



Sten K. Johnson Centre for Entrepreneurship



Entrepreneurial Action in the Pre-Export Phase of SMEs: A Cognitive Approach

Ziad El-Awad¹, Martin Kleimeier²

Lund University School of Economics and Management, Scheelevägen 15 B, 22363 Lund, Sweden

ABSTRACT

The purpose of this study is to advance the theoretical knowledge of internationalisation of small and medium-sized firms from an individual perspective. In particular, the research takes a cognitive approach in understanding how experiential knowledge shapes entrepreneurs' uncertainty perception and thus their willingness to recognise and act upon export opportunities. Six in-depth, semi-structured interviews were conducted with three exporters and non-exporters in the Swedish beverage sector. The comparative analysis allowed understanding how individuals on each group recognise, evaluate and act upon export opportunities within their milieu. Empirical findings show differences in the underlying uncertainty perception amongst both groups. Key to these differences is entrepreneurs' individual motives, which wrought the type of experiences they engage in and accordingly the experiential knowledge they accumulate. Given the empirical observations, five propositions were developed to refine the understanding of entrepreneurs' decision-making process in the pre-export phase. This led to the construction of an empirical framework. Lastly, theoretical and practical implications were delineated.

ARTICLE INFO

Keywords:

SMEs, Internationalisation, Exporting, Experiential Knowledge, Entrepreneurial Action, Opportunity Recognition, Opportunity Evaluation, Entrepreneurial Learning, Motives, Cognitive Biases

Article history:

Received 9 May 2014

Received in revised form 22 May 2014

Supervisor:

Dr. Diamanto Politis

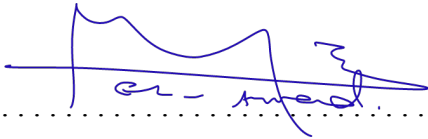
¹E-mail address: elawadziad32@gmail.com, Tel.: + 46 76 781 96 69

²E-mail address: martin.kleimeier@gmail.com, Tel.: + 49 160 928 26 108

Disclaimer

We hereby certify that this material, which we submit for assessment on the programme of study leading to the award of *Master of Science in Entrepreneurship – New Venture Creation* at Lund University, is entirely attributed to our original work, or where other work is cited references are supplied.

Lund, 22.05.2014



Ziad El-Awad



Martin Kleimeier

Table of Contents

1. Introduction	1
2. Theoretical Framework	3
2.1 <i>Pre-Internationalisation Phase and Experiential Knowledge</i>	3
2.2 <i>Experiential Knowledge and Entrepreneurial Learning</i>	4
2.3 <i>Experiential Knowledge and Entrepreneurial Action</i>	5
2.4 <i>Attention Stage</i>	6
2.5 <i>Evaluation Stage</i>	6
3. Research Methodology	11
3.1 <i>Epistemological and Ontological Assumptions</i>	11
3.2 <i>Research Design</i>	12
3.3 <i>Research Instrument</i>	12
3.4 <i>Limitations of Methodology</i>	13
3.5 <i>Sample</i>	13
3.6 <i>Data Collection and Analysis</i>	17
4. Findings and Analysis	18
4.1 <i>Attitude towards Exporting and Boundaries for Entrepreneurial Learning</i>	18
4.2 <i>Types of Experiential Knowledge Acquired</i>	21
4.3 <i>Export Opportunity Attention Stage</i>	23
4.4 <i>Export Opportunity Evaluation Stage</i>	25
5. Conclusion and Implications	34
5.1 <i>Implications for Research</i>	36
5.2 <i>Implications for Practice</i>	37
Acknowledgements	38
References	39
Appendix A	I
Appendix B	II

1. Introduction

Interest in the internationalisation research has progressed since the 1970s (Cavusgil 1980; Johanson & Vahlne 1977). This is predominantly true among a growing number of micro, small and medium enterprises that are pursuing business across borders (Bolzani & Boari 2013). Key-actor to these firms is the individual entrepreneur who happens to be the chief decision maker in the process of internationalisation (Oviatt & McDougall 2005). The internationalisation process has been regarded as a staged process with activities and developments that take place prior and after the international operation (Ibeh & Young 2001).

The majority of current studies offered comparison among firms that have already been carrying out international activities, where they focused predominantly on born global or early internationalisation (Zahra, Korri & Yu 2005). Those who pointed out the relevance of scrutinising what goes on before the first decision to internationalise (Wiedersheim-Paul et al. 1978; Tan, Brewer & Liesch 2007) discussed how entrepreneurs recognise and exploit export opportunities, focusing in the core of their analyses on the role of stimuli in shaping entrepreneurs' course of action. Nonetheless, the level of analyses largely adopted a firm-based approach towards the study of stimuli. We take a different approach, as we adopt a cognitive view towards pre-internationalisation, focusing mainly on exporting as an early foreign market entry mode. We compliment the Uppsala theoretical framework, which does not take into account the priori cognitive process of opportunity recognition and evaluation in the pre-internationalisation phase. More specifically, we focus on how entrepreneurs' experiences and accumulated knowledge play a role in the perception of whether to export or not. Key to this research is the role that individual-based motives play in shaping the perceptions towards the underlying uncertainties that predispose exporting.

