Experiential knowledge in the internationalization process
From a founder’s personal experiences perspective

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ABSTRACT

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Research question: What are the founder’s personal experiences which shape the Experiential Knowledge that influences the internationalization process of a new venture?

Purpose: The purpose of this thesis is to explore the personal experiences that influence the decision-making process during the internationalization of a new venture.

Method: Results were achieved through 9 semi-structured interviews with founders of new ventures form developing countries.

Conclusion: Key findings reveal that the founder's personal international experiences are a source of experiential knowledge, moreover, it is concluded that this experiential knowledge has an impact in the decision-making process during different moments of the internationalization of a firm. The experiences that shape such knowledge are related to its network knowledge, cultural knowledge and entrepreneurship knowledge.
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Chapter 1 | Introduction

According to the OECD (2018), SMEs -Small and medium-sized enterprises- represent between 20 to 40 percent of the global exports. Moreover, in the International Entrepreneurship research field, the relevance of studying this kind of firms has been extensively recognized (Peiris, Akoorie, & Sinha, 2012). However, their contribution to the international market is low in comparison to the relevance that these companies have in the local economies where they operate. The reasons behind such low exports are related to the lack of resources, which affects their international competitiveness (OECD, 2018). According to the World trade report (2016), Small businesses took two times more time to start exporting than to any other kind of firm. Therefore, it is of relevance to come up with conclusions for the better understanding of the assets SMEs possess to improve their participation in the world economy.

The Facebook-OECD-World Bank Future of Business Survey (2017) named “finding business partners” (63%) and “language and or cultural gap” (33%) as two of the highest barriers for trade, yet both obstacles can be diminished by looking at the internal resources of the firm (Mejri & Umemoto, 2010). Even more, by looking at the personal experience that the founders/decision-makers possess (Shane, 2000).

The field of International Entrepreneurship is interested in the cognitive and behavioral processes that constitute the identification and consequently exploitation of international opportunities (Peiris et al., 2012), and in that matter, multiple studies have tried to understand the factors that lead to the identification of both the internal and external factors that lead to the internationalization of a relatively new venture. Internationalization according to Chandra, Styles and Wilkinson (2009, p. 31) is “the recognition and exploitation of entrepreneurial opportunities that lead to new international market entry”. Small young ventures have distinctive internationalization patterns than those procedures carried by large corporations. (Oviatt & McDougall, 1994; Shrader, Oviatt, & McDougall, 2000). Some firms have internationalization intentions at an early stage, while others do it at a later stage, and these intentions normally or usually commence with the exploitation of entrepreneurial opportunities in foreign markets by these firms (Oviatt & McDougall, 2005; Ellis, 2011). Just like in the establishment of a start-up, external and internal resources support the path (Barney, Ketchen & Wright, 2011) an organization takes when looking for the expansion of its activities in an international market. Factors that contribute to the internationalization ambitions of new ventures include attitude, prior knowledge, the exposure to international markets, vision and the international experience of the firm’s founder or decision maker (Peiris et al., 2012).
Prior knowledge acts as a backbone to recognition and exploitation (Ardichvili, Cardozo & Ray, 2003) of international opportunities. Prior knowledge is gained from the personal and professional experiences of an individual (Shane, 2000), people normally discover or recognize opportunities in foreign markets based on their own prior information and their intellectual capacity to value it (Audretsch, 2005; Shane & Venkataraman, 2000; Vaghely & Julien, 2010). By taking advantage of the acquired knowledge, an individual will be able to recognize and exploit opportunities (Choi, Lévesque & Shepherd, 2008; Dimov, 2007; Fuentes et al., 2010) because it gives entrepreneurs the insight to synthesize the information that facilitates opportunity identification (Shane, 2000; Vaghely & Julien, 2010), and therefore it is a reference for the decision-making process (Johanson & Vahlne, 1977).

**Problem definition**

It is valid to conclude that experience and knowledge are strongly interconnected as it is through direct experience and by experiencing (by doing) that entrepreneurs acquire knowledge (Minniti & Bygrave, 2001). Internationalization in entrepreneurship is still a topic with multiple unknown layers, but what can be assured is that knowledge is central to providing light to this phenomenon (Mejri & Umemoto, 2010). Even though knowledge is extensively mentioned to be the most crucial factor that favors the internationalization process (Gassmann & Keupp 2007; Peiris et al., 2012; Yli-Renko, Autio & Tontti, 2002), one specific aspect that is still in need of research are the capabilities individuals need in order to be able to create that knowledge (Acedo & Jones 2007; Cliff, Jennings & Greenwood, 2006) that can shape decisions that finally lead to the creation of competitive advantages.

Multiple models have tried to explain the role knowledge has in the international activities followed by firms. One of them is the Knowledge-based Model where Mejri and Umemoto (2010) conclude that the internationalization of a firm is the direct result of knowledge. To explain the term they refer to the following types of knowledge: Market Knowledge, and Experiential Knowledge. On one hand, Market knowledge refers to explicit information about foreign markets, including the information about market size, current competitors, and regulations (Mejri & Umemoto, 2010). On the other hand, Experiential Knowledge includes the interpretation and interiorization of cultural knowledge, network knowledge and entrepreneurship knowledge. Cultural knowledge includes information regarding language, habits, norms, and, behaviour (Mejri & Umemoto, 2010), that can be obtained by living abroad (Oberecker, Riefler & Diamantopoulos, 2008; Oberecker & Diamantopoulos 2011; Wiedersheim-Paul, Olson & Welch, 1978). Network knowledge, however, includes Social and business network (Mejri & Umemoto, 2010), that once again, can be traced to the entrepreneur’s interpersonal ties (Ellis, 2011). Lastly, entrepreneurship knowledge which refers to the awareness of the
existence of opportunities and ways to exploit them (Mejri & Umemoto, 2010), and the adoption of this kind begins when a person acquires some clues on how to recognize opportunities in the market. Experiential Knowledge can be directly linked to the decision - maker as it can only be learned through personal experience (Penrose, 1980).

The relevance of the study

It is of relevance to understand better the knowledge creation process provided that it is viewed as a factor influencing a firm’s competitive advantage (Grant, 1996; Kogut & Zander, 1992; Spender, 1996), where a competitive advantage refers to a strategy of proper value creation of a firm that is not currently being used by any other competitor (Barney, 1991). In this view, knowledge is a firm’s resource that allows it to improve its effectiveness and efficiency. In face of the need of research for seeking for the roots of the factors that facilitate the decision process during the internationalization of new ventures (Peiris et al. 2012), there is still limited understanding with regard to the knowledge-acquisition process and knowledge generation (Freeman et al., 2010; Peiris et al., 2012), and the specific types of knowledge that affect internationalization (Mejri & Umemoto, 2010); hence it is our aim with the present research to respond with: What are the founder’s personal experiences which shape the Experiential Knowledge that influences the internationalization process of a new venture?

This paper looks at personal experiences to find factors that impact the Experiential Knowledge used by the founders of new ventures in the context of internationalization of their firms. Our goal is to increase the awareness of this impact on the founder’s decision-making process. With the assumption that most of the firms are relatively small when they first decide to go abroad, it is of relevance to look at the founder as the person with the major role in this specific decision - making process (Kalinic & Forza, 2012; Musso & Francioni, 2012). This is because in many cases international decisions respond to personal desires by the founder of the company, as they are less comprehensive than corporate managers in terms of the rationality process behind them (Smith et al., 1988). The manager’s characteristics and his mental model influence directly the chosen pathway an organization takes during the internationalization (Busenitz & Barney, 1994; Mejri & Umemoto, 2010); personal history and experience is the most important aspect (Musso & Francioni, 2012; Wiedersheim-Paul et al., 1978).

Theoretical and practical implications

The Knowledge based model (Mejri & Umemoto, 2010) concludes that it is only after the organization has already started its pre-internationalization process when it begins to create knowledge. This observation ignores the conclusions provided by the entrepreneurship research that the personal history
of the founder has a high importance in the organization (Baron, 2006), as opportunities are usually recognized and exploited by individuals, as it is individuals who take advantage of the opportunities rather than organizations (Shane & Venkataraman, 2000). Therefore, the novelty of the present paper is to be found in the application of a model used in the past to trace the firm's path starting in the pre-internationalization phase. To achieve this, we add concepts that focus on individuals in the internationalization process to the knowledge-based model that was initially thought to focus on organizations as a whole. For the seeking of finding what part of the founder’s history is shaping its Experiential Knowledge. Since the study is based on personal experience, then it is possible to look at the founder’s personal background to seek for answers since experience is usually earned from past interactions and here the founder of the firm will be our focus of the study.

