledge initially developed in that article and to provide a more developed list of factors that can potentially explain the success (or failure) of an INV. An initial model resulted from the summary of factors mentioned by the interviewees (Figure 4). In addition, this study provides other practical insights on the concept of expat-preneurship found from the case studies.

The second model derived from the data represents the benefit/burden of being an expat-preneur depending on the country and industry where he/she created his INV (Figure 5). Such

a model extends the current literature on expat-preneurship and open doors to new areas of research. Together, the two models developed here enhance the current state of research in international entrepreneurship and expat-preneurship.

#### **6.4 Managerial/Entrepreneurial Implications**

This study aims to provide both an academic and a practical perspective to current and future expat-preneurs and academicians. On the academic side, it developed an initial model of critical success (or failure) factors that could be used in future research (Figure 3). An initial model of success (or failed) factors was summarized from the analysis of the interviews (Figure 4). A second model was also derived empirically, which explains the role of an expat-preneur depending on the country and industry of choice (Figure 5). On the practical side, this model serves multiple purposes. First, it seeks to help founder's or expat-preneurs, by providing them with insights on expat-preneurship. Second, it aims to provide investors with objective criteria to evaluate the potential of international new ventures. Lastly, it can benefit policy makers and national/regional institutions when targeting their efforts in supporting foreign investment and expat-preneurs moving to and arriving from other countries.

#### **6.5 Limitations**

This study has been designed to carefully arrive at thorough and reliable conclusion. Nonetheless, it has several limitations. First, data was collected using a relatively small sample (eleven cases). A more specific analysis could have been done if more people had been interviewed, from a wider range of industries. However, being one of the first studies on expat-preneurship, it was decided to use a case study method to explore in depth their factors of success (or failure). Second, some cases were grouped in industries that were not identical. Nonetheless, they were placed in a group of industries as close as possible. Third, due to lack

of time and resources, it was not possible to find failed companies within the same industry, and the cases of failed companies were in emerging countries with high risks (Brazil; corruption, Colombia; high violence; Uzbekistan: former Soviet republic with an authoritarian regime).

## **6.6 Directions for Future Research**

On the academic side, this thesis aims to develop an initial model of critical success (or failure) factors that could be used in future research (Figure 3). Currently, few studies integrate the three factors: the expat-preneur, the international new venture and the environment of the host country. A quantitative analysis could be made on a larger population of expat-preneurs in order to draw more generalizable conclusions on expat-preneur's factors of success (or failure) and validate the results obtained in the research.

A second model was developed which discussed the role of being an expat-preneur towards creating and running a successful company, according to their country of entry and industry (Figure 5). Future research could be initiated on this direction, to further support nascent and confirmed expat-preneurs in their efforts to achieve sustainable success in their new venture's.

Some type of factors were not dealt with in detail, namely the so-called psychological or perceptual variables (e.g.: self-efficacy, fear of failure, risk perception, alertness to opportunities; Hulsink & Hoëk, 2014; Arenuis & Minniti, 2005). It is recommended to include these variables in future research, as they can directly or indirectly influence the success (or failure) of an expat-preneur.

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## 8. APPENDIX

### 8.1 Interview Protocol (Common for both failed and successful expat-preneurs)

**Date:** **Time Started**  
**Times Ended**

**A brief presentation of myself and the topic of the thesis.**

#### **I. General**

##### 1.1 Demographics/Company characteristics

###### **The Expat-preneur**

1. Name
2. Age currently Age at which you started your company
3. Gender
4. Country of origin
5. Host country where started the company
6. Country of residence
7. What was your financial background before you started your company?
8. Languages spoken
9. Marital status/Children
10. How did you manage the creation of your company with the family life?

###### **The Company**

1. Name of company
2. Type of company
3. Type of Industry
4. When was the company founded?
5. How many people did your company employ at the beginning?

###### **For successful expat-preneurs**

6. How many people does your company employ now?
7. Is your company profitable?
8. Has your company experienced revenue growth over the past two years?

###### **For failed expat-preneurs**

1. What were the most important factors that lead you to close/stop the company/business in the host country?

##### 1.2 Human capital

1. What is your educational background?
2. Before starting your company, what was your work experience?
3. Did you have experience and/or knowledge in running a business before starting your company?
4. Did you know about the industry before you started your company?

