

‘Expatriatepreneurs’: What do we know about them?

Background

Over the last few decades, multinational enterprises have made foreign direct investments aiming to achieve global competence through expatriation (Haile & White, 2019). Organizations are keen on grasping every opportunity to expand in foreign markets (Collings, 2014), which is especially true in the entrepreneurial sectors. In the last few years, the world has seen an immense attention towards global entrepreneurial talent attraction and acquisition as a fitting response for the increasing trend in entrepreneurial activities (Klyver & Bager, 2012). Economies around the world have shown interest in these small (but potentially growing) number of foreign entrepreneurs who are moving from one country (ideally their home base) to another country (host base) and transiting their entrepreneurial activity to this host base location. Countries that are able to successfully attract high-potential entrepreneurs and provide the right ecosystem for fast-growing ventures enjoys economic development and brings in additional jobs (Henrekson & Johansson, 2010). Evidences of immigrant entrepreneurs being significantly more successful than their native counterparts in recognizing international opportunities has been reported (Vinogradov & Jørgensen, 2017). These boosts to a country’s economic health often calls for restructuring of immigration policies aimed at expatriate entrepreneurs requiring evident-based knowledge to support the practicalities. Popular culture, media and scientific research has been using an array of names to indicate this group, several of which are interchangeably used as “international entrepreneurs”, “transnational entrepreneurs” and “expatriate entrepreneurs”.

Introduction

Entrepreneurship of foreigners in host countries has been studied rigorously in the fields of diaspora entrepreneurship (Vemuri, 2014; Elo, 2016), migrant entrepreneurs (Engelen, 2002; Aliaga-Isla & Rialp, 2013; Sahin et al., 2014; van Rooij & Margaryan, 2019), immigrant entrepreneurship (Vinogradov & Elam, 2010), minority entrepreneurship (Chaganti & Greene, 2002) and expatriate entrepreneurs (Du Plessis, 2009; Connelly, 2010; Zgheib & Kowatly, 2011). Vance et al. (2016) and Selmer et al. (2018) have introduced a different lens to study self-employed expatriates: “**expatriatepreneurs**” to enrich the international entrepreneurship (IE) domain. “Expatriatepreneur” is “an

individual temporarily living abroad who initiates an international new venture (self-employment) opportunity in a host country” (Vance et al. 2015). According to the literature, expat-preneurs do not intend to permanently reside in the host country and are not “necessity entrepreneurs”. In other words, they become entrepreneurs out of volition, not necessity. Another characterization often used for expat-preneurs is that they usually come from a developed economy. In simple words, expat-preneurs are coming from a position of privilege, with no circumstantial reason to stay in the host country and are not necessarily required to build their own business as the form of employment, but they do so out of their entrepreneurial drive.

To this day the majority of expatriate literature studies the career trajectory of organization-assigned expatriate (OE) through preparatory pre-departure trainings, international assignment execution, and repatriation back to home country (e.g. Gibson et al., 2015; Szkudlarek & Sumpter, 2015). Most of these studies are done keeping the interest for multinational firms at core, however, research understanding the flexible expatriate career paradigm and growing trends towards entrepreneurial activities are rare. Recently, organizations have recognized the need to support employees’ dispositions towards entrepreneurial interests and desire to build global competence as a career capital leading the scholars to shift their focus from traditional organizational expatriates toward self-initiated expatriates (SIEs). SIEs are professionals who, unsupported by an organization decides to move and work abroad to develop their careers through international work experience (Suutari & Brewster, 2000; Collings et al., 2007). Business SIEs compete with local talents using various host country career-entry strategies (Vance, 2005) and pursue work opportunities in smaller, local companies and MNCs partaking interests into entrepreneurial activities and new business ventures (Vance & McNulty, 2014).

