

LUND UNIVERSITY

# Transnational entrepreneurs: implications of the dual background on opportunity recognition

---

A case study of transnational entrepreneurs in the Skåne region

**Kalin Radulov & Oleg Shymanskyi**

**5/23/2014**

## ABSTRACT

Transnational entrepreneurs are migrant business owners, traveling abroad for business purposes and engaged in business activities, based on ties to a foreign country. Operating in two countries exposes the entrepreneur to more sources of information and can increase the ability of the entrepreneur to make connections and discover opportunities. Using dual habitus and theory of practice as the main theoretical framework, this paper explores the sources of information of transnational entrepreneurs, and how they are influenced by their unique position of being embedded in two countries at the same time. A case study on transnational entrepreneurs in Skåne is conducted. The data for the study is obtained through the use of general, semi-structured interviews with entrepreneurs, fitting the profile. The critical incidents, leading to opportunity recognition are identified. The findings reveal a clear link between the entrepreneur's transnational background and the recognised opportunity. Furthermore, the results suggest that the main sources of information used to identify opportunities are knowledge corridors and social ties. A link between an individual's transnationalism and perceived competitive advantage is established. The conclusion underlines the value of international experiences and suggests a link between transnationalism and enhanced creativity. Future and practical implications are suggested.

**keywords:** entrepreneurship, transnational entrepreneurship, transnationalism, dual habitus, opportunity recognition, knowledge corridors, social ties, critical incidents, competitive advantage, Sweden, Skåne.

# TABLE OF CONTENTS

ABSTRACT.....	1
1. INTRODUCTION .....	4
2. LITERATURE REVIEW & THEORETICAL FRAMEWORK.....	6
Defining the Transnational Entrepreneur.....	6
Opportunity recognition.....	7
Theory of practice and the dual-‘habitus’ of the transnational entrepreneur .....	12
3. METHODOLOGY .....	15
Approach.....	15
Limitations .....	16
Pilot case study .....	16
Sample selection and argumentation.....	17
Data collection .....	18
Method of analysis.....	19
4. RESULTS .....	19
The entrepreneurs’ background .....	20
Opportunity recognition.....	22
Transnationalism.....	27
5. DISCUSSION .....	29
The entrepreneurs’ background, dual habitus and fields of operation .....	29
The opportunity recognition process: sources of information .....	31
Discussing transnationalism and competitive advantage .....	32
6. CONCLUSION AND IMPLICATIONS .....	33
Practical implications.....	35
Suggestions for future research.....	35
<b>REFERENCES.....</b>	<b>36</b>
APPENDICES .....	39

## LIST OF FIGURES

Figure A. Theoretical framework – part I.....	12
Figure B. Theoretical framework – part II.....	14

## LIST OF TABLES

Table 1. The entrepreneurs and their background .....	21
Table 2. Opportunities discovered, countries of operation and type of business .....	22
Table 3. The opportunity recognition process .....	26
Table 4. Transnationalism and competitive advantage .....	28
Table 5. Dimensions and source of knowledge, prior to the opportunity recognition.....	31

# 1. INTRODUCTION

Transnational entrepreneurship is a phenomenon that has become possible in recent years due to revolutionary fast communication and transportation systems that allow for affordable frequent travel across countries and continents. Unlike in the past, a choice of conducting business internationally has become available not only to large companies that possess sufficient resources to go global, but also to smaller scale companies and even individuals. Much like multinational corporations, entrepreneurs started exploiting opportunities between multiple countries, often expanding their business to a new market or creating a venture in another country based upon their existing networks and resources available to them from home.

Transnational Entrepreneurship has emerged as a sub-section of international entrepreneurship - both of the activities cross national borders and take advantage of being placed in two distinct institutional environments in order to optimize their efficiencies and create value (Drori, 2009; Flores, 2010). However, if the international entrepreneurs merely conduct border-crossing business activities, the transnational entrepreneurs stand out with their business idea being fully-dependent on the dual institutional and cultural environment (Patel & Conklin, 2009). Further to this, the focus of international entrepreneurship is on the business entity, while the transnational entrepreneurship examines the entrepreneur as an individual (Drori, 2009) and therefore stands out from the international entrepreneurship as a distinct field of research.

As an emergent field, transnational entrepreneurship caught the attention of a number of scholars from different disciplines who scrutinized it from various angles. The analysed perspectives include the socioeconomic aspect of migrants' adaptation to their host country (Portes 1999; 2002), the drivers pushing individuals to start a venture (Lin & Tao, 2012) and even the influence of the host countries' institutions on conducting transnational business (Yeung, 2002).

Building on the multitude of perspectives from contiguous disciplines (Drori, Hing & Wright, 2009), a unified conceptual framework for analysing transnational entrepreneurship through the

theory of practice was developed (Drori, Honig and Ginsberg, 2010). This framework argues that transnational entrepreneurs possess a distinct background that is beneficial to them and that by being embedded in the context of two countries, they become open to new opportunities (Drori, Honig & Ginsberg, 2010). In a similar manner it is also argued that the transnational entrepreneurs, by operating in two countries at the same time, are able to create a comparative advantage over those only practicing in the settings of one country (Patel & Conklin, 2009).

However, little empirical evidence is available to support this argument. In addition, available research covers either existing ventures (Portes *et al.*, 2002), or analyses individuals' motivation to opt for self-employment (Lin & Tao, 2012). The works available to date largely overlook the crucial stage between deciding to start the venture and running an existing company - the opportunity recognition process. The latter constitutes a research gap that will be addressed in this paper, and more specifically, the opportunity recognition process of transnational entrepreneurs.

Current research holds that the transnational entrepreneurs stand out among their local counterparts by having their special transnational background, but the question of how they actually employ it remains open. Furthermore, little empirical research is available on the matter. The empirical works on transnational entrepreneurship are mostly fragmented and cover migrant communities in America (Portes *et al.*, 2002; Lin & Tao, 2012; Itzigsohn *et al.*, 1999; Landolt, Autler & Baires, 1999) and much less so in Europe (Baltar & ICART, 2013; Ambrosini, 2012). The Nordics remain largely uncovered by the empirical data in the field and it becomes important to fill this identified void. Accordingly, this study will cover the area of Skåne, as Sweden's region with promoted entrepreneurship culture.

Finally, the aim of this study is to inquire into:

*How transnational entrepreneurs use their dual background to recognise business opportunities.*

Finding a response to this research question would not only contribute to the literature by providing empirical data, but also allow us to judge, whether the transnational entrepreneur's background in fact adds value to one's opportunity recognition skill. This could also provide

practical advice for improving entrepreneurial education. Exploring the opportunity recognition process, this research adopts a case study approach to understand and analyze how the transnational entrepreneurs use their dual-background to evaluate and discover opportunities. The sample consists of three transnational entrepreneurs, operating between Sweden and their home country.

The paper will unfold as follows: the next section will introduce key concepts of opportunity recognition and how these link to the special dual-background of the transnational entrepreneur. This background is examined through the theory of practice framework adapted to transnational entrepreneurship by Drori, Honig and Ginsberg (2010). The method section will present the cases and the method of analysis. This will be followed by the discussion part that will scrutinise the influence of the additional knowledge from entrepreneurs' dual-background on how they recognised business opportunities. The paper concludes with the reflection on the advantage that the dual-background provides to the transnational entrepreneurs. Finally practical implications and future research topics are suggested.

## 2. LITERATURE REVIEW & THEORETICAL FRAMEWORK

### Defining the Transnational Entrepreneur

Transnational entrepreneurs are defined as migrants who are involved in border-crossing business practices that span their home and host country (Lin, 2012). They leverage their networks and resources from the country of origin, establish business links with the country of destination and as a result - exploit opportunities that might not be recognised otherwise (Drori *et al.*, 2009). Such transnational businesses have venture components located in different countries and their operations are defined by the optimisation of the two contexts in which they are placed (Flores, 2010). Transnational entrepreneurs expand their businesses beyond their ethnic group and operate within the contexts of both the home and host country simultaneously, thereby leveraging their knowledge and skills obtained while living in two different environments (Flores, 2010; Drori, 2009).

