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Charles M. Vance Yvonne McNulty Yongsun Paik Jason D'Mello

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The expat-preneur: conceptualizing a growing international career phenomenon

Charles M. Vance

*College of Business Administration, Loyola Marymount University,
Los Angeles, California, USA*

Yvonne McNulty

*Department of Management, Singapore Institute of Management University,
Singapore, Singapore, and*

Yongsun Paik and Jason D'Mello

*College of Business Administration, Loyola Marymount University,
Los Angeles, California, USA*

Abstract

Purpose – The purpose of this paper is to introduce the emerging international career phenomenon of the “expat-preneur,” an individual temporarily living abroad who initiates an international new venture (self-employment) opportunity in a host country.

Design/methodology/approach – This analysis is based on the authors’ observance of developing trends that also are showcased in the international management and IHRM literatures.

Findings – Two general types of expat-preneurs are proposed: first, pre-departure expat-preneurs who move abroad with a preconceived entrepreneurial purpose; and second, transitioned expat-preneurs who, only while abroad, recognize and pursue a new venture opportunity, either from the status of self-initiated expatriates (SIEs) looking for local employment or while serving as organization-assigned expatriates and leaving the organization at the end of the assignment or midstream.

Research limitations/implications – Distinctions between expat-preneurs and typical business SIEs are explored, and important contributions that expat-preneurs may provide in strengthening local host country economies are considered. Directions for further systematic and empirical research on the expat-preneur international career phenomenon are discussed.

Practical implications – Important mutually beneficial implications are noted for multinationals in supporting expat-preneurs’ long-term success in host country environments.

Originality/value – This conceptual study provides a valuable recognition and analysis of an important and growing international career category that has received scant attention in the literature. This research has important implications for the understanding of new international career dynamics associated with the growing trend of international entrepreneurship, especially valuable for emerging markets and of interest to multinational firms interested in the movement of their human capital.

Keywords Entrepreneurs, Careers, Expatriates

Paper type Conceptual paper

Introduction

Despite ongoing uncertainties and occasional setbacks, the globalization train continues to press inexorably forward and at an accelerating pace. With greater openness of national borders and incentives encouraging foreign direct investment (FDI), organizations of all sizes are recognizing and exploiting opportunities for expansion in foreign markets (Ernst and Young, 2012; Fang *et al.*, 2010; Collings, 2014). This recognition is particularly strong among the very innovative and flexible entrepreneurial sector whose use of partnerships and networks, and especially



telecommunications and other technological advancements, are leveling the playing field for competing with more established multinational corporations (MNCs; Mainela *et al.*, 2014; Oviatt and McDougall, 2005).

In its comprehensive 2015 survey of firms with international operations, Brookfield Global Relocation Services found, for the sixth consecutive year, that more than 50 percent of company revenues were generated outside the country of company headquarters, with 45 percent of respondents expecting their organization-assigned expatriate (OE) population to increase to help address this international business expansion. McKinsey Global Institute (2013) found that the greatest optimism is reflected among relatively new or revitalized companies headquartered in emerging markets. These data reflect the growing trend of international entrepreneurship among global firms (Mathews and Zander, 2007; Bingham, 2009). However, the role of the individual and associated career dynamics in international entrepreneurship has received much less attention (see Jones and Casulli, 2014).

Besides this lack of attention toward increasing understanding of individual international career dynamics underlying growing international entrepreneurial activity, much expatriate literature continues to maintain a traditional “circulationist” perspective (Gaillard and Gaillard, 1997), where the expatriate cyclic career trajectory is seen as largely determined by multinational firm business objectives, and involves stages of pre-departure, international assignment execution, and repatriation (e.g. Gibson *et al.*, 2015; Szkudlarek and Sumpter, 2015). This paper makes an important dual contribution with its examination of possible individual entrepreneurial dynamics of the self-initiated expatriate (SIE) entrepreneur (or “expat-preneur”) supporting the growing international entrepreneurship trend, and within a less traditional, more current and flexible expatriate career paradigm (see McNulty and Vance, forthcoming). Additionally, we contribute to expatriate studies by taking up the call by Andresen *et al.* (2014) to more fully explore self-employed expatriates as an important, but neglected, segment of the larger cohort of SIEs.

In parallel growth with traditional organizational-assigned international assignments for guiding foreign operations, there is increasing recognition of an individual’s central role and responsibility in career management, including for building global competence and marketable global “career capital” (Cappellen and Janssens, 2010; Vance, 2005; Hall, 2002; Inkson and Arthur, 2001). The increased emphasis upon international career self-management is reflected by growing attention in the international management literature toward SIEs (Andresen *et al.*, 2014; Doherty *et al.*, 2013), and particularly SIEs employed by organizations (Froese and Peltokorpi, 2013; Jokinen *et al.*, 2008; Tharenou, 2013). The characteristic qualities of initiative, personal responsibility, and self-management of career among SIEs can exist in individuals who are either self-supporting and self-employed (Andresen *et al.*, 2014) as well as those employed within a multinational firm (Altman and Baruch, 2012) or employed from local markets as local foreign hires (Selmer *et al.*, 2016).