The results can be used by founders and the management team of new ventures as guidance when looking for personal factors that could influence and support the decision-making process in the first stages of the internationalization. They can also be used in entrepreneurship programs when trying to explain or show the personal or individual factors that influence and affect the internationalization process of a firm.

**Disposition**

We start the literature review by explaining the relevance of knowledge in the internationalization process, we later agree on the relevance of experience by referring to the definition of the specific type of Experiential Knowledge. We then make a summary of three different perspectives in the International Entrepreneurship research field that involve knowledge. Later, we summarize the concepts that have proven to be relevant for the knowledge creation and conceptualize them with the support of other studies in the Entrepreneurship and International Business field. In chapter three, we then go ahead and present a description of the methodology used to obtain the results presented in chapter four. The discussion is delivered in chapter five where the theory and results converge to finally lead to the conclusions in chapter six. This research was not possible without the limitations exposed in the final chapter, next to the suggestions for future research.
Chapter 2 | Literature review

Founder’s relevance in the decision-making process for the internationalization of firms

While the organization represents knowledge put into action, individuals create and store knowledge (Grant, 1996; Ucbasaran, Westhead, & Wright, 2008). Some international literature has looked at the type of human capital a firm needs to enter into markets abroad. It has been concluded that managerial and entrepreneurial capabilities are key to the success of a firm, both during its creation and in later stages (Ucbasaran et al., 2008). Founders are seen to play an important role in the internationalization process of a firm, and the experience that they pose is linked to the success of this process (Leonidou, Katsikeas & Piercy, 1998). The impact of the personality traits is more noticeable in SMEs because the CEO/Founder of this type of organizations is more likely to keep control over relevant matters (Smith et al., 1988). Those decisions are based on unstructured processes biased to meet the ideology of the decision-maker as they can be driven by personal desires (Busenitz & Barney, 1994). The success of the international path of the firm is related to the early stages of its creation (Oviatt & McDougall, 1994), where the role of the founder is clearly perceived.

Founders’ beliefs and previous experiences are relevant to the performance of the company they manage (Cliff et al., 2006). Entrepreneurs or founders with experience (previous work or managerial) easily make decisions and are in a position to identify and exploit opportunities (Ucbasaran et al., 2008). This is because they possess the necessary skills and knowledge that enables them to do so. The understanding, approach and expectations of the firm founder, who is the decision maker, are usually affected by the skills that they have gained through experience (Reid, 1981; Shrader et al., 2000). So, founders of firms are viewed as a decision maker in the internationalization process of a firm and the experience that they have gained over time is useful too.

Knowledge

The classical definition of knowledge by Plato is expressed as "justified true belief"; the term knowledge has evolved in the entrepreneurship field to be understood as the combination of information and experience interpreted by the subject due to the movement of information, which is dependent on the commitment of the holder (Nonaka et al., 1994). However, in the specific field of entrepreneurship, knowledge can be defined as information combined with experience, context, interpretation, and reflection (Vaghely & Julien, 2010). Entrepreneurship scholars regard knowledge as an asset and it is seen to be important in three ways. First, because it is seen or considered as a resource that provides information to entrepreneurs and helps to facilitate the opportunity recognition process (Shane, 2000;
Vaghely & Julien, 2010). Second, because it acts as an alleviator in determining opportunities (Rerup, 2005; Vaghely & Julien, 2010). And third, to support the development of effectiveness (Baron, Markman, & Bollinger, 2006). It is more accurate to describe it as an asset when it is applied in specific favorable circumstances (Choi et al., 2008; Dimov, 2007; Fuentes et al., 2010).

Any kind of knowledge can be classified into two categories Explicit and Tacit knowledge. Explicit knowledge refers to knowledge that is transmittable in formal, systematic language as it is codified (Polanyi, 1966) explicit knowledge which is knowledge that is normally developed from various sources of information like books, journals, internet (Marvel & Droege, 2010); and the tacit knowledge is ingrained in execution and involvement of an individual in a given environment, derives from the experience gained over a given period (Chiasson & Saunders, 2005). It is non-codified as it is extremely personal. Tacit knowledge is considered the origination of the competitive advantage, where competitive advantage refers to a firm’s competences (Penrose, 1980), and that presents individuals with the ability to create and shape entrepreneurial opportunities as it involves both cognitive and technical elements (Polanyi, 1966).

The organizational learning model as its name suggests focuses on organizations, but its logic can be easily applied to individuals. This model refers to two types of learning: acquisitive and experimental, both occur as organizations learn by doing and through memory, among other avenues (Zahra, Nielsen, & Bogner, 1999). Acquisitive learning occurs when the firm access preexisting knowledge from its external environment, this kind of information is mostly public, that meaning that everybody could take it, and even when the firm internalizes this knowledge it cannot be considered a source of competitive advantage (Leonard-Barton, 1995), then the relevance of the possession of this knowledge relies on the negative consequences of not having it (Zahra et al., 1999). The second type, experimental knowledge has a strong relationship with the resource-based view, provided it is based on internal resources of information, such as procedures, technology developments (Matusik, 2002); this type is unique and private (Zahra et al., 1999).

During the internalization decision-making process, various scholars refer specifically to the great relevance of the Prior knowledge (Peiris et al. 2012). Prior Knowledge is defined as distinctive information a person has about a particular subject matter to provide with the capacity to identify certain opportunities (Shane, 2000; Venkataraman, 1997). Prior knowledge and intelligence of the entrepreneur are the main factors that influence the recognition and exploitation of opportunities (Shane, 2004). According to Chandra, Styles and Wilkinson (2009) new ventures happen to discover opportunities instead of making a systematic research due to their lack of sources, moreover, those discoveries are not
the direct result of encounters with information obtained from external contacts, on the contrary, they imply the interpretation and matches between current assets, such as technology and skills, and possible international markets, where those with better prior knowledge and entrepreneurial orientation will be favored.

Entrepreneurs use their intelligence to identify and exploit opportunities for their new ventures, which is normally gained through experience and this enables them to have the ability to identify changes in markets, government policies, and other factors that could influence opportunity recognition in foreign markets, hence influencing the internationalization process of a firm (Baron, 2004). The more knowledge and experience an individual has, the more prone he or she is to look out for international opportunities because they have an idea of what they are searching for (Chandra, Styles & Wilkinson, 2009). With the aim of reducing the risks associated with the internationalization of a firm, Experiential Knowledge is a path through which an individual gains awareness about existing opportunities abroad and through time this helps to increase the engagement in foreign markets (Eriksson et al., 1997). Experiential Knowledge grows over years to provide individuals with more confidence to search for more international opportunities (Chandra et al., 2009). Hence, our focus is on personal Experiential Knowledge since it is one of the factors that influence opportunity recognition in the internationalization process of a firm and implies the direct involvement of the founder’s personal experiences for its creation.

**Experiential Knowledge creation in the internationalization process**

**Experiential Knowledge**

Experiential Knowledge is defined as a truth learned by experience, by being part of the phenomenon. It differs from the knowledge acquired by discursive reasoning, observation, or reflection based on the information given by others (Borkman, 1976), hence, Experiential Knowledge is learned purely through personal experience (Penrose, 1980), and it cannot be transferred (Eriksson et al., 1997). Experiential Knowledge was first studied by Borkman (1976) when he analyzed the dynamics of self-help groups to make a distinction between the explicit knowledge that professionals hold, and the tacit knowledge patients who are part of the group possess, especially regarding the type of information, and the attitude towards what is learned. He concluded that the second seems of more relevance as it is the decision of the subject to have faith in the validity of that knowledge and to accept it as true (Borkman, 1976), hence the attitude with respect to new information appears more positive. That is not to say that the explicit knowledge held by previously trained individuals lack of value, quite the opposite, their formal
education provides with different perspectives to enrich their insights when mixed with their own Experiential Knowledge (Borkman, 1976).