In a seminal work of Portes, Guarnizo and Haller (2002) on transnational entrepreneurs in the U.S., the author finds that transnational entrepreneurship is a distinct form of economic adaptation by migrants. Portes *et al.* (2002) use the following individual characteristics to single out the transnational entrepreneurs from other forms of immigrant entrepreneurs:

- self-employed;
- business-owners;
- the business idea is based on ties to a foreign country (possibly, the home country of the business owner);
- the owner travels abroad for business purposes.

Other works in the field adopt Portes' *et. al.* framework for transnational entrepreneurs and we would thus use the above as a basis for our sample selection.

The factor identified as distinctly visible when characterising transnational entrepreneurs was the vast social network, spanning beyond local communities. The fact that these entrepreneurs possessed more social links than local business owners, and even more so, than migrant wage workers (Portes *et al.*, 2002) gives a reason to state that transnational entrepreneurs are not only engaged in a distinct type of entrepreneurial activity, but have an advantage over local business owners due to their specific cross-national background. An analytical framework would therefore be required to examine this potential advantage and assess its influence on the migrant entrepreneur. First, the theory of opportunity recognition is employed to find out how the distinct features of transnational entrepreneurs place them at an advantageous position in finding business opportunities. This would be followed by an analysis of the specific background of transnational entrepreneurs and how this is linked to the opportunity recognition process.

## **Opportunity recognition**

One of the core questions of entrepreneurship theory is the source of entrepreneurial opportunities. Though entrepreneurship itself is a young discipline, opportunity recognition is one area where contributions were made by many known scholars. For one, Baron (2006, p. 107) describes opportunities as “perceived means of generating economic value that previously have



not been exploited and is currently not exploited by others” and opportunity recognition as “the cognitive process through which individuals strive to connect the dots between changes, events and trends and come up with new product or service ideas.”

There is no mainstream understanding or agreement upon the origin of entrepreneurial opportunities or how they come into fruition, being transformed into ventures. Currently, there are three major perspectives on opportunity recognition: realist, constructionist and evolutionary realist. A lot of attention was drawn to the *realist* perspective, developed by Shane (2000), Venkataraman (1997) and others. The authors’ point of departure is the information about market inefficiencies that exist independently of the actor. This research has its roots in the works of Kirzner and Hayek and brings in the Austrian School’s view. An alternative approach is that of *constructionism*, which postulates a more subjective perspective where opportunities are created as a part of individual’s actions. Finally, the *evolutionary realist* approach seeks to resolve the controversies of the first two by combining the constructionist subjective view with the objective reality of the market.

The realist approach has its roots in the Austrian School of economics, where market conditions are considered to be imperfect, while entrepreneurs serve as actors of change. What is more, the information about the market conditions is spread unevenly, being hidden from some and revealed to others. Such a configuration allows an individual possessing certain information (for example, on an unmet market need and/or a underutilised resource) to use it as an opportunity for a potential business. The core of the realist approach is the understanding that the information and the opportunities exist independently of the actors and only need to be found or “discovered” by individuals that happened to acquire the needed combination of information for the opportunity to be revealed. (Alvarez *et al.*, 2010; Eckhardt & Shane, 2003). “In this view, entrepreneurial opportunities are like lost luggage in a train station; they exist, just waiting to be claimed by alert individuals who know of their existence” (Alvarez *et al.*, 2010, p. 26).

The constructionist view is based heavily on the subjective constructivist perspective. According to this view, social factors are constructed by individuals through constant interpretation of reality. Azevedo (2002) argued that the key difference between the realist and constructivist

perspective lies in understanding non-observable phenomena. The former regards them as if observable, while the latter perceives the non-observable phenomena through subjective interpretation (as cited in Alvarez *et al.*, 2010). With regard to entrepreneurship, Sarasvathy (2001) brought forth an effectuation theory, whereby an entrepreneur utilises the resources available and constructs the entrepreneurial opportunity at his/her own will. Thus, the actor does not “find” the independently existing opportunity (which would not be able to exist independently under such logic), but actively creates it through his own cognitive process. Thus, the opportunity is a subjective matter and only exists in an individual’s reality that can be adjusted in order to construct a specific opportunity (Alvarez *et al.*, 2010).

In an attempt to find common ground within otherwise divergent strands of research, the evolutionary realist approach came about. The key difference, needed to be resolved, was the link between subjective personal interpretations and objective reality. In a similar manner as that of the constructionists, this approach postulates the absence of opportunities apart from individual construction. However, these constructed business possibilities are then tested against real market conditions through step-by-step trial and error - thus iterating and transforming the initial “guess” into a market-proven opportunity. (Alvarez *et al.*, 2010).

Recent research is leaning towards this trend, as even the representatives of the realist school have incorporated some of the constructionist ideas. Updating Shane’s (2000) research, Eckhardt and Shane (2010) claimed that the entrepreneur does not, in fact, immediately find a concealed opportunity, but rather forms a conjecture about a potential opportunity based on the information s/he possesses. Further on, the entrepreneur proceeds to exploit this conjecture and test it against the market at the time the product is rolled out to customers. Therefore, the authors claim, it would be impossible to judge the success or failure of an idea at the time the conjecture is formed, since market conditions can change between the moment of discovery and rolling out of a product (Eckhardt & Shane, 2010).

The focus of this paper is the study of how the transnational entrepreneurs recognise opportunities. These entrepreneurs are unique in having a cross-cultural background that makes them stand out not only among other entrepreneurs, but also among migrants in any given

country. Since our interest is how these individuals employ their background, it would be valuable to choose the theoretical framework that best incorporates it into the process of opportunity recognition. It was decided to choose the framework from Eckhardt and Shane (2010), as it takes note of the potential subjectivity of the opportunities, but is still based on the centrality of background for opportunity recognition. In order to elaborate on this choice, the process of recognition of opportunities is discussed further.

Sarasvathy, Dew, Velamuri and Venkataraman (2010) tried to integrate the three main approaches to current opportunity recognition - “creation”, “recognition” and “discovery”. In their view, these are not contradictory approaches, but rather separate context-dependent “tools.” Moreover, these “tools” could be treated as different stages of the process of opportunity formation, whereby the conditions of opportunity are first created by exogenous factors, and then recognised or discovered by individuals. In a similar manner, the updated research from Eckhardt and Shane (2010) provides a middle ground between the realist and constructionist perspectives, as it acknowledges the subjectivity of perceived potential opportunities and a need for testing them against real market conditions. On the other hand, it emphasises the role of the individual’s background in forming these conjectures. It is of utmost importance that both strands of the research recognise the importance of information in opportunity recognition.

In his earlier research, Shane (2000) examined the ventures that came out of a new technology developed at MIT. His results showed that none of the entrepreneurs discovered the opportunity from the information about the new technology alone. On the contrary, the individuals’ prior knowledge influenced their opportunity recognition process and they made conjectures about potential businesses based on that knowledge. In fact, none of the interviewees recognised the same opportunities as the other, with some explicitly claiming that they were not able to produce more opportunities.

This paper argues, if some individuals only reveal some opportunities, but not others, it is valuable to examine those factors that influence the opportunity recognition process. The dispersion of knowledge between individuals creates opportunity by itself because of the different judgements of prices and value of goods or resources, allowing some individuals to

benefit from this asymmetry (Sarasvathy *et al.*, 2010). Therefore, access to information is a major reason for being able to discover opportunities along with the cognitive ability to perceive that link (Eckhardt & Shane, 2010).

### *Factors influencing opportunity recognition*

The following factors allow individuals to gather information that is valuable for recognising opportunities:

- Knowledge corridors;
- Search;
- Social Ties (Eckhardt & Shane, 2010).