Although the distinction between SIEs and migrants is controversial and murky at best (cf. Andresen *et al.*, 2014), especially in regions such as the European Union where the free movement of labor is a foundational principle (Brewster and Harris, 1999; Favell and Smith, 2006), as well as among those migrants who are highly skilled and possess strong entrepreneurial intent (“immigrant entrepreneurs”; Kloosterman and Rath, 2001; Saxenian, 2002), in our conceptualization of expat-preneurs we make a clear distinction between SIEs (as expatriates) and migrants. Our focus remains only on expatriates (not migrants) based on McNulty and Brewster’s (forthcoming) definition of

business expatriates as legally working individuals who reside temporarily in a country of which they are not a citizen in order to accomplish a career-related goal, being relocated abroad either by an organization, by self-initiation, or directly employed within the host country. In comparison, migrants, including immigrant entrepreneurs, leave their home country on a permanent basis, many with the specific intent to attain citizenship of a new country (Al Ariss and Syed, 2011; Al Ariss and Ozbilgin, 2010; Kloosterman and Rath, 2001; Zolin and Schlosser, 2013; Castles and Miller, 2009) and are primarily motivated by the push of economic and socio-political necessity (Khosa and Kalitanyi, 2015; Saxenian, 2002). The key distinction between SIEs and migrants is that a migrant does not conceive of a “host country” that is providing a temporary stay; rather, the new country is intended to become their home country. SIEs, on the other hand, perceive their stay as temporary (i.e. short, for 3-12 months as is the case for short-term assignees; mid to long term, one to five years for long-term assignees; or indefinitely; Meyskens *et al.*, 2009), and do not view the host country as their permanent home as doing so would interfere with their “free agent” mentality to self-direct their career as new (international) opportunities potentially arise. Thus, SIE status is determined by its temporary nature wherein citizenship of the host country is not intended, sought after or provided. However, we cannot assume that a temporary move will not change over time to become permanent (Massey and Bartley, 2006; Waldinger, 2008) depending on individual circumstances that are beyond the researchers’ control (Doherty *et al.*, 2013).

We make a further distinction in our expat-preneur conceptualization by including only those SIEs who engage in some form of business or professional employment (“business SIEs”; McNulty and Vance, forthcoming) as distinct from SIEs typically of a younger age and primarily motivated to move abroad more by curiosity and perceived adventure (tourism, traveling, backpacking) than by pragmatic career capital development concerns (Inkson and Myers, 2003). As we consider them here, business SIEs go abroad, whether by means of their own resourcefulness or initially as an OE, primarily due to the perceived value of international work experience for their long-term personal and professional development (Vaiman and Haslberger, 2013). Business SIEs, like OEs, are defined as such because they are legally employed as professionals on a temporary basis in a country they view as hosting their career (i.e. the “host country”), thus meeting the criteria for being “expatriates” in the context of international human resource management (IHRM) practice. Unlike OEs, business SIEs tend to be uninhibited by organizational and occupational constraints, and are motivated to take charge of their careers rather than to wait for their organization to arrange for an appropriate career opportunity – in this case involving international work experience (Andresen *et al.*, 2012). Business SIEs may therefore be ideal individuals to pursue international entrepreneurship opportunities for themselves excepting that, unlike migrants and immigrant entrepreneurs (Saxenian, 2002), they do not live abroad with the intent to stay permanently.

This paper is structured as follows. First, we examine the business SIE concept in more detail related to the host country labor market in general, and local entrepreneurial career activities in particular. Based on our observance of developing trends that also are showcased in the international management and IHRM literatures (e.g. Vance and McNulty, 2014; Vance, 2005; McNulty and De Cieri, 2016), we then propose and examine a special general category of business SIEs whom we call “expat-preneurs” (Solimine, 2015). We show that expat-preneurs emerge in their entrepreneurial careers in different ways, whether anticipated before moving abroad or

after moving abroad. In doing so, we consider important contributions that expatpreneurs may provide in strengthening local host country economies. Next, we illustrate boundary conditions under which the expat-preneur conceptualization will and will not apply and theoretically position the phenomenon within theoretical frameworks of entrepreneurial career development and Turker and Selcuk's (2009) entrepreneurial support model (ESM). We conclude by discussing areas for further systematic and empirical research on the expat-preneur international career phenomenon, including proposed research questions that require further study, as well as important implications for MNCs in supporting their long-term success in host country environments.

Business SIEs and the host country labor market

A primary objective for business SIEs is to obtain local host country employment for gaining international work experience, facilitating the development of international competencies associated with global leadership talent and career capital (Vaiman *et al.*, 2015; Vance and McNulty, 2014; Vaiman and Haslberger, 2013). Business SIEs thus leverage the demand among established organizations (i.e. large multinational and domestic firms, government, public sector organizations) that are vying for international talent in the local labor market (Tharenou, 2013; Tharenou and Harvey, 2006). Especially needed are those that possess the required level of technical and management skills to meet demands for international business expansion. Talented business SIEs available for work within a given host country labor market represent an important alternative to traditional OEs due to their tendency to already be adjusted to the local host country environment and being motivated to remain employed there beyond a fixed-contract deadline (Andresen *et al.*, 2014). They also tend to be less expensive to hire and place in a host country position than OEs, with locally hired business SIEs typically being paid on a scale similar to local nationals and not needing special incentives and premiums that often are provided for OEs to gain their agreement to move abroad (Hanson, 2010).