In the specific field of international business, most of the internationalization models consider Experiential Knowledge (Madsen, 2005) as a factor that plays an important role in the internationalization process. In order to build on previously published work, we look at the current literature that addresses the function on Experiential Knowledge, provide with some explanation of how knowledge is created, and stress the role that experience has in the process of internationalization. A Knowledge-based model is used as the starting point for the development of a suitable framework for the present research. In order to prove its suitability, other internationalization models with the view of knowledge are added and used to build a new perspective.

**Knowledge-based models**

The Knowledge-based Model mixes different views and models to explore the knowledge factors that affect the internalization process of a firm. The model looks at SMEs and focuses on the role of knowledge during their internationalization process. It looks at three phases in the internationalization process, i.e. the pre-internationalization phase, the beginners-internationalization phase, which they called the novice stage, and the experienced internationalization phase which is a phase when a person accumulates some knowledge. These phases are all impacted by the knowledge that an individual has or gains before and during the internationalization process of the firm. The main criticism we have for this model is that the focus is finally on the firm as a unit and that according to it, the knowledge creation process regarding internationalization begins only in the conscious pre-internationalization phase. Creating a need for the exploration of the original sources to identify the role of the founder and the effect of his/her personal experiences in the internationalization process.

The direct source for the model created by Mejri and Umemoto (2010) is the Knowledge-creating theory (Nonaka & Toyama, 2003) According to it, knowledge is created through social-cultural interactions and starts with socialization, that is to say, the knowledge creation process is dependent on relationships with others. Human interactions with the environment lead to the creation of knowledge through converting tacit and explicit knowledge (Nonaka & Toyama, 2003), because its creation needs a place (time and space) where information is interpreted and converted into knowledge. Since our focus is on how knowledge is created, it is important to note the role of the founder in the knowledge creation process and his relevance in the internationalization process. As stated earlier, knowledge is constructed within an individual (Spender, 1996) and in a firm, it is usually the founder who the owner and creator this knowledge. It can be constructed through previous experience that the founder has (Penrose, 1980)
or through social-cultural interactions (Nonaka & Toyama, 2003). The founder of the firm is usually regarded as the main decision maker during the distinct stages of the internalization process (Ucbasaran et al., 2008) and it is the knowledge that they acquired or have that helps them make the decisions when entering foreign markets (Kogut & Zander, 1996; Spender, 1996).

According to the Uppsala Model by Johanson and Vahlne (1977, p. 28) “Experiential Knowledge is the knowledge that can only be gained through personal experience”, they further state that in foreign operations, an individual successfully gains Experiential Knowledge during operations in the country they intend to operate in. However, when we look at our definition of Experiential Knowledge by Borkman (1976) it also talks about knowledge gained through experience hence the connection between the two definitions. The Uppsala Model was published in the International Business research field with the pursuit of explaining the internationalization process of companies; where they looked at companies in Sweden and tried to develop a matrix model to explain the inter-relationship between market knowledge and commitment decisions made by a firm. Since our focus is on the founder’s Experiential Knowledge, this model helps us understand how knowledge is relevant in the internationalization process and how some of it is gained. The experience individuals gain from foreign marketplaces usually translates into knowledge, which is later used in the decision-making process or in the identification of the different options relating to the internationalization of a firm (Brockmann & Anthony, 1998). Experiential Knowledge is considered a crucial or important aspect of the internationalization process and is necessary for a firm’s foreign market involvement (Cavusgil, 1980; Johanson & Vahlne, 1977).

The Knowledge-based Model seeks for factors that contribute to the knowledge creation. The first factor is called market knowledge that relates to information regarding foreign markets, this kind of knowledge can be considered to be explicit. The second refers to tacit knowledge, which is the knowledge that results from experience and only emerges when it is required (Polany, 1966, p. 12), and it is called Experiential Knowledge (Mejri & Umemoto, 2010). Experiential Knowledge is composed of network knowledge, cultural knowledge, and entrepreneurial knowledge, and these are seen as the main knowledge related factors that have helped to explain the internalization process of the firm (Mejri & Umemoto, 2010).

**Cultural Knowledge**

The concept of Cultural Knowledge refers to the information regarding language, habits, norms, and, the behavior of people of a specific country (Mejri & Umemoto, 2010). In this case, the personal interaction is of major relevance as the insights are trusted by the individual and considered a knowledge of higher
validity and authority when obtained by direct participation (Borkman, 1976). So, in the internalization process, firms or individuals normally acquire cultural knowledge of their intended target countries or markets and this helps them understand or gain an idea of how to deal with their partners and customers in those countries.

The Uppsala Model addresses the concept of knowledge in a number of ways. First, through the definition of Institutional knowledge, which concerns the information and interpretations regarding the characteristics of the specific national market, its business climate, and cultural patterns that the firms possess (Johanson & Vahlne, 1977). Secondly, it also recognizes the concept of Psychic distance that can be understood as: the perception of markets being far away due to cultural and environmental factors (Swift, 1999). During the internationalization of firms, the individual’s perception of the differences between his/her home country and the target market abroad arises (Sousa & Bradley, 2006). This would lead to acquiring of Cultural knowledge and it is obtained by social interaction with the foreign culture and people as a result of trust and experience (Swift, 1999). International trades are motivated or inhibit based on the idiosyncratic connections a person might have with a foreign country (Ellis, 2011). Psychic distance is indirectly influenced by a person’s culture because an individual’s perception is based on one’s inner experience and cultural background (Swift, 1999), these are affiliated with an individual’s earlier experiences and awareness (Dow & Karunaratna, 2006; Sousa & Bradley, 2006). The opposite, Psychic closeness is attained through cultural affinity (liking) which comes from trust that depends on an individual’s experience (Swift, 1999), as consequence, firms preferred to first enter into markets that were nearer to their home country and eventually would expand to those markets that are far (Johanson & Vahlne, 1997).

Taking all the above into consideration, the proposed definition of Cultural knowledge is the information regarding the culture of a foreign country with the purpose of shortening the perceived psychic distance, this as it is mentioned by Dikova and Witteloostuijn (2007), with the objective of reducing risk perception when entering foreign markets. This definition shares similarity with the Cultural affinity concept that is defined as liking in regards to a culture. Cultural Affinity is an extended used concept in the International Business research field because affinity influences the commercial interactions among international partners (Oberecker et al., 2008; Swift, 1999) where it has been concluded that the existence of such affinity is the result of trust and perception of psychic distance (Swift, 1999). On the individual level, Cultural affinity can be obtained by living abroad or by interacting with people from foreign countries (Oberecker et al., 2008, Oberecker & Diamantopoulos, 2011; Wiedersheim-Paul et al., 1978). An extrapolation of the term allows us to assume that Experiential Knowledge in terms of culture follows the same path as Cultural affinity, which is learning by
experience, hence, the sources of one can be used to understand the sources of the other. After an extensive literature review, Oberecker, Riefler and Diamantopoulos (2008) divided the origins of the affinity into macro and micro drivers, where the macro drivers focus on the lifestyle, environment, and culture, while the micro drivers look at the how aspect (through friends and family; traveling and staying abroad). The result is based on the pure interpretation made by individuals, in the case of the present research, that is to say, the perception that the founder has regarding the culture in the Target country.

**Macro drivers**
- Personal appealing regarding perceived lifestyle - People and mentality, Lifestyle in general, including language and cultural products such as food, music, literature
- Personal appealing regarding scenery - Geographical differences, climate and architecture
- Personal appealing regarding culture - History, traditions and current political situation.

**Micro drivers**
- Long stay abroad - The reasons can be because of school or work. It can also include extended interactions with the culture by traveling with the intention of learning about the culture.
- Leisure traveling - traveling for vacations or business meetings for short periods.