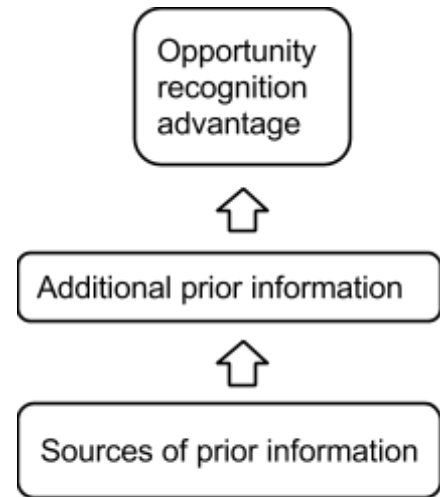
Knowledge corridors are specific previous occurrences, knowledge, events, background, et cetera that allow individuals to acquire specific information that is directly linked to their prior background. This new knowledge is contextual and provides individuals with more specific information due to their prior background, thus creating an advantage based on information asymmetry (Baron, 2006; Eckhardt & Shane, 2010). Shane's (2000) empirical data showed that none of the opportunities stemmed from active search, but were rather a result of an "Aha"-moment. An active search for information to create an opportunity, however, will likely allow an individual to obtain an advantageous position for opportunity recognition (Eckhardt & Shane, 2010). Finally, information could be acquired through social networks, giving the individual a broader scope of knowledge from "distant parts of the social system" (Granovetter, 1983, p. 202)

The research by Eckhardt & Shane (2010) also takes note of the need of a cognitive ability in order to seek out new means-ends relationships. However, this paper focuses on the distinctive feature of the transnational entrepreneur - his/her dual-cultural background and the following section will delve into the specifics of the background of transnational entrepreneurs and establish its role as a source of prior information.

### *Theoretical framework - part I*

In order to aggregate the research above and construct a theoretical framework for this paper, the following conclusions were made from the opportunity recognition theory and the arranged in the logical order as in figure A:

- the chosen approach builds up on the progressive realist theory presented by Eckhardt and Shane (2010), as it recognises the individual's background as a premise of opportunity recognition;
- information asymmetry is a key difference that allows individuals to discover certain opportunities and not the others (Shane, 2000). Therefore, it is argued that additional information is the key to better opportunity recognition. This is illustrated in the top part of the figure A, where opportunity recognition advantage is created through additional prior information;
- in specific, sources of information for opportunities are mainly: knowledge corridors, active search and social ties (Eckhardt & Shane, 2010). The latter sources feed into the bulk of additional prior information (lower part of figure A).



*Figure A. Theoretical framework - Part I*

The following part will examine the background of the entrepreneur and how it caters for additional information that is in turn valuable for opportunity recognition.

## **Theory of practice and the dual-‘habitus’ of the transnational entrepreneur**

Drori *et al.* (2010) establish an analytical framework to examine transnational entrepreneurship, based on Bourdieu's theory of practice. According to Bordieu (1977), humans operate in a variety of ‘fields’ (economic, social, educational) in their daily lives, while this operation or ‘practice’ is mutually dependent on the actor's ‘habitus’ - a set of inherent and acquired habitual practices in the current social context (Patel & Conklin, 2009).

The transnational entrepreneurs appear as actors, influenced by micro- and macro-level factors that create a unique cultural context, based on their dual cultural background. This dual cultural context is a base for the transnational entrepreneurs' action. Thus, Drori *et al.* (2010) regard the dual social context as forming the unique transnational 'habitus,' as a notion of Bourdieu's theory of practice. Possessing such one-of-a-kind 'habitus,' specific for a given entrepreneur, they navigate within social fields in both countries of their operation. The fields, interacting with 'habitus' include: "cultural repertoires, legal/regulatory regimes, social/professional networks and power relations" (Drori, Honig & Ginsberg, 2010, p. 23). This interaction intra and between the fields and habitus contributes to the specific entrepreneurial action.

As the migrant moves from his/her home country to the host country, s/he becomes excluded from the field s/he was previously operating in, but begins 'practicing' in fields within the new host country. Thus his/her 'habitus' transforms, acquiring an additional host country element. Should the individual maintain practice in the home country, s/he will stay embedded into two distinct areas of social fields and thus, his/her habitus will be enriched by merging the dual cultural backgrounds (Drori, Honig & Wright, 2009).

Zaheer argues that operating in a foreign environment may increase costs and limit the competitive advantage of a business (as cited by Patel & Conklin, 2009, p.1051), referring to this phenomenon as 'liability of foreignness'. While this may be true for migrants when they arrive initially at their host country, this study argues that it is not the case for transnational entrepreneurs.

### *Theoretical framework - part II*

Having outlined the perspectives above, we construct a theoretical framework for this paper (figure B), based on theories of opportunity recognition and the theory of practice in the context of transnational entrepreneurship (Drori, Honig, & Wright, 2009; Eckhardt & Shane, 2010; Shane, 2000; Patel & Conklin, 2009). As displayed in figure B, both the home and host-country context form the dual-habitus through the entrepreneur's operation in the fields. Subsequently, the dual-habitus serves as a bulk of information for the opportunity recognition. In contrast to a migrant, who only operates in his new host country, the transnational practice turns the

additional element of habitus from a passive bulk of unused knowledge into a competitive advantage (top part of the diagram). Moreover, the dual-habitus becomes a distinct feature when comparing this individual to local entrepreneurs whose habitus and scope of knowledge are limited to the local country context. Therefore, a dual-habitus could provide more information for opportunity recognition and therefore allow the individual to discover more opportunities.

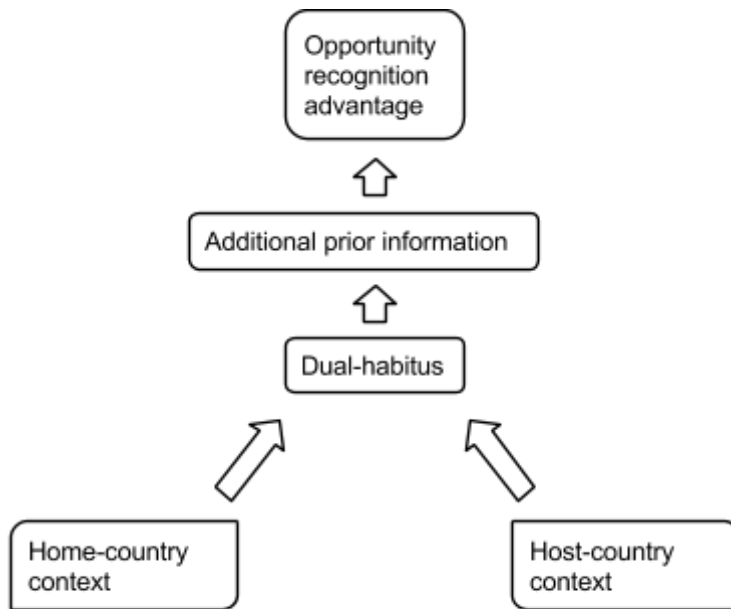


Figure B. Theoretical framework - part II

Two specific aspects of the dual-habitus that contribute to obtaining additional information are: (1) operating in the ‘fields’ of two countries and (2) maintaining a wider social network. Together, these put the transnational entrepreneur in an advantageous position to discover opportunities in the context of information asymmetry. In that way, the migrant could turn the ‘liability of foreignness’ (Patel & Conklin, 2009) into a competitive advantage and a personal benefit.

In the light of the theoretical framework exhibited above, it was decided to outline intermediate research aims that would then allow to judge on how transnational entrepreneurs use their dual background to find business opportunities - the main research question. The intermediate research aims follow:

- How is dual-habitus of transnational entrepreneurs constructed through operation in different contexts?
- How do transnational entrepreneurs use their information sources to recognise entrepreneurial opportunities?
- How does the entrepreneur’s transnationalism make him or her different from local entrepreneurs when discovering opportunities? Does it give them a competitive advantage?

These intermediate aims will be reflected on in the discussion part, while the next chapter exhibits the methods used in this research.

### 3. METHODOLOGY

In this section, the research methodology is elaborated. First, the study approach is described, followed up by a pilot case study, sample selection, data collection and method of analysis.

#### **Approach**

The purpose of this research is to explore the relationship between the transnational entrepreneurs' dual background and their opportunity recognition skills. In order to do that, core consistencies, themes and patterns in the entrepreneurs' background and behaviour are identified by exploration of their life experiences. Obtaining such a rich, detailed and personal information requires the use of a qualitative approach (Zhang, 2009; Turner, 2010). Face-to-face interviews are used to collect information as they are considered the 'golden standard' for qualitative research (McCoyd & Kerson, 2006).

More specifically, it is established what exactly in the transnational entrepreneurs' background contributed to his/her business idea. The entrepreneurs' personal account of their lives is captured in detail – their life story (Adriansen, 2012), reflections and journey. The individual interpretations of the entrepreneurs' experiences are explored by focusing on 'critical incidents' (Flanagan, 1954) in their lives that contributed to the ability to identify entrepreneurial opportunities. Personal perceptions of the entrepreneurs are explored by covering the same interview areas with every interviewee. A general interview approach is selected over an informal or structured one as it allows for a certain degree of freedom and flexibility when conducting the interview, while still maintaining focus on the topic (Turner, 2010).