The demand for business SIEs is on the rise (Froese and Peltokorpi, 2013; Jokinen *et al.*, 2008; Tharenou, 2013) particularly where regional expertise, such as in Asia or Europe, represents a highly valued and marketable skill set (Edwards *et al.*, 2012; McNulty *et al.*, 2013). These "free agent" expatriates represent an emerging and potentially critical component of a firm's overall talent pool and global staffing strategy (Baruch *et al.*, 2013; Shaffer *et al.*, 2012). For example, a recent exploratory study of business expatriates (defined broadly as individuals working outside of their home country for an extended duration; see Vance and McNulty, 2014) found that the majority of the 45 American expatriates studied who were working and living in Prague, Budapest, Vienna, Berlin, and Rome were hired by local smaller firms into entrepreneurial roles of new business development and new ventures with local business partners. A significant percentage of the women in the study (29 women, 16 men) were self-employed as consultants or small business owners (34 percent for women vs 25 percent for men), suggesting that this particular entrepreneurial pursuit is attractive for business SIEs, and particularly for women.

Business SIEs may be comprised of individuals who have temporarily relocated on their own initiative to a desired host country and gained local employment using various host country career-entry strategies (Vance, 2005), or they may represent former OEs who simply refused to repatriate (i.e. return to their home country) who then left the MNC upon assignment completion and remained in the host country to pursue employment

with other firms (McNulty *et al.*, 2013) or in independent new ventures (Andresen *et al.*, 2014). With the increasing local demand for leadership talent and professional expertise, business SIEs may also be traditional OEs who, of their own volition, left their MNC in the middle of an assignment to accept an employment opportunity with another company (see Brookfield Global Relocation Services, 2015; McNulty *et al.*, 2013). One increasingly apparent group of business SIEs is foreign executives in local organizations (FELOs) – predominantly C-suite executives that are hired into management positions in host country headquartered companies (not MNCs) – who manage their own careers as free agents in the global talent marketplace, and who bring professional expertise that is highly valued by local companies particularly those headquartered in emerging markets (Arp, 2012). FELOs can be recruited either in their home country, or from abroad. They possess “world-class” foreign talent that can be leveraged by a local firm immediately rather than trying to grow such talent from within. Organizations that employ FELOs are joining a growing number of local companies that are becoming stronger competitors to MNCs in their local host country, as well as increasingly joining the ranks of global competitors (Arp *et al.*, 2013; Arp, 2012).

The entrepreneurial business SIE

Certainly all business SIEs as we have described them here (e.g. expat-preneurs, FELOs) exhibit classic behavioral characteristics and traits of entrepreneurs pursuing independent work, with their high self-efficacy and internal locus of control, proactive personality, flexibility, and proclivity to forge ahead in the face of risk and uncertainty (Prabhu *et al.*, 2012; Yan, 2010). But unlike business SIEs who travel abroad of their own volition and resourcefulness and subsequently secure employment in the local host country with locally based organizations or MNCs (Suutari and Brewster, 2000), entrepreneurial business SIEs (expat-preneurs) while living and working abroad engage in creatively discovering and exploiting opportunities outside of their home country domestic markets through initiating their own independent business developments efforts, or by employment in joint new venture development activities, that address local consumer demand and business needs (Zahra and George, 2002). Andresen *et al.* (2014) suggest that these self-employed expatriates (or foreign entrepreneurs) represent a difficult-to-access but important segment of the SIE workforce that remains under-researched. We contend that expat-preneurs are becoming involved in new venture opportunities at an increasing rate, whether anticipated before moving abroad or after moving abroad when they recognize opportunities and engage in entrepreneurial activity as a source of employment. Unlike “necessity entrepreneurs,” such as low-skilled migrants who generally have little economic choice and are pushed into entrepreneurial activity for self-support, expat-preneurs are “opportunity entrepreneurs” who have more flexibility and options to allow enterprise exploration, and tend to have higher marketable skills, which they utilize in observing, recognizing, pursuing, and exploiting local opportunities, as well as in potentially making greater local economic contributions (Borozan, 2014; Deli, 2011; Block and Wagner, 2010).

We conceptualize that expat-preneurs develop in two major ways. The first major development category we call “pre-departure expat-preneurs,” who move abroad with a preconceived entrepreneurial purpose. As with FELOs who elect to move abroad and work for host country headquartered (HQ) organizations that are interested in their expertise to support plans for new business growth and development at home and abroad, pre-departure expat-preneurs already have plans for new venture development

and entrepreneurial activities prior to heading abroad. Some make their way to a target host country on their own to immediately launch a new business, as is the case of Australian brothers and businessmen Julian and Christian Tan who set up three food-and-beverage businesses in Singapore in 2012. By their own admission, they spent “many years [...] travelling the world looking for opportunities while we were still doing our corporate jobs” as an investment banker and project manager, respectively, before deciding on the food-and-beverage industry in Asia (Whang, 2015). Others do so to expand an existing home country small business into a new location. This does not imply setting up a subsidiary office abroad while retaining a home country HQ, but moving the whole company to another foreign location. The relocation of the talent management software company PageUp, from Melbourne to Singapore, is a case in point. The owners of the company, Simon and Karen Cariss, who had never lived abroad before or owned and run a business outside of Australia, moved their Australian headquarters to Asia in 2013 to operate a more profitable and efficient business that was closer to their Asian clients. The relocation subsequently required that the entire family (including three young children) also relocate to Singapore (Fitzsimmons, 2013). Having successfully established the company’s presence in many of the emerging markets the region has to offer, this enterprising couple epitomizes the spirit of the expat-preneur.