**Network Knowledge**

During the internationalization process, companies and individuals take part in various business relationships and the interaction amongst these relationships is linked to one another (Anderson, Håkansson, & Johanson, 1994; Cook & Emerson, 1978; Hägg & Johanson, 1982). Hence a number of studies have come up and presented that business relationships created among suppliers and customers are of importance in the internationalization process (Bonaccorsi, 1992; Erramilli & Rao, 1990; Majkgård & Sharma, 1998; Sharma & Johanson, 1987). Knowledge about opportunities is created from interactions between an individual or firm and another partner (Hägg & Johanson, 1982; Kogut, 2000). Business network knowledge is an additional form of market-specific knowledge which concerns the entering firm’s knowledge about the players in the market (clients, competitors and other network actors) (Eriksson et al., 2000; Vahlne & Johanson, 2002). The knowledge is a product of the company’s interaction with network partners (Eriksson et al., 1997; Vahlne & Johanson, 2002). Relationships are connected to each other constituting network structures. It is in those relationships that exchange takes place: not only transfer of products and services but also knowledge and information. New knowledge is developed in sequence with a growing trust as to strengthen the relationship (Vahlne & Johanson, 2013).
Small Medium Enterprises are consistently less active in gathering primary export market data than larger firms (Samiee & Walters, 1990), hence the use of personal contacts or networks being considered as an important factor in enabling SMEs to gather this information (Samiee & Walters, 1990). Export information is often obtained through personal contacts (Denis & Depelteau, 1985). In line, some studies (i.e. Johanson & Mattsson, 1986; Johanson & Vahlne, 1990) use Network theory as a reference to interpret the internationalization of a firm, where according to the Network theory, markets are interconnected by network relationships (Johanson & Mattsson, 1986). Network knowledge compromises of social and business networks give a boost the internalization process (Mejri & Umemoto, 2010), and they can be traced to the entrepreneur’s interpersonal ties (Ellis, 2011). Opportunities due to social ties are usually affected by geographical, psychic and linguistic distance (Ellis, 2011). The number of relationships that an entrepreneur has with others, especially in foreign countries, determines the network effects on the internationalization process. Opportunity recognition is achievable if an entrepreneur has a direct or indirect link abroad through friends, acquaintances or family (Ellis, 2011).

More general research points out how personal contacts are important for managers while they carry out their work, and these contacts are established within the managers’ social circles (friends and acquaintances) which have social connections or networks. Entrepreneurs usually rely on their personal social contacts, i.e. family and friends for advice or guidance during their entrepreneurship journey (Chell & Baines, 2000). Although for an individual or firm to succeed during the internationalization process, they must be well positioned in more than one network (Vahlne & Johanson, 2002). The existing network relationships affect an individual’s decision to select a foreign market and the methods they would use to enter this market (Anderson & Weitz, 1992; Morgan & Hunt, 1994; Vahlne & Johanson, 2002). An individual or firm will select or look for a market where they have a relationship with existing networks hence making it easy for them to penetrate during the internationalization process. And if a firm or an individual try to enter into a market abroad where it does not have a network position, it complicates or affects the internationalization process (Vahlne & Johanson, 2002), hence the learning process as trust seems to be an important prerequisite (Vahlne & Johanson, 2013). However, Coviello (2006) notes that the relationships of insiders in networks advanced before a firm entered into a new market abroad, moreover, Vahlne and Johanson (2002) point out that it becomes more difficult for an individual or firm to create new relationship if the psychic distance between the host country is large, other factors being same.

As seen above, during the internationalization process of SMEs, social networks and personal contacts play a significant role when identifying and exploiting opportunities abroad (Musteen et al.,
2010), hence firms not only depend on their existing business networks, but also depend on the social relationships within those networks to develop Experiential Knowledge (Hilmersson, 2014). The definition followed by this paper recognizes Network Knowledge as the personal ties that have been identified to be of relevance, hence it is established that the personal and professional connections with a person from another culture are of relevance for the creation of Experiential Knowledge based on the socialization nature of the environment where it is created. The need for the founder to be in the target country so as to obtain knowledge by interaction is never implied, hence the knowledge creation can occur anywhere as far as the subjects involved belong to different cultures.

Concepts

- Personal - Relatives and friends living abroad.
- Professional - Professional activities with someone from a foreign country, employees in the firm from a particular foreign country.

**Entrepreneurship Knowledge**

Entrepreneurial Knowledge refers to the awareness or the existence of opportunities and having the possibilities or abilities to exploit them (Mejri & Umemoto, 2010). This knowledge is attained or comes into existence when a person acquires some clues on how to recognize opportunities in the market. The source of this kind of knowledge, as it is for the others, is the experience; hence it improves over time, implying that the more the experience, the more entrepreneurial knowledge. Opportunity recognition can be applied in entrepreneurship only if an individual knows how to take advantage of a given opportunity (Mejri & Umemoto, 2010), hence being one of the many reasons or factors that fuel the internationalization of a firm (Shane, 2004).

The revision of the Uppsala Model published in 2013 by Vahlne and Johanson focuses on the Dynamic capabilities of a firm during the internationalization process. The interest is on the firm’s competence to incorporate and build both internal and external capacity so as to fit in the changing environment. The insights for such changes are attained through learning and making commitment decisions (Vahlne & Johanson, 2013). Some of the dynamic capabilities, such as the entrepreneurial ability of an individual or firm, are of importance during the internationalization process because they help improve the operational competence of the firm. As the history of the firm is of relevance because each experience provides with inputs for innovation and future changes. Regarding what can be considered as entrepreneurship knowledge, Besterfield-Sacre et al. (2012) published the Entrepreneurship Knowledge Inventory (EKI) a tool for self-assessment among engineering students,
and the items were aimed to obtain data regarding explicit knowledge in the entrepreneurship field. The original tool presents five variables that go from human resources to product ideation. Our interpretation of those variables in the internationalization context of a firm are:

1) Becoming and being an Entrepreneur: Strategic Thinking; Process & Context; and Structure
2) Legal: Customs and other legal aspects
3) People: Internal Human resources and personal training needed to succeed abroad
4) Sales and Marketing: Partner selection; logistics; market research, and international marketing
5) Product development: Product alteration, labelling

Even though the mentioned concepts could be measured and transferred, as a unit, they can represent Experiential Knowledge when they have been obtained by experience or are the result of the combination of tacit and explicit knowledge and are used in different scenarios (Borkman, 1976). In order to better appreciate the entrepreneurial knowledge, it might be considered appropriate to analyze it by dividing the process into three moments. The first moment is the pre-internationalization which includes the opportunity recognition. Knowledge is constructed within a person (Acs, et al.2009), and individuals who have prior work experience or education have stocks of information because they end up in divergent knowledge corridors, which gives them the ability to identify selective opportunities and ignore others (Cliff et al., 2006). In relation to this statement, the Experience corridors theory came into existence, and it identifies that “previous life experiences of entrepreneurs create a consciousness of particular areas which influences the development of opportunities” (Corner & Ho, 2010, p. 652). Past activities form knowledge corridors (Venkataraman, 1997), and this information is stored in an individual to be used later in different conditions, then it is of relevance to understanding the personal knowledge obtained by the experience of founding a firm that is later applied in the internationalization process. The second moment occurs when the firm start selling abroad and the interaction with new partners, customers or barriers happen. At this moment, Experiential Knowledge and new information interact to develop new knowledge (Chandra et al., 2009). The third moment is identified when the experience becomes Experiential Knowledge for its future application in similar or new entrepreneurial processes. Knowledge is recognized by the subject as a learning experience (Borkman, 1976).

**Thesis model**

To conclude, Knowledge is a relevant asset for any company, in specific, the knowledge possessed by founders of SMEs is or great value during the internationalization of a firm. Experiences more than any other kind of insights shape knowledge to create what is called Experiential Knowledge. When interacting with foreign cultures, traits of psychic distance mold the interactions and the trust that is put
into overseas commercial partnerships. In order to minimize such distance, founders look at their previous experiences to guide their decisions. The Experiential Knowledge is the direct result of three factors: the individual involvement of the founder with foreign cultures through people (networking); personal interaction with the place and cultural products (cultural experience), and the learnings produced by entrepreneurial activities (Entrepreneurship knowledge). The summary of this can be seen in figure 1 as it represents the model followed by the present thesis.