Expat-preneurs represents the unique and growing group of entrepreneurs getting into new venture opportunities at an increasing rate, either with the entrepreneurial intentions before moving abroad or after the move. In this regard, the development of expat-preneurs can be seen in two distinct pathways. First category is ‘**pre-departure expat-preneurs**’, expatriates moving abroad with preconceived entrepreneurial purpose. Pre-departure expat-preneurs are mostly people who have a great understanding of the commercial needs of the host countries or those who are trying to expand their business into new markets. The other category belongs to ‘**transitioned expat-preneurs**’: organizational expatriate transitioned entrepreneurs and self-initiated entrepreneurs who may venture into entrepreneurial activities post move (Vance et al., 2016). OE-transitioned expat-preneurs, they represent a significant subcategory of entrepreneurial SIEs. These professionals leave their local employments and transitions into entrepreneurial careers in the host

country. OE-transitioned expatpreneurs possess a significant level of functional and technical knowledge achieved through past significant organizational experiences that plays instrumental roles in new business development. Having spent a significant amount of time in the host country, they recognize the local new venture opportunities and understand the entrepreneurial processes well. Self-initiated entrepreneurs grasp opportunities outside of their home country domestic markets to build their own businesses to address local consumer demand and business needs (Zahra and George, 2002). SIEs could also represent former OEs who do not repatriate back to the home country upon assignment completion and continue to pursue employment with other firms (McNulty et al., 2013) or entrepreneurial activities (Andresen et al., 2014) in the host location.

Theoretical framework in the context of expatriate entrepreneurship

Most studies integrating entrepreneurship and migrations literature have used theories in the context of 'South to North' migration i.e., migration from developing economies to developed economies. To elaborate on this, Girling, R.A. and E. Bamwenda (2018) have performed a content analysis of the existing theories used in ethnic entrepreneurship research to evaluate if they can also accommodate for expatpreneurs studies. These theories include disadvantage theory, cultural approach, middleman minority theory, interactive model, mixed embeddedness theory, social network theory, ethnic enclave theory and Schumpeter's theory. The content analysis reported that none of the tested theories could logically account for expatpreneurs because various reasons. Most of these theories assume ethnic entrepreneurs to be positioned at a disadvantageous position and the purpose of the business establishment has been viewed as a necessity not vocation. Most of the studies subscribing to international entrepreneurship scholarship investigate the creation and success of enterprise among foreigners in developed Western economies as this has been the most prominent migration trend historically.

Selmer et al. (2018) identifies the themes of entrepreneurial careers theory to be broad enough to account for the attitude of self-agency that embodies expatpreneurs helping them focus on an entrepreneurial career. Along with the individual agency enabling self-management of career among international entrepreneurs, contextual factors also play a key role in influencing entrepreneurial process and intention. Turker and Selcuk (2009) develop an entrepreneurial support model (ESM) to explain how different contextual elements (structural, educational, and relational supports: see Henderson & Robertson, 2000) can affect the entrepreneurial action and lead to the identification of potential opportunities. Using this theory, scholars might explain the importance of educational background, professional experiences, prior functional and technical knowledge on creation of new ventures. Even though there are certain elements of entrepreneurial theories that can

explain certain features of expat-preneurialism, there is a need for adjustment of the current theories or to develop new theories to account for this category of entrepreneurs.

Purpose of the study

The current study explores the body of literature in expat-entrepreneurship research: reviews the theoretical relevance of existing international entrepreneur theories in the context of expat entrepreneurship, highlights empirical evidences and finally recommends research agendas to explore by future researchers. The study will review current literature to summarize the empirical knowledge about expat entrepreneurs and bring together knowledge about the development of entre-preneurs and associated factors to deepen the understanding of the phenomenon. The paper will also highlight empirically unexplored areas and research gaps to suggest what future studies may focus on to enhance the vitality of this research field. Therefore, this paper also aims to provide insights on how immigration policy makers can utilize the scientific knowledge around this specific form of foreign entrepreneurs to improve the economic wellbeing of the community at large.

Key references

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