Another form of pre-departure expat-preneur launches business abroad by means of a traditional OE assignment, however, with a specific pre-existing intention to then seek out a new venture opportunity in the host country and self-initiate departure from the MNC at the appropriate time. Thus, in this instance the traditional international assignment is perceived as an instrumental vehicle to gain placement abroad for eventually pursuing entrepreneurial ventures. This is precisely the expat-preneur journey of American Mark Edleson, President of Alila Hotels and Resorts Indonesia (now headquartered in Singapore), who in the 1970s, and in spite of his lack of interest in business, undertook international assignments with Citibank to the Philippines, Colombia, and Indonesia, predominantly out of a deep desire to live and work abroad and particularly in Asia. He subsequently left the bank in 1983 to set up his own financial advisory firm with two Americans, also living in Jakarta. After a ten-year run as the financial adviser to the founder of Indonesia’s Aman Resort, Mr Edleson founded Alila in 2001 (Lee, 2015).

These cases highlight that expat-preneurs who develop in this way based on a preconceived mindset are engaging in a form of “entrepreneurial bricolage,” i.e., as “creating something from nothing” (Baker and Nelson, 2005, p. 329). We conceptualize them as pre-departure expat-preneurs on the basis that their international entrepreneurial career was preconceived and set before moving abroad, whether they began this new venture development activity immediately or leveraged traditional international corporate employment (via an international assignment) as a means to attain foreign market placement and subsequent expat-preneur status. The latter two examples above of the Cariss couple and Mark Edleson also exemplify a process of “entrepreneurial learning” in a type of on-the-job traineeship (Politis, 2005). Moreover, all the cases illustrate the phenomenon of “serial entrepreneurship” through the creation of various businesses over a period of years (Wright *et al.*, 1997).

A second major way in which expat-preneurs emerge is by developing ideas and intention for an entrepreneurial career only after they have first ventured abroad as an OE or business SIE seeking some form of international employment. For these individuals, the impetus is not due to a deeply held pre-existing intention to engage in

international entrepreneurship, but instead emerges from happenstance or unexpected personal or professional circumstances. For this reason, we conceptualize them as “transitioned expat-preneurs” because their international entrepreneurship career path became apparent to them only after moving abroad. A case in point is American Danielle Warner, founder and CEO of Expat Insurance, a successful independent insurance brokerage with head offices in Singapore and Hong Kong (Maree, 2016). She started the business from her kitchen table in Singapore, as the accompanying girlfriend of her now-husband when his company sent him to Singapore as an OE. At the time, Danielle struggled to find insurance locally that met the couple’s personal needs and began to wonder if other expatriates faced similar challenges. By chance, a friend convinced her to help his company tailor-make an employee insurance benefits program for 300 employees. Today, with more than 20,000 clients worldwide and a full-time staff of 30 from 14 different nationalities, the business is flourishing with more plans to expand. Unlike the necessity entrepreneur who tends to be low-skilled and has no other economic recourse for survival, transitioned expat-preneur Danielle exemplifies an opportunity entrepreneur who has higher skills and is motivated by enterprising intent, and is able to recognize a viable new venture opportunity (Borozan, 2014; Block and Wagner, 2010; Deli, 2011).

The unplanned entrepreneurial nature of this particular woman’s business SIE experience is shared by others like her who relocate abroad and, choosing to remain in a host country, seek self-employment or other new venture opportunities to financially and legally support their international sojourn or permanent residency while there. This type of transitioned expat-preneur career path is exemplified in another case example such as Australian Annette Lang, the founder of Expat Kitchen, who created the cooking school in 2008 in Singapore after her husband’s MNC employer, at the end of their two-year assignment, gave him the option to repatriate or to localize in order to continue living and working with the MNC in that host country. The profitable Expat Kitchen business employing six part-time staff was created by Annette (an accompanying spouse at the time) to help them maintain their international lifestyle with two growing children (Mohn, 2011). American Jill Danielson, also once an accompanying spouse, similarly became a Subway franchisee and restaurant owner in Singapore to financially and legally support her family’s ambition of remaining in Singapore indefinitely, but as localized expatriates (Maree, 2015).

Another important form of transitioned expat-preneur, especially disruptive of MNCs’ ongoing staffing and retention plans, involves OEs who leave, upon their own initiation (thus making them SIEs), their MNC during or at the completion of an international assignment and transition into some form of international entrepreneurial new venture activity, often in the same host country environment. Consider an American expatriate in South Korea who explained the following when asked by one of the authors for assistance in identifying OEs for survey research on expatriate adjustment:

I don’t know how much I can help you in finding company assigned expats who have been working within the last five years. I finished my own company assignment in 2008 and stayed on in Korea rather than returning to the US. All of the expats that I know these days are in Korea with their own business, mostly marketing or English education related, rather than being here on a company assignment.

The above quote suggests that the number of these OE-transitioned expat-preneurs is not inconsequential. In fact, the previously-noted top reason for OEs leaving their

traditional MNC assignment before completion as being the acceptance of other outside employment opportunities (Brookfield Global Relocation Services, 2015) begs the question: how many of these OEs leaving the MNC assignment midstream become transitioned expatpreneurs who have recognized a new venture opportunity and “jumped ship” to pursue that opportunity? The above cases and scenarios highlight that both pre-departure and transitioned expatpreneurs, and especially the latter who originate from OE status and transition into local host country entrepreneurial activities, are potentially more common than extant research on business SIEs suggests, and thus constitute an important international career phenomenon worthy of further study.