The significance of adopting a cognitive approach to exporting, though implicit, resides in how central is the decision-maker's perception may be for small and medium-sized enterprises (Johannisson 2000). Andersen & Strandskov (1998) argue that the decision to export happens as a result of a continuous strategic evaluation of perceived market stimuli. Consequently, the propensity to export may fundamentally depend on entrepreneurs' perception and interpretation of these external stimuli through the mindset of available resources and capabilities, psychic

distance and entrepreneurs' need to obtain knowledge (Ibid). Therefore, the aim of this study is to contribute to the existing literature by understanding how experiential knowledge plays a role in shaping entrepreneurs' uncertainty perception and thus their willingness to recognise and act upon export opportunities. Based on the entrepreneurial action theory by McMullen & Shepherd (2006), we aim to develop a conceptual framework that contributes to the current model by embracing the role of experiential knowledge in the pre-internationalisation phase.

Given the pre-internationalisation context, the research adopts a multiple case study approach to compare the cognitive process that underpins entrepreneurs' opportunity recognition and evaluation of export opportunities. The sample consists of three exporters and three non-exporters within the Swedish brewery sector. Interviews were conducted among business owners who happen to be the decision-makers of the respective small and medium-sized enterprises. The research will progress as per the following:

The coming section introduces the theoretical framework of the entrepreneurial action process, explaining in detail the interplay of experiential knowledge and uncertain perception in the course of firm internationalisation. Afterwards, an account of methods used to analyse the multiple cases on hand will be presented. Then, the research illustrates the main empirical findings and analysis in relation to the theoretical framework. Moreover, the paper concludes by giving further meaning and context to the main results. Finally, future theoretical and practical implications are suggested.

2. Theoretical Framework

2.1 Pre-Internationalisation Phase and Experiential Knowledge

The internationalisation process of firms has been well conceptualised in literature with early interest since the 1970s (Johanson & Wiedersheim-Paul 1975; Johanson & Vahlne 1977; Bilkey & Tesar 1977; Cavusgil 1980). By drawing on literature from the entrepreneurial action theory, the process of internationalisation can be divided into two spheres mainly: new entry generation and new entry exploitation. Both spheres represent individuals' 'set of decisions, actions and reactions that first generate, and then exploit over time a new entry in a way that maximises the benefits of newness and minimizes its costs' (Hisrich, Peters & Shepherd 213, p. 59).

Fundamental contributions to firm internationalisation relate back to traditional stage theories from a neoclassical perspective, namely the Uppsala internationalisation model (Johanson & Vahlne 1977) and the Innovation model (Cavusgil 1980). Both theories are based on the assumption that firm internationalisation is subject to a gradual process of incremental decisions and commitments, whereby the accumulation of experiential knowledge has an uncertainty-reducing effect towards foreign market commitment (Johanson & Wiedersheim-Paul 1975; Hilmersson & Jansson 2012). For instance, based on the empirical observations of the Uppsala internationalisation model, Swedish manufacturing firms develop their international operations in small steps and progressively (Ibid). According to Johanson & Vahlne (1977, p. 24), 'firms start exporting to a country via an agent, later establish a sales subsidiary, and eventually, in some cases, begin production in the host country'. Although, the gradual stage model of internationalisation has been criticised for being narrow in its assumption – where it merely considers that the internationalisation process is driven by experiential knowledge – (Blomstermo & Sharma 2003), its relevance to firm internationalisation research with special focus on the early stage of internationalisation enjoys empirical support (Melin 1992). This is not least due to the authors' revision in response to the ever-changing business practices that allow further development from a neoclassical perspective characterised by independent suppliers and customers towards a relationship based network of stakeholders whose relationships inform the accumulation of knowledge (Johanson & Vahlne 2009).