The interviews are conducted with the founders of startups and processed through directed content analysis (Zhang, 2009). The wording of questions is open-ended and neutral to avoid bias and allow the interviewees to share more personal insights on the topic. Clarifying follow-



up questions are asked, based on the respondents' answers. Interviewees are asked general questions about their personal and professional background, company details and motivation to start their business in Sweden. The entrepreneurs are also asked about their opportunity recognition process and how exactly they identified the business opportunity they realized into a working business, as well as their personal perception of why they succeeded and whether and how their transnational experience benefited them.

## **Limitations**

Interviews as a method have several important limitations. First, they may be influenced by retrospective bias. In retrospect, the world around us is always meaningful to us and the meanings we give to things influence our perceptions and actions (Berglund, 2007). In storytelling, there is an inclination towards glorification – to make sense out of past experiences and one's life as a whole (Adriansen, 2012), which means that their recollection may be biased. One of the interviews was conducted via Skype, but because video was disabled, it can be argued that the 'golden standard' of face-to-face interviews was not fully upheld (McCoyd & Kerson 2006). Secondly, the results of this study may be influenced by the author's personal perceptions and analysis of the information provided during interviews. Since the case study approach was utilized, any findings reached are context dependent and limited by the small sample size and hence not generalizable or of statistical significance (Eisenhardt, 1989; Zhang, 2009). However qualitative analysis explores a wide range of meanings of phenomena (Zhang, 2009) and may uncover important patterns, themes and insights into opportunity recognition in transnational entrepreneurs and whether their dual habitus has any influence on it.

## **Pilot case study**

Baker (1994) claims that pilot studies or feasibility studies in social science research are used to 'try out' particular research instruments (as cited in van Teijlingen & Hundley, 2001). Some of the advantages of pilot studies are that they might give advance warning for potential design flaws of the methodology (van Teijlingen & Hundley, 2001). In the case of this research, a pilot case study was conducted in order to develop an interview guide (Appendix 1). The guide was designed to assist in delineating between transnational and other migrant entrepreneurs. This was done by focusing on the transnational element in their business in an attempt to prevent potential

practical problems in following the research procedure. Thus, in order to get some insight into the potential issues that could emerge, an unstructured interview with a migrant entrepreneur was conducted. The interviewee was selected for two main reasons - geographical convenience and complexity of the case. The results from the pilot case study (Appendix 2) were analysed and an interview guide was developed in order to cover all the general areas of investigation and ensure that it is in line with the aims of the research. This case study also facilitated in refining the criteria for the final sample selection, but was not used for the final results or conclusion of this research.

## **Sample selection and argumentation**

In Sweden, and more specifically in the Skåne region, which is part of the Medicon Valley (one of Europe's biggest life science clusters) and the Oresund area (a transnational region, centered around the cities of Malmo and Copenhagen), entrepreneurship is on the rise. There are several science parks and Business incubators and a large startup community, located mainly in Lund and Malmö. In addition to that, the region has the highest number of immigrants ("Immigrants' migration patterns," 2008) and is one the most multi-cultural in Europe. This, in combination that entrepreneurship is often a means for integration for immigrants (Portes *et al.*, 2002), meant that the Skåne region is a logical choice for our study on Transnational Entrepreneurship. To find interviewees, the networks of Ideon science park, Sten K. Johnson's centre for entrepreneurship and ALMI (an organization providing innovative businesses with finance, counseling and networks) were used, as they are either hosting, supporting or have established contact with a wide range of entrepreneurs, including migrant ones. News articles about local success stories were also used. The selection of interviewees is based on the definition of Portes *et al.* (2002) – they have to be business owners, traveling abroad for business purposes and engaged in business activities, based on ties to a foreign country.

Alumni of the Entrepreneurship program in Lund University, as well as founders of startups in Ideon Innovation inside Ideon Science Park were contacted for interview. For the purpose of this study, 3 entrepreneurs were interviewed: 2 program alumni and 2 entrepreneurs from the Ideon Innovation business incubator. For privacy considerations, the participants or their projects' names are not disclosed. Generic Swedish names are used instead.

Axel is from Bolivia and has a sustainability consultancy firm and a cleantech business there. He is consulting private and governmental companies and institutions on environmental sustainability, clean technology and energy efficiency. He is an alumni of the entrepreneurship program in Lund University.

Bjorn is from Spain. He has started a company, allowing people to make their own wines. Wine bottles are branded individually and used for special occasions. He is part of the Ideon Innovation business incubator.

Carl is from Jordan. He is running an import and export business at his own country and is currently expanding his business to Sweden. He is in contact with the networks of Krinova Science Park and part of the Entrepreneurship program in Lund university.

## **Data collection**

Interviews were conducted in person or over Skype, using a general interview guide prepared beforehand (Appendix 1). As the interviews were conducted in a general, semi-structured manner, questions were often improvised, depending on the respondent's replies. All interviews were recorded on a mobile device and later transcribed to ensure consistency and backup storage. The answers were summarized, and not transcribed literally. The transcriptions were analysed through directed content analysis. In order to enhance the creative potential of the study and to add our individual perceptions and viewpoints on the findings and results, the data was analysed and coded independently and the findings - discussed to reach conclusions. In order to assure consistency in the coding of the data, a constant comparative method was implemented (Zhang, 2009). The information that was filtered out was:

- 1) The background of the entrepreneur:
  - a) Family
  - b) Country
  - c) Education
  - d) Professional experience

- e) International experience
- 2) The opportunity recognition process
  - a) The source of the business idea - when and how it appeared
  - b) Feasibility analysis - factors influencing his/her decision to start the business and register a company.
- 3) The transnational startup process
  - a) Their competitive advantage
  - b) Leveraging personal networks
  - c) Using their international background

## **Method of analysis**

Through examination, analysis, comparison and with the use of abductive reasoning, key themes and categories are extracted (Zhang, 2009). All such findings were compared systematically with the individual evidence from each case in order to assess how well it fits with the case data. In order to avoid investigator bias and reaching premature conclusions, patterns were sought for within individual cases at first, and then cases were summarized in tables and compared through different dimensions and categories. The personal analysis and observations of each author were discussed and combined into a descriptive results section. These results were further elaborated and interpreted, with reflections and comparison to existing literature. The results were analysed in terms of what the findings support and/or contradict. Conclusions were then drawn from the discussion and a final assessment of the study implications was made.

## **4. RESULTS**

The three main themes explored during the interviews are used to structure the findings of the study. The entrepreneurs' background is the first theme that is explored - their countries of origin, family background, education and professional experience. This is followed up with the next theme - the opportunity recognition and the factors, facilitating the discovery in terms of information acquired and the source of the opportunity. Finally, transnationalism is explored, and more specifically how entrepreneurs perceive the advantages or disadvantages of operating in

two countries. Key themes, quotes and categories are described in detail and summarised in tables.

## **The entrepreneurs' background**

All interviewed entrepreneurs are migrants, currently living in Sweden. Axel is originally from Bolivia, but came to Sweden with his father in his late teens. While initially being an immigrant was a “disadvantage” for him, the situation he was put in helped him “sharpen” his people skills and he became “very good at connecting with people”. Having worked in sales for various Swedish companies, he eventually started his own IT franchise. Following the IT bubble, he went back to university, studying Organization and Leadership and then Entrepreneurship.

The background of Bjorn is similar. He grew up in a small village in Spain and wanted to “get out of there”. During his bachelor studies he participated in a student exchange program in Norway and “really liked the northern culture”. After finishing his education in Spain, he came to Sweden to attend a Master’s programme in Interaction design. Bjorn did not get accepted to the university right away due to the absence of a required language certificate, but he utilised the time to do an internship at an advertising agency in Malmo, meet new people and build up his network.

While Carl got accepted on a full scholarship to study in Sweden, education was not his main motivation. He is originally from Jordan and had already obtained an extensive educational background from UK and US universities as well as conducted a successful business in his home country. However, being from the Christian minority in his country, he felt that the Middle East as a region was “soon not going to be good” for his family or his business. He came to Sweden with the idea to expand his business and eventually relocate his family.