Theoretical positioning of the expat-preneur phenomenon

In order to avoid terminological sloppiness (cf. Molloy and Ployhart, 2012) by failing to define expatpreneurs adequately or rigorously, we attempt here to establish construct clarity about the expat-preneur phenomenon by stating the boundary conditions under which it will and will not apply (Suddaby, 2010; Locke, 2012). This process began earlier where we clarified important conceptual differences between immigrant entrepreneurs, migrants, different types of business SIEs (e.g. FELOs, local foreign hires), and different forms of expatpreneurs. According to learning theory on concept acquisition, definitions help us understand a concept but conceptual boundaries help us understand the limits of that concept, i.e., what the concept is not (Tennyson and Cocchiarella, 1986).

The expat-preneur concept is grounded in how individuals engage with employment once they are living abroad. Thus, the first condition under which the concept will or will not apply is that an expat-preneur must be self-employed. The condition includes all levels of employment, thus avoiding the exclusion of individuals on the basis of job title or perceived status and does not require employment in a managerial or even professional role, although given the cost involved it would be rare for an expat-preneur to be in a lower level (junior or unskilled) position.

The second condition under which the concept will or will not apply is that self-employment requires the formal registration of a business in a host country for the purposes of residency. This condition is necessitated by legal compliance in combination with non-citizenship (including non-citizenship status for dual-nationality employees; Ernst and Young, 2013; Mercer, 2001) and is determined by the legal context in which expatriate employment is enacted and whether people have the right to stay, and are allowed to seek work legally, in a specific country (Baruch *et al.*, 2013; KPMG, 2009; Mercer, 2010).

This requirement is linked to a third condition related to self-employment and taxable income, where the formal registration of a business in the host country brings with it the obligation to declare earnings and, if required, pay tax on those earnings. The condition of declared taxable earnings is important because it helps to distinguish, for example, accompanying spouses engaged in “hobby” businesses that generate little or no revenue, from those whose sole purpose is to run a business to support personal and family livelihood. As the case examples above show (where accompanying spouses transitioned into self-employment), all run registered businesses that are profitable, that employ staff, and that incurs taxation. Thus, there is sufficient “skin in the game” (or “hurt money” invested) that if the businesses were to fail, the livelihood of the women involved (as well as their families) would suffer. There also exists a business plan that takes into account “affordable losses” in the event of a business downturn, under-performance or closure (Dew *et al.*, 2009). In other words, if self-employment is

not viable (i.e. the business produces no taxable income, is not profitable, and is undertaken simply as a hobby), then we do not include it in the expat-preneur concept. We make this distinction on the basis that successful entrepreneurs, in general, build a viable business that has value in the marketplace, and the value is determined externally by earnings, profitability, growth, and market share (Hessels *et al.*, 2011).

Although not a precondition, in most cases those whom we are considering as expat-preneurs have entered their new entrepreneurial activity immediately following previous employment with an organization, especially in the case of OE-transitioned expat-preneurs. The literature on employee entrepreneurship discusses several possible explanations for why certain employees start their own businesses. While historical literature in entrepreneurship has emphasized the career transition of the unemployed into self-employment, most new firms are actually started by former employees who transition into self-employment (Parker, 2009). Certain individuals simply decide on becoming entrepreneurs prior to identifying a specific opportunity (Davidsson and Reynolds, 2009). Employee entrepreneurship can also be driven by frictions in the parent firm that lead employees to discover an unexploited profitable opportunity (Franco and Filson, 2006; Freeman, 1986; Hellman, 2007; Klepper and Sleeper, 2005; Ganco, 2013). Campbell *et al.* (2012) found that employees with higher earnings were less likely to leave a firm than employees with less earnings, however higher paid employees who decided to leave the parent firm were more likely to start their own firm rather than join another firm. The study drew on theory from HRM literature that associates higher individual earnings with job performance, and with positive predictors that include conscientiousness, emotional stability, and extraversion (Barrick and Mount, 1991; Hurtz and Donovan, 2000; Salgado, 1997). These same personality traits also are associated with entrepreneurial intentions (Zhao and Seibert, 2006; Zhao *et al.*, 2010; Campbell *et al.*, 2012). There is empirical evidence of individual earnings being correlated with ability, experience, and status (Agarwal *et al.*, 2004; Bhide 1994; Burton *et al.*, 2002; Klepper and Sleeper, 2005; Groysberg *et al.*, 2009; Elfenbein *et al.*, 2010). Campbell *et al.* (2012) theorize that high earners started their own firms for several reasons such as possessing the ability to replicate complementary assets and transfer resources and opportunities from the parent firm, being motivated by frustration with parental inertia and belief in underexploited opportunities (Agarwal *et al.*, 2004; Klepper and Thompson, 2010), diminishing marginal pecuniary gains, and a higher perceived value to factors such as autonomy and job satisfaction (Blanchflower and Oswald, 1998; Gompers *et al.*, 2005; Hamilton, 2000; Puri and Robinson, 2007; Teece, 2003). Emerging markets in particular may present a more compelling array of underexploited opportunities and attractive challenges compared with international assignment work with a MNC.