**Figure 1. Thesis model**

![Diagram showing the model of knowledge]  
  - **Macro drivers**: Lifestyle, Scenery, Culture or cultural products  
  - **Micro drivers**: Long staying abroad, Short staying  
  - **Personal**: Relatives, Friends  
  - **Professional**: Work related activities, Company employees  
  - **Entrepreneurship knowledge**:  
    - Moment 1 - Awareness and opportunity recognition  
    - Moment 2 - Active learning  
    - Moment 3 - Future reflexions, Learning experiences  

Self-creation (2018)
Chapter 3 | Methodology

Method selection

The selection of a qualitative method meets the need for the exploration of a phenomenon especially when the current empirical data seems to be lacking (Bryman & Bell, 2015) and theories can be created based on the results of the present research. Moreover, in the case of the present research, meanings are unclear resulting in the impossibility to use a quantitative method, where theories provide with meanings that are measured in different contexts (Bryman & Bell, 2015). Furthermore, qualitative research allows researchers to study the subject of analysis in their natural settings with the objective of trying to interpret the phenomenon through the perspective of the subjects, to allow the scientist an appropriate interpretation (Creswell, 2014; Ospina, 2004). A qualitative method was used providing that it enables the exploration of the interviewee's personal experiences and allowed them to express themselves in more detail (Bryman & Bell, 2015), and what is more relevant, this method allows for insightful exploration of the objects under study (Mack et al., 2005). Our choice of proceeding with this research methodology is beneficial to us because it helps us attain a thorough description of our participants’ viewpoints and experiences since it tends to be exploratory. Being exploratory implies that “little has been written about a topic being studied, and the researcher seeks to listen to participants and build an understanding based on what is heard” (Creswell, 2014, p.61).

The concepts explained in the literature review were considered “sensitizing” as they provide with a general sense of reference but do not limit the application of the main idea behind it (Bryman & Bell, 2015). Concepts have been translated into constructs to facilitate the generation of the questions for the Semi-structured interviews. A semi-structured interview consists of a series of questions written in a general form to provide the interviewer with the possibility to vary the sequence (Bryman & Bell, 2015). This kind of method admits the inclusion of further questions when the responses lead to them. Based on the revision of the literature review, the list of constructs and concepts that guide the methodology for the present research are listed in table 1.
<table>
<thead>
<tr>
<th>Concept</th>
<th>Construct</th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior knowledge</td>
<td>Professional experience in the internationalization process</td>
<td>Do you have any training either from school or from previous work experience in internationalization?</td>
</tr>
<tr>
<td></td>
<td>International personal experience</td>
<td>Personally, have you lived abroad? When, why &amp; for how long? Have you been in (Country target) before or during the process?</td>
</tr>
<tr>
<td>Motivations</td>
<td>Motivations for exporting</td>
<td>Why did you decide to go abroad?</td>
</tr>
<tr>
<td>Target market</td>
<td>Target country</td>
<td>What was the first country where you wanted to start your international trades?</td>
</tr>
<tr>
<td></td>
<td>First country</td>
<td>Which is the country where the company first started its international activities?</td>
</tr>
<tr>
<td>Internationalization</td>
<td>First reaction</td>
<td>When the opportunity was presented to you, what were your first thoughts? How did you make that decision?</td>
</tr>
<tr>
<td>process</td>
<td>Expectations</td>
<td>What did you expect from your partners abroad? What was your idea in terms of sales when you decided to start selling in a different country?</td>
</tr>
<tr>
<td></td>
<td>Pre - internationalization planning</td>
<td>How did you choose the countries where you wanted to start selling? Did you make any changes inside the company?</td>
</tr>
<tr>
<td>Network knowledge</td>
<td>Personal network / Other network connections</td>
<td>Did you get any help from friends or your family? Did you have any contact in (Country target) before you started the process? How did you contact the people you have been working with? Did you ask anybody for insights?</td>
</tr>
<tr>
<td>Cultural knowledge</td>
<td>Psychic distance</td>
<td>What was your idea of (Country target) before? Did anybody give you any insights about that place?</td>
</tr>
<tr>
<td></td>
<td>Culture (language, people), Scenery, Lifestyle, Culture barriers</td>
<td>Did you have any expectations regarding the place in general, people, the way of doing business? Was the language an obstacle for you? How did you manage to overcome it? What did you know about the geography of (Country target)?</td>
</tr>
<tr>
<td>Entrepreneurship knowledge</td>
<td>Moment 1 - Awareness and opportunity recognition</td>
<td>How did you first know about this opportunity? Did you have any internal process to help you to start exporting?</td>
</tr>
<tr>
<td></td>
<td>Moment 2 - Active learning</td>
<td>How did you know what to do? Tell us about the first international process you had.</td>
</tr>
<tr>
<td></td>
<td>Moment 3 - Future considerations, Learning Experiences</td>
<td>Is there anything that you know better now, and you think could have been of help in the past? Is there anything you have changed in your internal process? Is there anything that has changed in your internationalization process? What is the major learning you have obtained out of your experience with foreign markets?</td>
</tr>
</tbody>
</table>
Respondents profile

Since most literature about Experiential Knowledge focuses on mainly European countries and the USA, we decided to look at Small companies (under 50 employees) established in Mexico. Mexico is considered a developing country whose data can contribute to the field by enriching the understanding of the influence of different research contexts (Peiris et al., 2012). Mexico represents the 1.9 percentage of exports by SMEs in the world, above the average in developing countries (WTO, 2016). A purposive sample was used as the participants included are believed to be relevant to answer the research question (Bryman & Bell, 2015). The approach was criterion sampling as the respondents and companies needed to meet the following criteria:

- A direct invitation via email was sent to 20 companies whose corporate websites indicated their involvement in international markets.
- In order to delimitate, the selected market entry strategy was exporting. As it is the most common strategy used by small companies because the risks can be minimised (Ghauri & Cateora, 2014, WTO, 2016). Exporting is a solid and long-lasting internationalization strategy.
- During that first communication, the people approached were enquired about the company size to assure they had under 50 employees, their international presence to confirm their activities abroad.
- The invitations were addressed to the founders and a question regarding his/her participation during the process was included.

Since our goal pursuit with this research is to understand the personal experiences of the founders, the industry was of no relevance and neither the size because it is the founder the subject of interest. The invitations or requests for interviews were sent in English to the respondents without any bias regarding gender, the nationality of the respondent, race or any other feature. The final participants correspond to the following characteristics listed in table 2, while the features the companies they represent can be found in table 3. The interviews were held in the afternoon from 7:00 to 18:00 hrs. Mexican time between the 11th and the 23rd of May, 2018. The technology of Skype was used as it provides with clear benefits when interviewing people in different countries. According to Bryman and Bell (2015), Skype represents a more economy medium in contrast to having to travel, the flexibility of rescheduling when dealing with CEO’s and different time zones, and the interviewer and interviewee were able to interact face to face by using the video camera. The popularity and acceptance of Skype interviews are positive among researchers.
Table 2. Characteristics of the interviewees

<table>
<thead>
<tr>
<th>Company</th>
<th>Role</th>
<th>Gender</th>
<th>Education</th>
<th>Nationality</th>
</tr>
</thead>
<tbody>
<tr>
<td>MA</td>
<td>Co-founder</td>
<td>Male</td>
<td>Business</td>
<td>Mexican</td>
</tr>
<tr>
<td>CH</td>
<td>Co-founder</td>
<td>Male</td>
<td>International business</td>
<td>Mexican</td>
</tr>
<tr>
<td>CM</td>
<td>Co-founder</td>
<td>Female</td>
<td>Gastronomy</td>
<td>Mexican</td>
</tr>
<tr>
<td>MU</td>
<td>Co-founder</td>
<td>Male</td>
<td>Communications</td>
<td>Mexican</td>
</tr>
<tr>
<td>RZ</td>
<td>Co-founder</td>
<td>Female</td>
<td>Design</td>
<td>Mexican</td>
</tr>
<tr>
<td>AY</td>
<td>Co-founder</td>
<td>Female</td>
<td>Design</td>
<td>Venezuelan</td>
</tr>
<tr>
<td>PM</td>
<td>Founder</td>
<td>Female</td>
<td>International affairs</td>
<td>Mexican</td>
</tr>
<tr>
<td>VD</td>
<td>Founder</td>
<td>Female</td>
<td>Design</td>
<td>Brazilian</td>
</tr>
<tr>
<td>MD</td>
<td>Co-founder</td>
<td>Male</td>
<td>Business</td>
<td>Mexican</td>
</tr>
</tbody>
</table>

Table 3. Characteristics of the Small companies.