Nevertheless, according to the work of Tan, Brewer & Liesch (2007), on internationalisation readiness in the pre-export phase, gradual stage theories have failed to address the beginning of

the internationalisation process. In this respect, the authors take upon the implication of Welch (1977), who calls to further examine the underlying decision-making process that is responsible for establishing international commitments in order to elaborate how and why internationalisation originates within the firm (Tan, Brewer & Liesch 2007). In response, Tan, Brewer & Liesch (2007) provide a conceptual pre-internationalisation model, which they define as a learning phase that is experienced by all firms up to the moment firms decide to initially export and thus enter the internationalisation process as conceptualised by the Uppsala model (Johanson & Vahlne 1977). Tan, Brewer & Liesch (2007) believe that the distinguishing factor between exporters and non-exporters lies in the combination of the firm's internationalisation readiness and its willingness to commit resources. Both dimensions are dependent on the firm's accumulation of experiential knowledge through internalised information input. In particular, they argue that this information stems from a firm's exposure to internal stimuli (i.e. products with unique qualities, potential for extra sales/profits, decline in domestic sales/profits) and external stimuli (i.e. encouragement by external agents/organisations, contacts after participating in trade fairs/missions, competitive pressure in domestic market). Accordingly, the 'accumulation of experiential knowledge will in turn present an impact on the recursive cycle of stimuli exposure and commitment, raising the firm's level of internationalisation readiness' (Tan, Brewer & Liesch 2007, p. 301). In contrast to Tan, Brewer & Liesch (2007), who base their study on a firm level, the focus will be to understand entrepreneurs' cognitive processes – i.e. how they gather, process and evaluate information (Baron 1998; Allinson, Chell & Hayes 2000; Shane & Venkataraman 2000) – in the course of a new entry decision towards exporting.

2.2 Experiential Knowledge and Entrepreneurial Learning

As argued by several authors within the behavioural internationalisation research (e.g. Johanson & Vahlne 1977; Cavusgil 1980; Tan, Brewer & Liesch 2007; Johanson & Vahlne 2009), the evolutionary process of foreign commitment evolves through the accumulation of experiential knowledge that is based on continuous learning influenced by external and internal stimuli at each stage. In order to get a better understanding on how entrepreneurs transform experiences into knowledge, the research draws on the entrepreneurial learning theory by Politis (2005), who sheds further light into the cognitive processes of individuals' knowledge transformation. Politis (2005) conceptualises the process of entrepreneurial learning as an experiential process that is based on grasping and transforming experiences (direct observation of participation in events)

into knowledge (encounterments of entrepreneurs derived from particular experience). Politis (2005) highlights the differences in the type of acquired knowledge through entrepreneurs' predominant modes of transformation that are either explorative or exploitative in nature and subject to various stimuli. This aligns with March (1991), who argues that entrepreneurs are constrained by a set of experiences that leads them to take certain choices. These choices are mainly confined with entrepreneurs' exploitative and explorative modes of transforming experiences into knowledge. Accordingly, it is argued that entrepreneurs with an explorative mode take actions that are distinct from their previous ones, driven by discovery and innovation. In contrast, entrepreneurs with an exploitative mode tend to engage in actions that are close to previous ones. Politis (2005) argues that the underlying learning process has major implications on individuals' opportunity recognition, where accumulated experiential knowledge helps in recognising and acting upon entrepreneurial opportunities. For instance, enhanced cognitive properties allow entrepreneurs to become better at acquiring valuable knowledge about contacts, suppliers or markets and hence become better at realising exporting opportunities (Corbett 2002; Ronstadt 1988 and Shane & Venkataraman 2000). It also helps entrepreneurs to become better at exploiting social networks, which helps in managing liability of newness encountered during the exploitation phase (Starr & Bygrave 1992; Aldrich 1999; Shepherd, Douglas & Shanley 2000).

2.3 Experiential Knowledge and Entrepreneurial Action

In order to effectively analyse the role of experiential knowledge within the pre-internationalisation phase at the individual level, this research draws on the work of McMullen & Shepherd (2006), who provide a conceptual framework of entrepreneurial action that arises from entrepreneurial opportunities described as 'those situations in which goods, services, raw materials, and organizing methods can be introduced and sold at greater than their cost of production' (Hisrich, Peters & Shepherd 2013, p. 6). Entrepreneurial action, alternatively, is defined as individuals' 'action through the creation of new products/processes and/or the entry into new markets, which may occur through a newly created organisation or within an established organisation' i.e. exporting (Hisrich, Peters & Shepherd 2013, p. 6). Given the fact that opportunity development creates uncertainties (Hisrich, Peters & Shepherd 2013), the model explains how knowledge and motivation influence both stages of entrepreneurial action depending on the perceived uncertainty and entrepreneurs' willingness to bear that uncertainty.

This research sheds further light into both stages, (1) the attention stage, and (2) the evaluation stage which aligns with the work of Tan, Brewer & Liesch (2007, p. 299), who assume that exporting derives from ones' 'dedication to accept change and new methods' besides having internalised external and internal stimuli that may trigger an impulse for market commitment. Hence, entrepreneurial action derives from individuals' willingness to bear the uncertainty, which creates doubt during the decision-making process within the pre-export phase.