Consistent with Dyer's (1994) theory development on entrepreneurial careers, expat-preneurs come to recognize their own self-management responsibility and choice in opting out of the traditional expatriate and multinational career path and instead into an entrepreneurial career. We borrow from prior studies on entrepreneurship to suggest that whether the recognition to develop an international entrepreneurial career occurs before, during, or at the end of a traditional OE or business SIE experience depends on a number of factors, including the individual's personality (Baron *et al.*, 2011), degree of social and human capital resources available to them (Davidsson and Honig, 2003), the extent of their ability to engage in local host country "opportunity recognition" (Baron, 2006), and their propensity for risk taking (Hayward *et al.*, 2010), among other factors. Propensity for risk taking is particularly salient, as transitioning to expat-preneur status often

requires a change in the individual's compensation status from a higher to lower income, at least initially. This means that OEs will transition to self-funded employment from a (much higher) home-based compensation and benefits package (the balance sheet approach), and business SIEs will do so from host-based local employment terms and conditions (with fewer benefits; Tait *et al.*, 2014). Another particularly salient factor is that personal circumstances and social relationships often support the decision by expat-preneurs to remain in the host country for the longer term where, for example, marriage to a host country national who desires to remain often is a key reason for doing so (see Vance and McNulty, 2014). Thus, strong personal ties in the host country may facilitate the degree of social and human capital resources available to the expat-preneur and the extent of their ability to engage in local host country "opportunity recognition." The above notwithstanding, a flexible and self-managing career perspective is nonetheless essential for allowing one to consider an international new venture career opportunity in the host country outside of the relative stability of MNC employment as an OE or business SIE employed as a local foreign hire.

Further to individual choice that encourages career self-management, the ESM also considers the critical impact of contextual factors on entrepreneurial career intention (Turker and Selcuk, 2009). In this model, entrepreneurial intention is taken as a function of educational, structural, and relational supports (Henderson and Robertson, 2000). For an expat-preneur, his or her educational background and professional experience provide a foundation for first recognizing the opportunity and then the feasibility of a new entrepreneurial venture outside of the MNC. For OE-transitioned expat-preneurs in particular, the significant level of technical and functional knowledge that they possess (i.e. "prior knowledge"; Baron, 2006, p. 105) is likely to be useful for new business development, as is their significant organizational experience and their ability to contribute current state-of-the-art business practices and processes to support organizational growth and operational success for new business ventures. Thus, compared to business SIEs who are often perceived as traveling "soldiers of fortune" (i.e. looking for career development opportunities in a foreign country), OE-transitioned expat-preneurs likely represent a much more technically experienced and proven category of professional entrepreneurial business talent. They also represent a potentially valuable "new" knowledge worker in the local labor sector, and can be especially important in emerging economies where the availability of skilled talent is often tight. Local market (environment) conditions similarly provide the economic structural support and actual feasibility for the recognized entrepreneurial opportunity (Swaminathan, 1996). This environmental support includes local and national governmental assistance (e.g. funding, incentives, education), as well as professional relationships with local business partners who may provide collegial and emotional support for expat-preneurs in new venture start-ups.

Implications of the expat-preneur phenomenon for host country economies

Expatriate-preneurs represent an important influx of talent potentially contributing to enhanced entrepreneurial strength and economic development of the local economy (Dearie and Geduldig, 2013; Wadhwa *et al.*, 2012). But besides a more immediate positive impact on a local economy through new business development, expat-preneurs in aggregate are likely to make a contribution to the long-term economic health and growth of a host country through an enriching knowledge spillover effect upon the local labor sector. This collective spillover effect can result, first, through the sharing of

explicit knowledge and expertise to new venture employees through systematic training and development activities, as well as the transfer of tacit knowledge through informal work interactions with host country employees at all levels (Maznevski and Di Stefano, 2000). Furthermore, the contribution of human capital to economic growth is well recognized. Human capital investment and knowledge accumulation play a critical role in sustainable economic development (Hatch and Dyer, 2004; Silvanto *et al.*, 2015). Yet, according to the McKinsey Global Institute (2012), a potential shortage of highly skilled workers is expected to reach about 38-40 million (or 13 percent) of the demand for such workers, with fewer workers available with the advanced skills needed to drive high-productivity economies. While developed economies may properly fill this gap by increasing enrollment in higher education institutions or accepting more immigrants, particularly immigrant entrepreneurs (Zolin and Schlosser, 2013), an inadequate supply of highly educated workers could slow down the economic growth of developing countries such as China, India, Russia, and South Africa (Preston, 2012). To meet this challenge, expatpreneurs can play a crucial role by engaging in self-employment opportunities in emerging economies (see Vance and McNulty, 2014 for case studies).

Expatpreneurs can further contribute to the long-term economic health and growth of a host country through knowledge transfer, i.e., when a developing country exploits the benefits of FDI as a useful vehicle for knowledge transfer to their economy. One of the main benefits expected from FDI is the transfer of resources, not only physical capital but also intangible resources or new knowledge such as sophisticated marketing tactics, integrated information systems processes, and advanced human resource management practices (Branstetter, 2006). Given the significance of knowledge transfer to disseminate and share the core competence of MNCs, OEs have been used as an instrument to effectively transfer knowledge (Riusala and Suutari, 2004; Delios and Björkman, 2000; Gaur and Lu, 2007; Widmier *et al.*, 2008; Bonache and Brewster, 2001), having acquired firm-specific knowledge which is often tacit and uncodified through experience and training within the unique organizational context of the parent firm (Tan and Mahoney, 2006). Given the shortage of OEs needed to meet the increasing demand for international assignments as a result of continued economic growth of emerging economies (Collings *et al.*, 2007), the availability of expatpreneurs, and OE-transitioned expatpreneurs in particular, makes them all the more valuable in these economies in terms of accessibility to their knowledge. Expatpreneurs trained in the latest management and marketing techniques can help improve the efficiency of operations in a host country, resulting in higher productivity and economic growth.