<table>
<thead>
<tr>
<th>Company</th>
<th>Product</th>
<th>Number of employees</th>
<th>Founded</th>
<th>First export</th>
<th>The first export process to</th>
<th>Sales proportion (percentage) (Local/Exports)</th>
<th>International presence</th>
</tr>
</thead>
<tbody>
<tr>
<td>MA</td>
<td>Alcoholic beverage</td>
<td>50</td>
<td>2010</td>
<td>2013</td>
<td>Australia</td>
<td>70/30</td>
<td>Australia, USA, Finland</td>
</tr>
<tr>
<td>CH</td>
<td>Sauces &amp; spices</td>
<td>20</td>
<td>2009</td>
<td>2014</td>
<td>Canada</td>
<td>90/10</td>
<td>Canada, USA, Germany</td>
</tr>
<tr>
<td>CM</td>
<td>Accessories</td>
<td>8</td>
<td>2013</td>
<td>2015</td>
<td>USA</td>
<td>60/40</td>
<td>USA, Spain, Venezuela, Emirates, Colombia</td>
</tr>
<tr>
<td>MU</td>
<td>Alcoholic beverage</td>
<td>10</td>
<td>2009</td>
<td>2014</td>
<td>Canada</td>
<td>80/20</td>
<td>Canada, USA, Belarus, Russia, Finland</td>
</tr>
<tr>
<td>RZ</td>
<td>Countertops</td>
<td>5</td>
<td>2015</td>
<td>2016</td>
<td>USA</td>
<td>35/65</td>
<td>USA, France, Italy</td>
</tr>
<tr>
<td>AY</td>
<td>Ornaments</td>
<td>6</td>
<td>2015</td>
<td>2016</td>
<td>USA</td>
<td>40/60</td>
<td>USA, Sweden, Spain</td>
</tr>
<tr>
<td>PM</td>
<td>Chemicals</td>
<td>4</td>
<td>2012</td>
<td>2016</td>
<td>Dominican Republic</td>
<td>80/20</td>
<td>Dominican Republic, Argentina, Colombia</td>
</tr>
<tr>
<td>VD</td>
<td>Jewelry</td>
<td>20</td>
<td>2008</td>
<td>2015</td>
<td>Italy</td>
<td>75/25</td>
<td>Italy, Brazil</td>
</tr>
<tr>
<td>MD</td>
<td>Alcoholic beverage</td>
<td>47</td>
<td>1997</td>
<td>2004</td>
<td>USA</td>
<td>69/31</td>
<td>USA, Germany, Singapur, Colombia, Guatemala, Peru, Spain, France, UK</td>
</tr>
</tbody>
</table>
Bryman & Bell (2015) suggest that before carrying out interviews, a pilot interview should be done, and we held one in English to test the clarity of the questions and to ensure the effectiveness of the questions. The respondent for this activity was a male entrepreneur, founder of a company with export activities with no formal education in international business. The activity lasted 19 minutes. Minimal changes were made, especially in the introduction part by better explaining the privacy of the results and the objectives pursuit of the research. The format seemed to be understandable for the interviewee, which allowed him to express himself freely. The questions proved to be enough to provide us with the information required to answer the research question. The average duration of the final interviews was between 20 and 30 minutes. English was used for the interviews, except for four interviews when Spanish was used upon request of the interviewees. The audio of the interviews was recorded for its better subsequently analysis (Bryman & Bell, 2015). This action also ensures dependability provided that we kept records of all the phases of our research process for future reference. The responses of those interviews held in Spanish were translated into English. The transcriptions of the answers were shared between the researchers for proper analysis.

Reliability and validity

In line with what is suggested by Bryman and Bell (2015), to ensure internal reliability and proper data collection procedures and consistency we thought about the constructs and concepts together hence ensuring that the data collected was consistent and reliable. The internal validity was taken care of by assuring that there was a congruence or compatibility between the concepts and observations from the data collected. We did this by creating patterns which we followed when analyzing the data. Regarding trustworthiness, to ensure credibility, the partial transcripts of the recordings of the interviews were sent to the respondents for their validation (Bryman and Bell, 2015). We also used the triangulation method, which involves the use of several sources of data or information during the research study (Bryman & Bell, 2015). We used both empirical data from existing entrepreneurship and internalization literature, plus primary data from the interviews that we carried out. In order to provide confirmability, we made sure that our personal values and thoughts did not influence the way the research was conducted and the way the data was analyzed.

As suggested by Brod, Tesler, and Christiansen (2009) during the analysis of results, a saturation grid was used. Data saturation refers to a situation when the researcher reaches a point where there is little or no additional information and no more patterns or themes are developing from the data collected (O'Reilly & Parker, 2013), and this shows that satisfactory data has been collected for proper analysis (Fusch & Ness, 2015). The grid showed that after nine interviews we had achieved theoretical saturation (Bryman & Bell, 2015) as no new information emerged.
**Ethical considerations**

One of the essential ethical aspects that we considered in our research was providing confidentiality and anonymity of the individuals that were taking part in our study. As suggested by Munhall (1988), we have kept our respondents’ personal information confidential as well as ensure anonymity of the data collected. We have used initials to hide the identity of our interviewees.

A research study should be carried out under proper ethics and guidelines (Munhall, 1988). To achieve honesty, we also ensured that our thesis was written under the stipulated academic ethics and guidelines. All throughout the writing process, we ensured that there was supervision by a lecturer and this helped us comply with producing a good master thesis with authentic data. We also ensured that we were not influenced by our individual opinions when we were conducting and analysing the interviews. We did this by ensuring that we analyzed the data together.
Chapter 4 | Findings

Prior knowledge

In terms of explicit and tacit knowledge, such as formal training or work experience regarding the internationalization process of a firm, the majority of the participants declared not to have had prior Experiential Knowledge before their first experience with the current company. The personal international experiences of the founders can also be found in table 4.

Table 4. Prior knowledge and personal international experience.

<table>
<thead>
<tr>
<th>Company</th>
<th>Prior knowledge in internationalization</th>
<th>Personal international experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>MA</td>
<td>“None, I always worked local markets”</td>
<td>Worked and studied in Australia</td>
</tr>
<tr>
<td>CH</td>
<td>“I studied International business but never worked in the field”</td>
<td>Have travel for business purposes</td>
</tr>
<tr>
<td>CM</td>
<td>“None, I studied gastronomy.”</td>
<td>Studied in Spain</td>
</tr>
<tr>
<td>MU</td>
<td>“I knew nothing about exports”</td>
<td>Family living in the USA but never stayed for more than one month abroad</td>
</tr>
<tr>
<td>RZ</td>
<td>“Everything related to exporting, I have learned it for this company”</td>
<td>None</td>
</tr>
<tr>
<td>AY</td>
<td>“No (international) experience at all”</td>
<td>Emigrant in Mexico, studied in Argentina</td>
</tr>
<tr>
<td>PM</td>
<td>“I studied international business, I worked in customs and at PWC in the international trades department”</td>
<td>Have had international people living with her for periods of two months and multiple foreign friends</td>
</tr>
<tr>
<td>VD</td>
<td>“None, I studied design”</td>
<td>Emigrant in Mexico, studied and worked in Italy</td>
</tr>
<tr>
<td>MD</td>
<td>“None”</td>
<td>Studied in the USA. Lived for some months in India (twice), and divides his residency between Mexico and Italy.</td>
</tr>
</tbody>
</table>

Target markets

The selection of target markets had different drivers: one of the most referred to is that the opportunity was presented to them: "We went to Canada because this guy looked for us" (CH); pre-assumptions regarding countries: “As we are here too close to the USA, and that it is the biggest market in the world” (MD). Personal motivations also arose: “Brazil because it's my country of origin and Italy because that's where I lived happily (VD”).
Also, the proximity of the target market was referred to and considered by some of the founders: “I wanted to go to Latin America because is easier and closer” (PM); “we are here to close to the USA” (MD)

**Internationalization process**

What we found out was that the respondents had different motivations to go abroad or to take their companies international. Some of the respondents decided to start their internationalization process due to revenue growth reasons and as well as the need to look for new markets where they could sell their products and services. To others, they were motivated to take their companies abroad when people abroad or in other countries contacted them or approached them.

For the first case: “We were successful in Mexico and decided to look for other markets” (MA); “Sales in Mexico were slow, and countries with better alcohol culture, like the USA, recognized the value of a good bottle, even more than Mexicans” (MD). While for the second case, “Clients who are from there approached us” (RZ), “The customers looked for us” (CH).