### 1.3 Social capital

1. Did anyone in your family help you start and run your business?
2. Did you have any professional contacts which assisted you in creating and running your company?

## II. The International New Venture

### 2.1 Financial capital

1. How did you finance your company at the beginning and in subsequent years?
2. What were the key financial factors that allowed your company to be successful (or that made it fail)?

### 2.2 Governance

1. Did you create your company alone or in a team?
2. Are you still in the same situation?

### 2.3 Business strategy

1. Briefly, what has been your company strategy in terms of competitive advantage?

## III. The Country of Entry

### 3.1 Cultural environment

1. Did you know the language of the country before starting your company?
2. Did you know about the business culture of the country before starting your business?
3. How did you find local partners?

### 3.2 Economic environment

1. Was it easy to get talented employees?
2. Was the infrastructure of the country adequate for your business?

### 3.3 Legal environment

1. Was it easy for you to obtain a working visa?
2. Did you encounter issues related to the bureaucracy of the country, that prevented the development of your business?
3. Did you encounter issues related to the stability of laws and regulation that prevented the development of your business?
4. How did you handle local authorities?

### Conclusion:

1. Of all these factors we have spoken, which ones do you think have been the most important for determining the success (or failure) of your company? And why?
2. How did the fact of being an expatriate contribute to your success?
3. Was being an expatriate beneficial or detrimental?
4. Would it be fine if I send an e-mail if any further answers are necessary for the completion of this study?

Thank you for your time and interest!

## 8.2 Complementary Questionnaire

### Your Factors of Success (or Failure) as an Expat-preneur

To ensure that I interpreted your answers correctly, please fill below the importance each of the factors we have spoken about has had in the success (or failure) of your business.

Please circle for each factor the answer that best corresponds to your personal experience. Thank you for your assistance!

Factor importance to your business' success (or failure)		Extremely Important	Very Important	Important	Slightly Important	Not at all Important	Not Applicable
1.	My age when the business started	5	4	3	2	1	0
2.	My gender	5	4	3	2	1	0
3.	My country of origin	5	4	3	2	1	0
4.	The country where I started the business	5	4	3	2	1	0
5.	My knowledge of the language of the host country	5	4	3	2	1	0
6.	My marital status	5	4	3	2	1	0
7.	The number of children I had when I started the business (____ children)	5	4	3	2	1	0
8.	My education	5	4	3	2	1	0
9.	My work experience	5	4	3	2	1	0
10.	My knowledge of how to manage a business	5	4	3	2	1	0
11.	My technical expérience or knowledge	5	4	3	2	1	0
12.	The help of my family in starting and running my business	5	4	3	2	1	0
13.	The help of my professional contacts/network in starting and running my business	5	4	3	2	1	0
14.	My personal capital	5	4	3	2	1	0
15.	The capital I borrowed	5	4	3	2	1	0
16.	Financial capital	5	4	3	2	1	0

[continued]

<b>Factor importance to your business' success (or failure)</b>		<b>Extremely Important</b>	<b>Very Important</b>	<b>Important</b>	<b>Slightly Important</b>	<b>Not at all Important</b>	<b>Not Applicable</b>
17.	The fact that I developed the business alone (without partners)	5	4	3	2	1	0
18.	The fact that I developed the business with partners	5	4	3	2	1	0
19.	The strategy I developed for my business	5	4	3	2	1	0
20.	The knowledge I obtained of the culture of the country	5	4	3	2	1	0
21.	My work with local partners	5	4	3	2	1	0
22.	My hiring of talented employees	5	4	3	2	1	0
23.	My easiness of obtaining a working visa	5	4	3	2	1	0
24.	My successful management of the bureaucracy in the country	5	4	3	2	1	0
25.	My flexibility and management of the laws in the country	5	4	3	2	1	0
26.	Other factor (please, specify)	5	4	3	2	1	0
27.	Other factor (please, specify)	5	4	3	2	1	0

**Any other comment/suggestion that you think I should take into account for this study?**


**Thank you for your help!**