Kostova (1999) contends that the process of knowledge transfer within MNCs does not occur in a social vacuum, but is contextually embedded. She identified three different types of contexts: social, organizational, and relational. Social as well as organizational contexts seem to be particularly relevant in the case of expatpreneurs when viewed as intermediaries to bring in valuable knowledge or resources to a host country. The social context consisting of three institutional pillars (i.e. regulatory, normative, and cognitive; Scott, 1995) have substantial impact on the effectiveness of knowledge transfer. The more compatible these institutional characteristics between home and host country are, the greater benefit is produced from knowledge transfer. Discrepancy in the legal systems or cultural differences at the national level can make it difficult to execute knowledge transfer across borders. Examples include the cross-border transfer of the just-in-time system of a Japanese company to its American

subsidiary (a practice embedded in a symbiotic relationship between manufacturer and supplier in the collectivistic Japanese culture which needs to be re-contextualized in an individualistic culture like the USA to effect its successful implementation), and the inadequate protection of intellectual property rights and inefficient market functioning in, for example, China resulting in higher transactions costs.

Building upon their past work experience in and desire to relocate to the host country, or to remain in the host country following assignment completion, it is assumed that OE-transitioned expatpreneurs possess a solid understanding of the characteristics and demands of its social context. Their decision to remain there suggests that they have successfully adapted to the host country's culture and/or they feel comfortable living in it. Both pre-departure and transitioned expatpreneurs are likely to have developed a crossvergence perspective that recognizes the mutual influence of cultural values and norms between home and host country (Sarala and Vaara, 2010). In the case of OE-transitioned expatpreneurs, their prior employment with an MNC is likely to have helped them to already become familiar with host country institutions and to learn how to leverage their knowledge to such an extent as to embark on a new business opportunity that best fits the institutional profile of the host country. It is also plausible that these expatpreneurs made the decision to leave the MNC due to the incompatibility of organizational contexts that constrained their ability to make the best use of their knowledge, abilities and skills in order to exploit a recognized new venture opportunity, and they thus developed the acumen and instinct to seize a business opportunity in the host country and create their own organizational context conducive to making better use of their knowledge, inevitably leading to increased local knowledge transfer.

Future research agenda

Expatpreneurs represent a potentially important international professional career phenomenon that until now has been largely unrecognized in expatriate studies. The study of expatpreneurs has the potential to extend, and build on, prior research on business SIEs, including their career path development. Although this paper makes an important, albeit incremental, contribution in identifying and discussing characteristics relevant to expatpreneurs, and highlights potential issues regarding their motivations and career development, more systematic and empirical research is needed to increase our understanding of this new type of business SIE. We propose a number of important research questions that appear to us at this early stage of inquiry to guide further research to help advance conceptual and theory development related to the expatpreneur international career construct.

Important areas for future research related to expatpreneurs should include normative studies to help gain a clearer picture of characteristics of the expatpreneur phenomenon in its various forms, including how commonly they are found in both developed and developing host countries. Additionally, and related to the previously discussed support factors facilitating entrepreneurship careers, it is likely that the presence of expatpreneurs will be encouraged by a range of factors that include host country cultural, political, and economic conditions that support their entrepreneurial activity (Swaminathan, 1996). It is possible that developing countries presenting greater cultural distance, government instability, and poorer levels of economic and physical infrastructure may actually discourage international new ventures for expatpreneurs. Indeed, even in highly developed countries the economic environment may not present enough enticement to encourage expatpreneurs to invest the

“hurt money” required for a new venture (see Silvanto *et al.*, 2015). It is also possible that factors unrelated to the host country economic situation, such as falling in love with the host country culture or one of its citizens (Vance and McNulty, 2014), may similarly encourage expat-preneurship. The above notwithstanding, although the choice to engage in expat-preneurship may appear inevitable for pre-departure expat-preneurs, it remains a less-inevitable choice for transitioned expat-preneurs who can decide to stay in OE employment and forego international new venture opportunities.

Therefore, an important aspect worthy of examination is the personal predispositions that influence expat-preneur self-initiation and transition into an international new venture (Bauernschuster *et al.*, 2010; Brown *et al.*, 2011; Caliendo *et al.*, 2009). For example, do certain cognitive and behavioral characteristics predispose individuals into making the expat-preneur career transition? Specifically, what role does personality (Baron *et al.*, 2011), the degree of social and human capital resources available to individuals (Davidsson and Honig, 2003), the extent of an individual’s ability to engage in “opportunity recognition” (Baron, 2006), and their propensity for risk-taking (Hayward *et al.*, 2010) play in facilitating expat-preneurship? In fact, contrary to our earlier suggestion that OE-transitioned expat-preneurs will make more significant contributions to local economic development due to their potentially greater level of technical and general business experience and knowledge than younger business SIE expat-preneurs, it is very possible that the latter will possess a higher level of self-efficacy and entrepreneurial intent associated with new business development and thus in actuality make greater contributions to local host country economic development.