In the cases where the opportunity was presented to them, the decision to take action was sometimes motivated by personal experience: “We were ready to export and just waiting for an opportunity to come, so when I received this request from a Mexican guy in Australia, we said yes” (MA); while others relied on their partners to reduce uncertainty, for instance: “It was him (the foreign distributor) who knew about the market” (CH). When looking for foreign markets some companies had a previous plan where they made active research “We did a market research and came up with our top 5 countries” (MA); “To seek for new markets not as exploited as the local market” (MU). The selection of the path for the process of internationalization was different among the respondents: “the guy there said he knew what was needed to be done” (CH), “I looked for an agency to help me with the process and they gave me information” (MC), “One of the local commercial partners was invited to a competition in Canada and he took the brand with him” (MU), ”The clients are from there (USA), particulars as well as stores approached us” (AY).

**Cultural knowledge**

References to psychic closeness were made: "Because there is a lot of connection between the Mexican and American culture”(RZ), in fact, this founder earned his knowledge through direct interaction with people from the target country. Provided that in most of the cases, the country where they started their internationalization path was not their first choice, traces of psychic distance are better observed when referring to future intentions: ”We would like to go to Indonesia, Japan" "it would be a
challenge because of the different culture (...) In Japan, I know they are super organized, people have told us that Japanese clients are really good" (AY). Geographic distance seems to also have been taken into consideration for the selection of countries: “Proximity, we are in the same continent” (RZ), "Because of the proximity and the process is easier to export from Mexico to the USA" (AZ). The interviews also provided with information on the source of those expectations: "In Italy, a client once told us, that it would be impossible to use a counter made out of volcanic stone because that would be too rough and they are more delicate, then, It would be a good challenge" (RZ).

It was noted that cultural knowledge played an important role both before and during the internationalization process. Not having the knowledge or an idea about the culture i.e. language of the target country was sometimes seen as a barrier to the internationalization process. Most of the respondents found it difficult during the initial stages of going abroad to set up business in the target countries due to language barrier issues. However, for other founders, the fact that they had an idea about the language or culture of the target countries made it easy for them to sell their products or services in those countries. Regarding cultural affinity: “I thought Canada was boring and my impression of its inhabitants was that they were cold and distant because the population is lower than in Mexico” (MU); “I lived there and I had a really good time, I (...) worked as a bartender, then I know what people like to drink because that hasn't changed much” (MA); “There is an empathy because I have a lot of American friends. It is a culture I know” (MD). The scenery was barely mentioned, it could be attributed to the fact that most of the interviewees had never been in their target countries before they started their processes: “I have never been before in Canada” (MU) - their first export experience was to this country.

On the other side, cultural barriers were part of the given information as well: "With one customer from Hungary, who lived in Mexico for a while, sometimes it is hard to talk to her and I think it is because of cultural differences” (CH). More often it was not a concern of language: “It has been hard to enter Spain because they are not as familiarized with the Mexican culture as the Americans are.” (CM); “The language hasn't been a problem but sometimes it is hard to explain the process because there is no exact translation for some of the words” (MU). Information about how they manage to overcome these barriers was provided: “We have just started negotiations with Russia and Belarus and even though their English is not so good there are ways to communicate” (MU); "We sell in Paris (France) since we have a distributor there, and the girl we work with is from Mexico, therefore she is involved with the Mexican design hence helping with the communication” (RZ).
Network knowledge

During the interviews, it was found out that the founders of the firms really made use of their existing networks before and during the internationalization process of their firms. In terms of personal networks, friends were the most mentioned: “I called a friend I have there to guide me” (MA); “I called my old professor and mentor in Milan, and he told me where to start my search from” (VD), “I looked on Facebook to reconnect with a friend from school that I knew was working in a customs agency here in Mexico, and he sent me a list of things I needed to check out to start the process” (PM). The benefits of a personal network, can also be seen in other phases of the process: “I called the people I knew there to help me with simple things like marketing, suppliers, and contacts of bars where we could launch the brand” (MA), “In Barcelona, I have a person I know from before who I send to all the events” (MC). And the opposite, was specified regarding family “My family is not here, then It is hard to think of that” (RZ), “No, my family in the USA haven't helped me much” (MU).

Unexpectedly, the government seems to be a common partner: “The government helped me to target some countries” (CM), “I am working with the government, they have done market research and know which markets are the most relevant and invite those companies that might be interested” (MU).

Another unexpected connection appeared, when clients later became commercial partners: "A Mexican guy who tried the product once in Mexico decided he wanted to sell it in Canada" (CH), "We introduced the brand and then Instagram, we used social media where a base was developed to instigate communication and that is how customers learned about us” (AY).

Entrepreneurship knowledge

Decisions are made based on the previous experiences the person has whether or not they come from their experiences from managing the firm: “I like to know and make research” (MU), “I knew how to choose the right selling point based on what we have done locally” (MC), "Our previous experiences have helped us” (RZ). The process of creation of new knowledge through socialization, experience is recognized by the people interviewed: "We were both learning about the export process" (MU), "We learnt most of the export knowledge and skills on job" (MC), "We have learned everything: Materials, all the process by doing it" "We keep learning, (...) there's always something unknown (...) There is always something to learn or to improve” (AY).

Due to having this ability or previous experience, some founders have a good active learning and have been able to learn and get knowledge about the export business during the time when they
made a choice to go abroad. This has made the internationalization process smooth for them since they have got and learned about the necessary knowledge: "We were both learning about the export process" (CH); "We have learned everything like materials and all the processes by doing it. We keep learning, when one has a company that started with two people and continue growing, there's always something unknown. There is always something to learn or to improve" (AY).

Moreover, for knowledge to be recognized (Nonaka et al., 1994), the individual needs to be aware of it, in the case of these interviews, the answers were provided; for the entrepreneurship knowledge: "The importer tried to do more than he could and he didn't succeed, now we look for bigger customers" (CH); “Now, I know better about the need of regulations” (MC); “We learnt that every country is different (...) Taxation, I didn't know the taxes were so high” (MU); and the cultural knowledge: “Now, I think that Canadians are friendly people and there are many things to do in Toronto, they are interested in the global economy and new products” (MU), “Our English is not so good but that is not a limitation. People there either speak the language or has somebody to interpret for them” (AY).
Chapter 5 | Discussion

The interviews provided significant data that can be related to what previous researchers have said about the motivations, and the overall internationalization process. Of more relevance, the collected information is of aid to discuss the implications of the findings regarding the research question. Prior knowledge and intelligence of an entrepreneur influence his or her ability to identify and exploit opportunities (Shane, 2004), and this prior knowledge could include Experiential Knowledge which is viewed as an avenue through which an individual will gain awareness about external resources (Eriksson et al., 1997). By asking the respondents about how their personal experience contributed to the internationalization process, we were able to find out that some firm owners used their knowledge gained from previous work experiences to identify and exploit opportunities abroad hence influencing the internationalization process. During the pre-internationalization of the firms, some of them used their previous work experience to identify and look for opportunities. This experience included some skills that they had acquired from their past jobs, and the knowledge that they have or acquire is used during the stages when they make the decision to exploit the resources and go abroad.

The respondents had different motivations to go abroad or to take their companies international. Only in some cases, it was possible to see that the personal experience of the founder had a direct effect on this: “(...) I worked for the (Italian jewelry) industry, and I was trained in the techniques artist in Italy use, then my products were already thought to be sold there” (VD). In others the decision was taken based on the founder's desire and the rest of the cases, the resolution followed practical reasons such as the need for looking for new markets. The active searching for opportunities resulted into rationalized decisions: “Because of the proximity and the process, it is easier to export from Mexico to the USA” (AY). In contrast, their personal desires regarding the internationalization of their companies are also evidently motivated by their previous interaction with the country, this thought remains over time: “At the beginning, I always thought about (...) Spain, I lived in Barcelona (Spain), (...), Barcelona appears to me as a city where art from everywhere is valued (...). I decided to start with Barcelona, but USA pulled me” (CM). Our findings support the idea that international decisions respond to personal desires by the founder (Smith et.al., 1988) a clear example was: “Brazil because it's my country of origin and Italy because that's where I lived happily” (VD).