Despite the fact that the entrepreneurs come from different backgrounds, they share certain similarities, as reflected in table 1. While their countries and cultures vary significantly and are spread across three different continents, they all have an entrepreneurship example in the family. In addition to that, they have obtained university degrees from Swedish universities. Their

educational background is business oriented and they all had employment experience prior to their opportunity recognition.

*Table 1. The entrepreneurs and their background*

	Personal background (Country of origin and family)		Educational background (Degrees and countries)	Professional background
Axel	Bolivia	Father working in municipality as consultant.	<ul style="list-style-type: none"> <li>• BA in Organization and leadership, Sweden</li> <li>• MSc in Entrepreneurship, Sweden</li> </ul>	<ul style="list-style-type: none"> <li>• Worked in Sales in Sweden</li> <li>• Founded an IT company in Sweden</li> </ul>
Bjorn	Spain	Family has vineyard.	<ul style="list-style-type: none"> <li>• BA in Advertising and marketing, Spain</li> <li>• MA in Interaction design, Sweden</li> </ul>	<ul style="list-style-type: none"> <li>• Worked in an advertising agency in Sweden.</li> </ul>
Carl	Jordan	Father and Uncle have their own businesses.	<ul style="list-style-type: none"> <li>• BSc in Business administration, Lebanon</li> <li>• MSc in Information Technology, UK</li> <li>• Postgraduate degree in Executive leadership, USA</li> <li>• MBA, UK</li> <li>• MSc in Entrepreneurship, Sweden</li> </ul>	<ul style="list-style-type: none"> <li>• Worked in retail in Jordan</li> <li>• Worked as a distributor for his father's company.</li> <li>• Took over his father's business in import/export of food and is an acting CEO.</li> </ul>

## Opportunity recognition

Once in Sweden, the entrepreneurs were exposed to a new environment. They expanded their knowledge about the culture of their host country and spotted opportunities. Living in Sweden helped them develop their networks and acquire customer leads. All three entrepreneurs acted on the perceived opportunity and used their established networks to develop their business ideas and start companies in Sweden, connecting their home and host country.

A description of the recognised opportunities and the countries of operations can be viewed in table 2.

*Table 2. The entrepreneurs, opportunities discovered, countries of operation and type of business*

	Opportunity	Countries of operations
Axel	Founded a company selling cleantech solutions and sustainability consultancy, connecting Sweden and Bolivia. Consulting Bolivian organizations on energy efficiency and sustainability issues and importing Swedish cleantech solutions and practices.	Bolivia/Sweden
Bjorn	Founded a company for import and branding of wine. Renting parts of Spanish vineyards to Swedish customers and allowing them to produce and brand their own wine and allowing them to experience the winemaking itself.	Spain/Sweden
Carl	Has a trading company and consultancy, helping Swedish producers to Import/export food from/to the Middle East. He uses his existing networks and resources there to reduce their risk of entering new markets.	Jordan/Sweden

The entrepreneurs shared various reasons and factors that influenced their decision to start their company. Sweden became a second home for Axel. He made a lot of social contacts and adapted the “Swedish lifestyle and culture”. According to him, Swedish people are “really conscious about being sustainable” and “having low impact on the environment”. Having integrated in the Swedish context, he started to think of ways to “export” the Swedish mentality to his home country of Bolivia, where energy costs were high and the manufacturing plants were not energy efficient. He had already seen the benefits of the Swedish practices, but did not know how to transfer them to Latin America. The opportunity to do that occurred to him after a conversation with a friend of his, who was doing research in sustainability and clean energy solutions in

Gothenburg. This friend introduced him to the field and its newest trends, showing him the potential of clean technologies and how they are utilised in the Swedish context. Not only that, but he established contacts with manufacturers and distributors of clean technology solutions. Using this newly acquired knowledge and connections, the entrepreneur recognized a potential opportunity. Using the networks his father had established, while working for the municipality in Bolivia, he managed to get his first customers. Today he is engaged in import of clean technology solutions. In addition to that, he is developing new business models and revenue streams for existing companies, as well as optimizing their existing processes as a consultant.

Bjorn came from a wine-producing area and a family of winemaking tradition. He did not see himself making wine, while living back in Spain, partly because it was considered as a very common occupation. In his own words, unlike in Sweden, in Spain nobody would be impressed with the fact that one produces wine. Bjorn explained that the wine culture in Spain is very well-developed and most shops offer a wide variety of affordable wine, so the consumer is free to choose and develop his/her own preferences. Considering, winemaking was not an appealing occupation, the entrepreneur asked himself: “What can I do with this vineyard back home?”, as he moved to Sweden for studies. Not being able to enter the university programme right away, he opted for an internship at the digital marketing agency. His work tasks included participation in a lot of networking events, where he was regularly sent by his supervisor. Not entirely receptive from the start, the future entrepreneur socialised with local young professionals and small business owners. At a later stage, he said, it was very beneficial to have this network of individuals at hand. It is during these events, where he met “quite a few wine enthusiasts” and discovered the interest of the local community in wine. Moreover, he states that it was specifically the population of young professionals and small business owners that were interested in the product, while his student counterparts were clearly not.

Living in Sweden and being exposed to a lot of locals, Bjorn discovered the Swedish customer behaviour as being “very focused on sustainable and organic products”. Stemming from above, he found that people like not only to consume, but to participate in the product cycle, taking partial ownership of it.



In his words, he “added two and two together” and offered his customers the opportunity “not only to buy organic wine, but to experience the whole winemaking process”. The company called Tiny Vineyards allows a customer to “rent” a number for grapevines and participate in the winemaking process by observing it online. The customer is free to choose the type of vines and as a result - receives wine under his personal brand. In such a way s/he is directly involved in the process and received a specially branded product. After coming up with this idea, the contacts the entrepreneur made during the socialising events later helped him define and test his value proposition.

Sweden was “an important business hub” for Carl and he actively sought a way of setting up a business there. As mentioned above, he came from the Middle East, though obtained extensive education abroad, while his family owned and operated an import-export business. Having such a deep exposure to international culture, he noticed that a global trend towards healthy lifestyle has recently started permeating the Jordanian middle class. In his words, organic food and other products, leaning towards healthier life became more popular, but were not widely available. Thus, the prices were not affordable to a broad number of people, while the supply was still scarce.

Coming to Sweden for master level studies, the entrepreneur decided to proactively search for opportunities to start a business. He perceived Sweden as a place “to get connections, support and credibility” and engaged into networking activities in order to “develop deeper insights” into the Swedish market. Consequently, he got introduced to the networks of the local innovation community - Ideon Innovation, Teknopol and ALMI. Through these networks he was able to get in touch with a foundation of local producers and proposed to do his Master thesis on some of their member companies. Socialising with the companies in Skåne, the entrepreneur discovered that the smaller companies in Sweden produce a wide variety of quality products that could be in demand in his home country. However, these companies did not have the capacity, expertise or knowledge to export, since this practice required a large stock of available-produce, while the smaller companies found it easier to sell locally without the need for extra effort. In a similar manner, these companies did not have the expertise to carry out the export activities. Leveraging

his knowledge of his home country's market, and his insights of the Swedish market, he offered Swedish companies a “low risk” option to export to the Middle East.

The entrepreneur’s idea was not only to handle exports of Swedish manufacturers to the Middle East, but to provide an appealing service to smaller local companies. Labelled “the Taste of Sweden”, the venture was to gather a variety of different Swedish products and ship them to his home country in one container. This offer would be beneficial for the local producers, as it would not demand from them almost any extra effort or change in their production. On the other hand, it would give buyers in the Middle East to first “sample” a large variety of products and test the demand with the consumers before ordering a larger batch. In this manner, the company would operate in both markets - the Middle Eastern and Swedish, catering for the special circumstances, discovered by the entrepreneur.

Further insights into the key factors and elements, influencing the entrepreneurs’ decisions to start their businesses, can be seen in table 3.