Gaining a clearer understanding of the optimal conditions that support expat-preneurship would be an important objective for future research. For example, to what extent is expat-preneurship self motivated (i.e. by pre-departure expat-preneurs) rather than employer driven as in the case of OE and business SIE transitioned expat-preneurs who may be unhappy with their employment conditions? Furthermore, is it actually a strategic initiative of organizations to proactively seek out and invest in business SIEs as an alternative to traditional OEs, where the former represent a potentially more motivated form of expat-preneur than the latter? Another line of questioning involves how expat-preneurs acquire their skill set, i.e., via on-the-job training, serial entrepreneurship, across countries, globally, and whether it is product or market focussed. For example:

- RQ1. To what extent, and in what numbers do pre-departure and transitioned expat-preneurs in their various forms engage in international new ventures in developing and developed economies?
- RQ2. Which personality characteristics predispose individuals for expat-preneurship in general?
- RQ3. How do pre-departure and transitioned expat-preneurs in their various forms tend to differ in personality characteristics and degree of engagement in new ventures in developing and developed economies?
- RQ4. Which factors encourage, and conversely discourage, pre-departure and transitioned expat-preneurship in developing and developed economies?

As discussed earlier and illustrated in the case examples, gender could play a role in the development of expat-preneurship. Are males more likely to be pre-departure

expatpreneurs and to be in possession of a greater degree of technical skills and professional work experience than females? Are typical business SIEs more likely to be females who are motivated to go abroad for gaining international experience in general as part of their early adult personal and career development (Inkson and Myers, 2003)? On the other hand, business SIE transitioned expatpreneurs could be more evenly spread with a proportionate mix of males and females. The question, then, is the extent to which gender encourages or discourages engagement in expatpreneurship, including pre-departure vs transitioned expatpreneurship. Furthermore, to what extent do personal life circumstances (marriage, divorce) and stage of family life cycle impact on the likelihood of individuals engaging in international new ventures? Data on traditional OEs show that the predominant age group for expatriates is of an older employee with accompanying family members (Brookfield Global Relocation Services, 2015). Hence, the likelihood that family responsibilities, or lack thereof, can inhibit or enhance pre-departure vs OE and other transitioned expatpreneurship could be high, where those who would like to transition to expatpreneurship via OE employment may be less inclined to do so in favor of retaining a steady income compared to the “inevitable” pre-departure expatpreneurs. Thus:

RQ5. To what extent are pre-departure and transitioned expatpreneurship in their various forms influenced by gender?

RQ6. Do personal circumstances and stage of family life cycle and its associated responsibilities inhibit or enhance pre-departure and transitioned expatpreneurship in their various forms?

Systematic field studies are also required to examine whether, and to what extent, expatpreneurs are successful in their international new ventures, including the factors that contribute to their success. One area worthy of attention is the role that the pre-departure expatpreneur’s accompanying family members play in supporting a relocation that involves an international new venture. If we consider that accompanying family members’ difficulty with international adjustment has been posited for decades as major cause of international assignment failure (Hechanova *et al.*, 2003; Lazarova *et al.*, 2010), it would be interesting to see if, and how, pre-departure and transitioned expatpreneur families successfully navigate through their family challenges while adjusting to living abroad without the types of organizational support typically offered to OEs. One could argue that, as expatpreneurs are “on their own” without the comfort and safety net of MNC support, they must develop for themselves a family skill set that is suited to the lifestyle (i.e. coping with risks, uncertainty, instability) that an international new venture will impose on them. Thus:

RQ7. What characteristics of expatpreneur family members influence the decision to relocate abroad to engage in an international new venture, and influence the relative success or failure of the international new venture?

Conclusion

Research on the expatpreneur phenomenon will undoubtedly increase our understanding of the economic benefits arising from knowledge spillover, particularly for emerging markets (Acs *et al.*, 2009). While entrepreneurs from less developed countries expatriating or migrating to developed countries is well researched (Clydesdale, 2008; Rusinovic, 2008; Zolin and Schlosser, 2013), less is known about

skilled, professional entrepreneurs from developed countries who expatriate or migrate to an emerging economy to then exploit business opportunities in that country (Almor and Yeheskel, 2013). The positive spillover effects to the local emerging economy from individuals who expatriate as expatpreneurs could be significant (Dearie and Geduldig, 2013), and may be especially pronounced for emerging markets in terms of building local economic vitality, enhancing local professional practice, and developing the local labor skill base. We posit that pre-departure expatpreneurs in particular are likely to have the ability to overcome their liability of foreignness by integrating themselves into the host country through prior cross-cultural experiences as well as newly formed professional networks that foster their international new venture in the host country. This growing phenomenon may well represent a new form of “brain circulation” that builds upon traditional concepts of brain drain and brain gain associated with the growing mobility of human talent across borders (Tung, 2008).

Additionally, research that is focussed on OE-transitioned expatpreneurs may help alert MNCs to the importance of providing greater career support for their OEs during an international assignment, particularly in situations where OEs elect to leave the organization (taking with them valuable experience and tacit knowledge) due to dissatisfaction with the OE experience rather than a desire for a new expatpreneur career. Conversely, even when employees are driven by desire to leave an organization to venture out on their own, prior research shows that when organizations are aware of and supportive toward their employees’ career interests outside of the organization, such support can lead to enhanced satisfaction and productivity (Kulik *et al.*, 2015), as well as extended retention before the eventual departure (Kaye and Giulioni, 2012). As many of the big consulting firms demonstrate, staffing and career progression strategies that support the transfer of employees to join client firms can further strengthen the consulting firm-client firm relationship for future engagements. Thus, when MNCs support the long-term professional career interests of their employees in making a successful transition as expatpreneurs, such behavior quite possibly can contribute to an enhanced reputation and relationship with the local host country environment and secure an expanded source of local support and good will.

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Corresponding author

Charles M. Vance can be contacted at: cvance@lmu.edu