The value of the cultural knowledge acquired by living there is also visible in the findings: “I lived there for 4 years. I know what people like (...)” (VD). This knowledge is of value not only for the active seeking of international opportunities (e.g. MC) but also when opportunities are presented to the founders (e.g. MA). This helps them to decide whether or not take advantage of the event, as well as
decide the course of action. As expected based on the literature review, psychic distance (and the opposite psychic closeness) is taken into consideration when making decisions, both to look for ways to avoid barriers, as well as a source of information for the overall process. A case where the perceived psychic distance has dissuaded the company from entering a new market is MD: “China is so different and so big, and as we are still growing in other markets I still think, no, I am not ready to start selling in China”.

The data that we obtained from the interviews support the ideas provided by the Uppsala Model (Johanson & Vahlne, 1977) that Experiential Knowledge plays an important role in the internationalization process of a firm, where we noticed that most of the founders took advantage of their Experiential Knowledge when taking their companies abroad, and that was more visible when referring to network and entrepreneurial knowledge. Furthermore, the Uppsala Model also suggests that individuals or firm founders have various business networks and relationships (Vahlne & Johanson, 2002) and that some of these networks are in existence amongst these individuals even before they decide to go abroad (Coviello, 2006). This was evident where we see that some of the founders had personal networks like friends that they had either lived or worked with. The founders interviewed showed that they used these networks to create business relationships with people in the target countries during the internationalization process.

In the frame of the organizational learning model, the data collected for the present research has contributed to the relevance of acquisitive learning (Zahra et al., 1999) as it was made clear by all the respondents from Mexico that the access to the public information provided by the government has played a relevant role in their internationalization. In some instances, we see that the government of Mexico provided information regarding businesses or the business environment of other countries. From this information, founders of different firms are able to identify opportunities in those countries, making it easy for them to exploit, hence taking their firms abroad. Additionally, the access to this information has proven to have been of great relevance for the decision-making process: “Working with the government, they have done market research and know which markets are the most relevant and invite those companies that might be interested” (MU).

It was also possible to confirm that previous experiences have helped the founders to make decisions and identify various options that are beneficial to the internationalization of the firm (Brockmann & Anthony, 1998). “I knew how to choose the right selling point based on what we have done locally” (MC). Moreover, it is the founder who influences and chooses the pathway (Busenitz & Barney, 1994; Mejri & Umemoto, 2010). Some of this knowledge has been acquired from previous
experience either from previous work or through searching for it from different sources, to contribute to the idea of multiple sources of information, sources obtained throughout the founder’s personal life: “I worked for a big company before launching this brand, and I have used a lot of that experience that I gained” (MA); “First, this friend and he gave me the name of another company that could help me with the full process and had better deals for small companies” (PM).

The Knowledge-based Model also points out that knowledge is created through social-cultural interactions (Nonaka & Toyama, 2003). Most of the founders had networks and relationships with different people including friends. Founders were aware of these relationships and actively used them during the process: “My professor (...) at the beginning, and then I searched for owners of important jewelry with whom I have collaborated” (VD). From these networks, they were able to acquire some knowledge about their target countries, knowledge about opportunities in those countries, as well as regarding the business environment in foreign markets. This has played an important role before and after the founders made a decision to take their firms abroad.

Regarding what we have called the second moment, when the firm starts selling abroad and there are interactions with new partners or customers, barriers happen (Chandra et al., 2009). The findings have proven that previous knowledge and new experience interact “I have been using the knowledge I have from school, but the reality is harder” (PM); "A lot of what I have needed to learn, I have found it in Google" " I like to know and make research” (MU). When the target country is far in terms of psychic and geographic distance, personal experience becomes a reliable knowledge asset to motivate decisions. “I made some good friends there (Australia), actually, in my time there (Australia) I helped a friend to launch a Mezcal brand there (Australia)” (MA). When the company had already started to sell abroad traces of personal experiences emerged to support the decision-making process: “I called the people I knew there to help me with simple things like marketing suppliers and contacts of bars where we could launch the brand” (MA).

Finally, Experiential Knowledge is a living process that improves based on new information obtained by experience and contact (Chandra et al., 2009). What was previously believed to be the truth is challenged to modify expectations: “It has been hard to enter Spain because they are not as familiarized with the Mexican culture as the Americans are” (MC). New knowledge is created and recognized by the subject as a learning experience (Borkman, 1976) to create Experiential Knowledge for the future: “At the beginning, we made a lot of mistakes (...) The first contract was really unbalanced. (...) That didn't happen with other markets” (MD). All the participants agreed on the value of the experience they had for the improvement of their forms “Now, I know better about the need of
regulations, but I always go to the agency for their input” (MC); “When I decided to go to Brazil, I knew I could call the agency before first calling potential clients, I lost some deals in Milan because I wasn't ready and I made promises I couldn't keep” (VD). These experiences can be found at different levels of the elements that give shape to the Experiential Knowledge. Such as, the macro driver Cultural affinity includes politics and legal systems (Oberecker et al., 2008), that although it was not mentioned as part of the previous knowledge the founders possessed, is now part of the Experiential Knowledge resulting from the interactions with foreign countries: “Colombia was the country where we had the most barriers, because the alcohol sold there is counterfeit or illegally imported. It is hard to sell legally” (MD).

**Limitations**

Our research was not without limitations, our data were collected by using a non-probability sampling approach, therefore, a generalization of the findings cannot be done by basing on the results of this research. The use of mixed methods and a larger sample would be beneficial to overcome this limitation as well as to enrich and broaden the information regarding this phenomenon. Moreover, the study was only conducted for Mexican company founders hence, the results are based on this culture, and the results might not be the same for others from countries with different conditions. Another limitation is because of the use of English as the language for most of the interviews, and provided none of the interviewees was a native speaker of this language, there is the possibility that by using the native language of the respondents, they could have felt more confident to express themselves.
Chapter 6 | Conclusion

Our findings have shown that a founder of the firm plays a significant role in the internationalization of a firm and this is evident in decision making. Also, founder’s experience, which is gained through previous work provides him/her with knowledge, which is useful during the process of identifying and exploiting opportunities. This has shown that individuals or founders need some capabilities when making decisions to go abroad, hence contributing to our identified gap. In contrast with previous research, especially in the International business field where companies are considered the subject of research (Peiris et al. 2012), we have found that it is possible to understand the internationalization process of a firm by looking at the personal experiences of its founder. The aim with the present research was to explore the personal experiences that impact the process when a company goes abroad, in line with that, the empirical data collected allowed us to confirm that, in fact, founder’s previous experiences have a direct impact on the decision-making process.

Regarding the answer to our research question: What are the founder’s personal experiences that matter to shape the Experiential Knowledge that influences the internationalization process of a new venture? Experiences obtained first hand, that is to say by personal contact with the culture is relevant. Experience gained by living abroad provides market knowledge and helps the decision-maker on the journey to distant markets. Network knowledge attained by interaction in informal environments with people from a different country grant an individual with cultural knowledge that later determines the decision-making. Moreover, personal Experiential Knowledge regarding entrepreneurship molds the actions a new venture takes before and during the internationalization process. Furthermore, the application of that knowledge is of great value for the future of the firm and a source of new knowledge that later on can lead to sustainable competitive advantages. It is possible to conclude that living abroad for long periods, personal and business connections (network), learnings obtained during the process, and familiarity with the market all add up to shape the Experiential Knowledge that influences the internationalization process of a new venture.

The information provided by this research adds to the literature in the entrepreneurship field by focusing on the founder and proving that his/her personal history has a direct influence on the decision-making process. By doing so, we consider we have opened the interest in mixing the conclusions provided by the Entrepreneurship research, the International Business field, and the International Entrepreneurship to focus on how individual’s previous experiences keep contributing to the growth of a company, even after its formation. The practical implications of our findings give a possible source of insights for founders to base their decisions during the internationalization of their firms. The
information here provided can improve the perceived relevance of their previous personal experiences and represent an asset for the creation of competitive advantages.

Further research should look at the founder as the subject of research provided this is the person that makes the major decisions in small ventures. The source of knowledge regarding foreign markets has been found relevant, hence further research should explore more on this matter to better explain its impact on the decision-making process. The present findings of our research contribute to the idea that in international business, a founder’s personal experiences play an important role in the internationalization process of the firm. These personal experiences have contributed in a such a way that founders gain Experiential Knowledge which later influences the decision-making process during internationalization of a firm.
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