Table 3. The opportunity recognition process. Key factors and elements, influencing the decision to start

How the idea came to life and key success factors	
Axel	<p>“The Swedish people are really conscious about recycling, being sustainable and having a low impact on the environment – you can feel it in the air.”</p> <p>“A Swedish friend of mine was doing research in cleantech and sustainability in Gothenburg and introduced me to the field. This inspired me to try and take this mentality, together with the Swedish expertise in the field, to Latin America and help my country become greener and more efficient.”</p> <p>“My father was working for municipalities for a long time and his connections helped me find my first customers.”</p> <p>“Sweden is a symbol for quality and credibility, especially in terms of environment and sustainability issues. I leveraged my Swedish background and my connections to suppliers to start up the business.”</p>
Bjorn	<p>“When I came to Sweden, I took an internship in an advertisement company in Malmo. During that time I started visiting various networking events. The people at those events are usually above thirty and quite a few of them were wine enthusiasts.”</p> <p>“The Swedish culture and customer behaviour is very focused on sustainable and organic products”</p> <p>“I went on so many entrepreneurial events that I started to think, what can I do with this vineyard back home?”</p> <p>“I added two and two together, added some gamification elements and offered them the opportunity not only to buy wine, but to experience the whole winemaking process. Now all my customers can say they grow their own wine.”</p>
Carl	<p>“The idea initially came from need. I decided that the region I live in is not going to be good for my daughters and for my business”</p> <p>“Sweden is an important hub to get connections and support as well as credibility. The European produce is much easier to export as it comes with a standard for quality.”</p> <p>“While studying, I got in touch with a foundation of producers, who were interested in what I had to offer. To develop even deeper insights I researched several companies from that foundation for my master thesis.”</p> <p>“For them, I am the middleman who knows the market and eliminates the risk. They are happy I open new markets for them and I am happy to set up my business in Sweden and have happy customers. It is a win-win.”</p>

## Transnationalism

The entrepreneurs see their transnational background as an advantage. Axel believes that working in different countries and cultural environments is "challenging at first", but allows an individual to get more perspectives and "see what's missing". He is using his Swedish background and leverages his established networks as a means to "always stay up to date" with the latest trends and research in his business area. For him, observing different mentalities allowed him to "make connections" between different events and "sharpen" the potential of his business. His main advantage, as he perceives it, is that he uses his networks in both countries as "an asset" - through them he gets introductions to providers, potential customers and partners, who help him develop his products and services.

Bjorn says his international experience gave him "a new perspective". His initial stay abroad in Norway introduced him to the Scandinavian culture and helped him to "widen" his horizons and see his environment in a "new light". Understanding the local culture was "key" to the development of his business idea, as he came to the understanding that "what people find distant and exotic is ultimately attractive", which helped him develop his idea. He says that his international experiences and contacts "constantly stimulated" his creativity.

Carl calls living abroad "enriching". His international experience helped him "understand how people think" and how to "relate to them better". For him, operating transnationally, understanding cultures, "automatically" pinpoints opportunities and stimulates an entrepreneur to be "more pro-active". In his words, the advantage of working transnationally is that "by linking countries, you link experiences and this opens up opportunities".

The entrepreneurs explicitly indicated that their international experience works to their advantage. They all agree that their international experience improved their communication skills. Furthermore, living in two countries provided them with larger networks, which in turn assisted them to develop and maintain successful business relationships. Finally, their transnational backgrounds boosted their creativity, making it easier to 'connect the dots'. Further

insights into the perceptions of the interviewees on how transnationalism assists competitive business advantage can be seen in table 4.

*Table 4. Transnationalism and competitive advantage*

Personal thoughts on transnationalism and their competitive advantage	
Axel	<p>“Working in different cultural settings and observing different mentalities allows a person to make a connection between different events and phenomena and see what’s missing. Living and travelling in different countries really boosts one’s creativity. “</p> <p>“The key to a success is to maintain good business relationships, always stay up to date and use your personal network as an asset – they can always give you advice or leads to customers or manufacturers.”</p> <p>“Always listen to your customers. They are the ones that guide the development of your products and services.”</p>
Bjorn	<p>“Being from a different country gives you a different perspective on how people think. I did my Erasmus in Norway and my friends from Spain were fascinated that I was fishing salmon there. The same way, Swedes are fascinated by the intricacies of winemaking and love the idea of having their own personal brand.”</p> <p>“Living abroad really widens your horizons and meeting new people constantly stimulates your creativity. I had so many ideas to work with, but in the end just decided to use the resources I already have.”</p>
Carl	<p>“Working and living abroad is really enriching. The exposure from all the connections I got really helped me understand how people think and how I can relate to them better. Understanding cultures really helps in pinpointing opportunities. The more exposure, the more connections, the easier to connect the dots.”</p> <p>“Experience creates knowledge and knowledge is always an advantage.”</p>

## 5. DISCUSSION

In this section, results are further elaborated and interpreted, with reflections and comparison to literature and in regard to the research question.

This paper discusses the influence of dual-cultural background of transnational entrepreneurs on their opportunity recognition process. The background of the entrepreneurs is regarded as a case of specific dual-habitus, stemming from an individual's operation in the 'fields' of two different countries. It is argued that this dual-background constitutes additional knowledge that puts individuals in an advantageous position within the opportunity recognition process (Eckhardt & Shane, 2010). In order to make judgements of whether the background of the transnational entrepreneurs is in fact used by them to find opportunities, a considerable effort was invested into finding the 'critical incidents' (Flanagan, 1954) in the entrepreneurs' background and linking them to the recognition of their current business opportunity.

### **The entrepreneurs' background, dual habitus and fields of operation**

As outlined within the theoretical review chapter, humans operate in a variety of fields that constitute an interlinked network of relations between types of capital, such as economic capital, social capital and other forms (Drori *et al.*, 2010). Habitus could be defined as cognitive structures that incorporate individual's past practice and influence his/her future action. Thus, habitus becomes an interface between the collective world of relations and subjective personal understanding of individual (Drori *et al.*, 2010). Consequently, an entrepreneur needs to operate in the fields of his/her respective host and/or home countries to form cognitive structures guiding action, based on the unique transnational practice.

The family and personal background of the examined entrepreneurs are very diverse. They come from very different regions of the world, yet their family context is similar. All three indicated to have at least one relative that was self-employed and that they looked up to, when considering to start their own business. Having done at least a part of their studies and first employment at home indicates that all of the interviewed individuals had a chance to actively interact in a variety of local fields. Participating in many of the fields gives a reason to conclude that they

were deeply rooted in their country's context and formed their initial habitus based on their home country's cultural background.

In a similar manner, all three of the entrepreneurs studied at a master level in Sweden. In two of the cases, individuals have also worked in Swedish companies. It could thus be argued that these experiences allowed the future entrepreneurs to become embedded into the fields of their host country and this practice influenced their habitus, enriching it with Swedish-specific host country context. Stemming from the mutual dependence of the practice and habitus, we infer that more active operation in the fields provides greater immersion into the local context, which provides additional prior knowledge.

The business idea of Bjorn is based on the information on interests and food preferences of narrow group of Swedish population - an interest in good wine. He obtained this information through long-term interaction with locals doing his work tasks and later - through a wider social network. On the other hand, Carl formed an opportunity, based on the perception of Swedish products in his home region. The business idea of the Bjorn requires more in-depth knowledge of the local background than the one of Carl. This supports and connects Drori's et al. (2009) concept of 'habitus' and Bourdieu's theory of practice (1977) - the more intense the practice of an individual is in a given country's fields, the greater the habitus is enriched with local context. Linking these conclusions with Eckhardt and Shane's (2010) argument that information is the major reason for opportunity recognition, leaves us with the following conclusion:

The more active transnational entrepreneurs are within their host countries' fields, the broader and higher-quality prior information they obtain, which provides them with better opportunity recognition capabilities.

## The opportunity recognition process: sources of information

Eckhardt and Shane (2010), define several means of gathering information in relation to opportunity recognition - ‘knowledge corridors’, ‘search’ and ‘social ties’. ‘Knowledge corridors’ refer to any event or occurrence that allows an individual to acquire other specific information, linked to his prior background. ‘Search’ is the action of actively seeking information. Social ties refer to the information a person is exposed to via his personal network of contacts.

Information, obtained through knowledge corridors is context-specific and provides an individual with deeper and more specific insights. Due to the connection with their prior background, this information creates an advantage based on information asymmetry (Baron, 2006; Eckhardt & Shane, 2010). Furthermore, access to information is one of the major factors, contributing to opportunity recognition, along with the cognitive ability to perceive it (Eckhardt & Shane, 2010). The experience of studying and working abroad exposed the entrepreneurs to divergent thinking, as well as enhanced their cross-cultural and networking skills. Using their prior knowledge, networks and resources, as well as by analysing the information from their new context, they made ‘conjectures’ (Shane, 2000) about potential businesses, connecting their home and host country. The dimensions and sources of their knowledge, prior to the opportunity recognition are summarized in table 5.

*Table 5. Dimensions and source of knowledge, prior to the opportunity recognition*

	Dimensions of knowledge		Source of the knowledge	
	Home country	Host country	Home country	Host country
Axel	Market needs Client network	Product knowledge Producer network	Home culture Social network	Host culture Social network
Bjorn	Existence of resource Product knowledge	Market needs Client Network	Home culture	Host culture Social network
Carl	Market needs Client network	Producer network Producer needs	Home culture Business network	Social network Research



Shane (2000) argues that the individual's prior knowledge influences their opportunity recognition. Our data goes in line with these theory and showed that the entrepreneurial opportunities originated from the combination of 'knowledge corridors' (Eckhardt & Shane, 2010) and established social ties in the entrepreneurs' home and host countries. In one case, there was also an element of active search. Though adding an active element to the opportunity recognition, the information obtained still comes from one of the sources mentioned above.

The 'knowledge corridors' came in many forms - awareness of market needs, existing resources, product knowledge or country-specific knowledge like culture, customer behaviours or traditions. The established 'social ties' were also of significance - all entrepreneurs had self-employed relatives, who were instrumental in setting up their businesses. In addition to that, they relied heavily on their social networks to identify, test and develop their ideas. In conclusion, it was found out that the entrepreneurs used a combination of these means to identify their opportunities, with knowledge corridors and social ties being the most utilized ones. In this sense, our findings corroborate with existing literature and provide further insights and empirical proof on the main sources of information utilised for opportunity recognition.

Thus, it could be concluded that knowledge corridors and social networks are the main sources of information utilised by transnational entrepreneurs to recognise, test and develop business opportunities.

## **Discussing transnationalism and competitive advantage**

The dual habitus of the entrepreneurs provided them with additional knowledge corridors. In addition to that, operating in two countries allowed the entrepreneurs to develop social ties to both countries, thus enhancing the sources of information they have access to. Eckhardt and Shane (2010) state that access to information and the ability to connect this information to previous knowledge is the main determinant of an entrepreneur's opportunity recognition abilities. The entrepreneurs leveraged the information they obtained from their knowledge corridors and social ties to develop and exploit an opportunity, made possible by their embeddedness in two contexts at the same time. During their international experience, they were exposed to different sources of information and perspectives, thus widening their horizons and

stimulating their creativity. This additional information allowed them to ‘connect the dots’ (Baron, 2006) between events and phenomena and recognize opportunities, that would not have been obvious otherwise. Though not directly covered by our theoretical framework, the cognitive ability constitutes an important precondition to recognising of opportunities, according to Shane (2000). The entrepreneurs indeed indicated that their ability to find the ‘means-ends’ relationships was enhanced due to the international experience. It could be valuable for the future research to examine the importance of the cognitive ability to perceive transnational opportunities against the need for specific information. Thus, the transnational background of the entrepreneurs turned their liability of foreignness (Patel & Conklin, 2009) to their benefit and placed them in an advantageous position to local entrepreneurs, allowing them to discover opportunities, not obvious to the latter.

In conclusion, this research exposed that the transnational background of the entrepreneurs was linked not only to discovering the opportunity, but also to the source of their competitive advantage.

## 6. CONCLUSION AND IMPLICATIONS

This paper examined the influence of the special dual-country background of the transnational entrepreneurs onto their opportunity recognition. The theoretical framework constructed from the progressive realist approach developed by Eckhardt and Shane (2010) and the theory of practice (Drori, Honig, & Wright, 2009) argues that the dual background of the transnational entrepreneurs constitutes a volume of additional prior information. In turn, this information allows an individual to see a more diverse scope of opportunities than his/her local counterparts.

The results of the empirical study go in line with the constructed framework and show that the volume and diversity of knowledge and experience would make the entrepreneurs see more opportunities. This is yet more important in the light of finding the future company’s competitive advantage and being able to create a product that is unique and inimitable. The transnational entrepreneurs in the sample showed how their unique operation across borders and sometimes continents made their ventures impossible to replicate by their local peers, as these locals did not

benefit from cross-border social networks and, more importantly, knowledge of country-specific market needs or untapped resources.

In the globalising world we live in, there are means for ultra-fast communication that allows for telecommuting work from across the globe. However, as this study showed, when it comes to opportunities, one needs to practice, operate and thus - be 'embedded' in the given cultural context to be able to 'connect the dots' between a market need and means to serve it. Operating in two countries exposed the entrepreneurs to more sources of information through knowledge corridors and social ties, therefore increasing their ability to make connections and discover opportunities. The individuals leveraged their multi-cultural knowledge and larger networks from their dual habitus to make a connection between their two countries and exploit opportunities that may not have been obvious otherwise. The mere essence of the ventures our interviewees operate gives a reason to think that only a person deeply embedded in a local context would be able to create them.

An additional finding of this study is the impact of the person's internationalism upon his/her creativity. Whereas this paper concentrates on the informational component of the opportunities, our results claim that the entrepreneurs become more apt in finding those missing links between different components of opportunities. This goes in line with the recent trend to internationalise education. Students get exposed to different cultures and enrich their 'habitus' with perspectives from across the globe. In addition, it supports the argument of additional information obtained through operating in the 'fields' of various countries and cultures.

To conclude, this paper's main interest was to inquire into the opportunity recognition of a growing number of transnational entrepreneurs that operate in two countries. The theoretical framework from opportunity recognition was linked to the theory of practice and allowed to judge on the special case of dual-background of these entrepreneurs. It was concluded that operation in dual or even multiple contexts caters for recognising more opportunities of wider variety.

### *Practical implications*

The findings of this study carry several practical implications for current and potential entrepreneurs. Since gathering information is regarded as the main factor, contributing to opportunity recognition, it would be beneficial if entrepreneurs increase the number of information channels they have access to. In practice that would mean acquiring international experience and expanding one's personal network, which in turn could increase one's opportunity recognition potential. Exposure to different cultures and cross-cultural communication may also be beneficial. As mentioned above, entrepreneurship students would benefit from their environment being as international as possible. However, to maximise the effect, they need to 'operate' within this international environment. This would imply group work to expose various business cultures, exchange of ideas and examining projects from across the world.

### *Suggestions for future research*

This study focused on transnational entrepreneurs and explored in detail their dual-background and 'habitus' in relation to their opportunity recognition. It was argued that the information, leading to opportunity recognition was revealed after practicing in the fields of the host country, and acquiring a host country element to their habitus. It would be interesting if future research could test the needed degree of embeddedness of the entrepreneur in order to acquire this dual-habitus. A comparison between visitors and individuals actively operating in a foreign country context could constitute a viable future research. Similarly, it would be interesting to do a comparative study on the opportunity recognition process of transnational and local entrepreneurs in the same geographic area and/or industry.

## REFERENCES

- Adriansen, H. K. (2012). Timeline Interviews: A Tool For Conducting Life History Research. *Qualitative Studies*, 3(1).
- Alvarez, S. A., Barney, J. B., & Young, S. L. (2010). Debates In Entrepreneurship: Opportunity Formation And Implications For The Field Of Entrepreneurship. In *Handbook Of Entrepreneurship Research* (Pp. 23–45). Springer.
- Ambrosini, M. (2012). Migrants' Entrepreneurship In Transnational Social Fields: Research In The Italian Context. *International Review Of Sociology*, 22(2), 273–292.
- Baker, T. L. (N.D.). *Doing Social Research* (2nd Ed.). New York: Mcgraw-Hill Inc.
- Baltar, F., & Icart, I. B. (2013). Entrepreneurial Gain, Cultural Similarity And Transnational Entrepreneurship. *Global Networks*, 13(2), 200–220.
- Baron, R. A. (2006). Opportunity Recognition As Pattern Recognition: How Entrepreneurs “Connect The Dots” To Identify New Business Opportunities. *Academy Of Management Perspectives*, 20(1), 104–119.
- Berglund, H. (2007). Researching Entrepreneurship As Lived Experience. *Handbook Of Qualitative Research Methods In Entrepreneurship*, 75–93.
- Bourdieu, P. (1977). *Outline Of A Theory Of Practice* (Vol. 16). Cambridge University Press.
- Drori, I., Honig, B., & Ginsberg, A. (2010). Researching Transnational Entrepreneurship: An Approach Based On The Theory Of Practice. *Transnational And Immigrant Entrepreneurship In A Globalized World*, 3–30.
- Drori, I., Honig, B., & Wright, M. (2009). Transnational Entrepreneurship: An Emergent Field Of Study. *Entrepreneurship: Theory & Practice*, 33(5), 1001–1022.
- Eckhardt, J. T., & Shane, S. (2010). An Update To The Individual-Opportunity Nexus. In *Handbook Of Entrepreneurship Research* (Pp. 47–76). Springer.
- Eckhardt, J. T., & Shane, S. A. (2003). Opportunities And Entrepreneurship. *Journal Of Management*, 29(3), 333–349.
- Eisenhardt, K. M. (1989). Building Theories From Case Study Research. *Academy Of Management Review*, 14(4), 532–550.
- Flanagan, J. C. (1954). The Critical Incident Technique. *Psychological Bulletin*, 51(4), 327.

- Flores, I., Young, M., & Tarter, J. (2010). The Transnational Entrepreneur: An Initial Overview Of Factors Affecting International Strategies. *International Journal Of Business Strategy*, 10(4), 207–222.
- Gaglio, C., & Katz, J. (2001). The Psychological Basis Of Opportunity Identification: Entrepreneurial Alertness. *Small Business Economics*, 16(2), 95–111. Doi:10.1023/A:1011132102464
- Granovetter, M. (1983). The Strength Of Weak Ties: A Network Theory Revisited. *Sociological Theory*, 1(1), 201–233.
- Immigrants' Migration Patterns. (2008). Statistics Sweden. Retrieved From [Http://Www.Scb.Se/Statistik/\\_Publikationer/Be0701\\_2008a01\\_Br\\_Be51br0804.Pdf](http://www.scb.se/statistik/_publikationer/Be0701_2008a01_Br_Be51br0804.pdf)
- Itzigsohn, J., Cabral, C. D., Medina, E. H., & Vazquez, O. (1999). Mapping Dominican Transnationalism: Narrow And Broad Transnational Practices. *Ethnic And Racial Studies*, 22(2), 316–339.
- Kirzner, I. M. (1997). Entrepreneurial Discovery And The Competitive Market Process: An Austrian Approach. *Journal Of Economic Literature*, 35(1), 60–85.
- Landolt, P., Autler, L., & Baires, S. (1999). From Hermano Lejano To Hermano Mayor: The Dialectics Of Salvadoran Transnationalism. *Ethnic And Racial Studies*, 22(2), 290–315.
- Lin, X., & Tao, S. (2012). Transnational Entrepreneurs: Characteristics, Drivers, And Success Factors. *Journal Of International Entrepreneurship*, 10(1), 50–69.
- Mccoyd, J. L., & Kerson, T. S. (2006). Conducting Intensive Interviews Using Email A Serendipitous Comparative Opportunity. *Qualitative Social Work*, 5(3), 389–406.
- Patel, P. C., & Conklin, B. (2009). The Balancing Act: The Role Of Transnational Habitus And Social Networks In Balancing Transnational Entrepreneurial Activities. *Entrepreneurship Theory And Practice*, 33(5), 1045–1078. Doi:10.1111/J.1540-6520.2009.00334.X
- Portes, A., Guarnizo, L. E., & Haller, W. J. (2002). Transnational Entrepreneurs: An Alternative Form Of Immigrant Economic Adaptation. *American Sociological Review*, 67(2), 278–298. Doi:10.2307/3088896
- Portes, A., Guarnizo, L. E., & Landolt, P. (1999). The Study Of Transnationalism: Pitfalls And Promise Of An Emergent Research Field. *Ethnic And Racial Studies*, 22(2), 217–237.
- Ronstadt, R. (1988). The Corridor Principle. *Journal Of Business Venturing*, 3(1), 31–40. Doi:10.1016/0883-9026(88)90028-6

- Sarasvathy, S. D. (2001). Causation And Effectuation: Toward A Theoretical Shift From Economic Inevitability To Entrepreneurial Contingency. *Academy Of Management Review*, 26(2), 243–263.
- Sarasvathy, S. D., Dew, N., Velamuri, S. R., & Venkataraman, S. (2010). Three Views Of Entrepreneurial Opportunity. In *Handbook Of Entrepreneurship Research* (Pp. 77–96). Springer.
- Shane, S. (2000). Prior Knowledge And The Discovery Of Entrepreneurial Opportunities. *Organization Science*, 11(4), 448–469.
- Shane, S., & Venkataraman, S. (2000). The Promise Of Entrepreneurship As A Field Of Research. *Academy Of Management Review*, 25(1), 217–226.
- Turner, D. W. (2010). Qualitative Interview Design: A Practical Guide For Novice Investigators. *The Qualitative Report*, 15(3), 754–760.
- Van Teijlingen, E., & Hundley, V. (N.D.). The Importance Of Pilot Studies. *Social Research Update*, (35), 1–4.
- Venkataraman, S. (1997). The Distinctive Domain Of Entrepreneurship Research: An Editor's Perspective. *Advances In Entrepreneurship, Firm Emergence, And Growth*, 3, 119–138.
- Wenhong Chen, & Tan, J. (2009). Understanding Transnational Entrepreneurship Through A Network Lens: Theoretical And Methodological Considerations. *Entrepreneurship: Theory & Practice*, 33(5), 1079–1091.
- Yeung, H. W.-C. (2002). Entrepreneurship In International Business: An Institutional Perspective. *Asia Pacific Journal Of Management*, 19(1), 29–61.
- Zahra, S. A., Korri, J. S., & Yu, J. (2005). Cognition And International Entrepreneurship: Implications For Research On International Opportunity Recognition And Exploitation. *International Business Review*, 14(2), 129–146.
- Zhang, Y., & Wildemuth, B. M. (2009). Qualitative Analysis Of Content. *Applications Of Social Research Methods To Questions In Information And Library Science*, 308–319.

# APPENDICES

## Appendix 1. Interview guideline questions

Before the interview was conducted, the topic and aim of the study was explained to the interviewees.

### **Biography questions:**

1. Could you please tell us a little bit about yourself - where are you from originally, what is your personal and professional background?
2. Tell us about your journey to where you are right now.

### **Opportunity recognition questions:**

3. When was the first time you thought about starting a venture? What was the idea about? (what age, where - home country or here in Sweden?)
4. Where did the idea come from? (source of the idea) How did it evolve? (what/who helped)
5. What motivated you to try it out for real? Did you have any prior experience in doing something like that?
6. When did you know that you had discovered an opportunity? Did you have a “lightbulb” moment?
7. How would you break down the key elements that formed the opportunity?

### **Transnationalism and competitive advantage:**

8. How do you think your background assisted you in spotting the opportunity in any way?
9. How did the fact you were in Sweden influence your decision in any way?
10. Where would you say that your competitive advantage is?



## **Appendix 2. Pilot case study results**

The results of the pilot case study are described below. Following the initial version of the interview guide in Appendix 1, the main research areas were covered. During the course of the conducted interview, questions were refined, added or excluded to ensure the interview guide's fit to the research aims of the study.

### *Background*

Entrepreneur P is married and living in Sweden, but originally from Pakistan. His parents are doctors, but didn't influence his career choice in any way. He completed his education in his home country, studying Materials engineering and then was employed as a project manager for an inter-governmental program between Pakistan and France. As part of his job, he travelled to Limoges, France. There, he received an offer to do his PhD in Ceramics engineering. Initially he declined, but then gladly accepted the opportunity. After France, his work took him to Germany. Due to his educational background, he was hired by the German Aerospace Centre as head of the technology department. Now, he is a producer and exporter of renewable energy solutions and fuel cells, operating in over 5 countries.

### *Opportunity recognition*

The opportunity revealed itself in the course of his research in Germany. He came to a clear understanding of a new, a technological idea that was not available on the market. He started his business and developed the idea. He used his knowledge to set up a tech consultancy business in Sweden and then started his own production line.

### *Transnationalism*

Entrepreneur P says that the main benefit from his international experience was the large social network and good business relationships he developed across Europe. He used them to set up his business and get his first customers.