2.4 Attention Stage

Opportunities are revealed through recognition rather than persistent search (Hayek 1945; Ardichvili & Cardozo 2000; Politis 2005; Hilmersson 2012). This argument emphasises the importance of prior knowledge of markets and customer problems, whereby knowledge; as an outcome of "previous work experience", "personal, non-work related experiences and events" or "education" becomes idiosyncratic to individuals' lives. Hilmersson (2012) takes this further by offering different experiential knowledge types and profiles of internationalising small and medium-sized enterprises (SMEs). He illustrates that firms accumulate their experiential knowledge through four different types of experiences: "Internationalisation", "Social Networking", "Institutional" and "Business Networking" that in turn lead to heterogeneous experiential knowledge profiles. Consequently, from a cognitive perspective, the accumulated idiosyncratic experiential knowledge, as argued by Hilmersson & Jansson (2012) and Johanson & Wiedersheim-Paul (1975) has an uncertainty-reducing effect, and thus favours entrepreneurs' probability to overcome perceived radical uncertainty (ignorance) within the attention stage. Hence, and according to Hisrich, Peters and Shepherd (2013, p. 6), 'if the individual overcomes enough doubt to form the belief that the situation represents an opportunity for someone in general' (third person opportunity), the entrepreneur further allocates attention to process this information in the evaluation stage.

2.5 Evaluation Stage

The preceding section has highlighted the main functions and experiences associated with the opportunity recognition stage of the entrepreneurial process. In this section, the focus will move to apprehend how entrepreneurs construct, evaluate and conceptualise these opportunities. Most entrepreneurs are not troubled with generating ideas as much as they are when evaluating them (Hills & Shrader 1998). This is because of the fact that realising ideas as opportunities comprise

judgment made under conditions of uncertainty (Allinson, Chell & Hayes 2000). Research advanced by Simon, Houghton & Aquino (2000) illustrate that the evaluation stage of the entrepreneurial process is a cognitive phenomenon and hence perception of risks and uncertainties shape the way entrepreneurs evaluate ideas and act upon them.

As stated within the attention stage section, action is a rudimentary element of the entrepreneurial process. The fact that action is undertaken over a period of time, introduces an unforeseen constituent to the entrepreneurial process where action becomes the embodiment of uncertainty (McMullen & Shepherd 2006). In light of this presentation, the level of uncertainty perceived during the evaluation stage, poses a barrier between prospective entrepreneurs and entrepreneurial action. Those willing to accept uncertainties are distinguished from those who do not; reasoning this to variation in the levels of motivation and knowledge they encompass (Douglas & Shepherd 2000).

In light of the entrepreneurial action model, McMullen & Shepherd (2006) argue that the evaluation stage is mainly concerned about understanding how entrepreneurs evaluate an opportunity that is accessible to a third-person and how this may trigger a decision-making process in which entrepreneurs appraise whether this third-person opportunity may constitute a first-person opportunity or not. Throughout the decision making process, entrepreneurs form certain beliefs in regards to what should be done and why.

Despite the fact that knowledge and motivation are necessary elements to opportunity exploitation, McMullen & Shepherd (2006) consider that entrepreneurial action is not simply a function of knowledge or motivation but also a composite of belief and desire. This notion of belief and desire has been borrowed from Greve (2001), who delineated that the entrepreneurial action paradigm comprises a decision-making process that consists of three elements:

1. A course of action, which incorporates choices, options, and alternatives.
2. Beliefs about objective states, processes and events (including outcome states and means to achieve them); and
3. Needs or utilities that define the consequences associated with the outcomes of each action-event combination.

Building on Greve's (2001) decision-making elements, McMullen & Shepherd (2006) argue that realising a third-person opportunity does not fundamentally contend that entrepreneurs comprehend the knowledge and motivation to exploit it. As a matter of fact, exploitation comprises a trade-off in which entrepreneurs consider whether the payoff of the third-person opportunity justifies bearing the uncertainty. The level of uncertainty emerging from the return-uncertainty dilemma is subject to prospective entrepreneurs (McMullen & Shepherd 2006). Kahneman & Lovallo (1993) illustrate that the subjective perception of uncertainty is interrelated with the level of risk-propensity held by entrepreneurs. Some entrepreneurs take risky actions (i.e. actions that bear higher possibility of unsatisfactory outcomes) because they are likely to perceive lower risk. Entrepreneurs who perceive lower risks are regarded to have high-risk propensity as opposed to those who evaluate identical situations to be more risky and therefore refrain from taking action (Ibid).

Risk perception is thought to influence the propensity of risk taking (Palich & Bagby 1995). This illustration has instigated two major studies by Simon, Houghton & Aquino (2000) and Keh, Foo & Lim (2002), where focus was directed to determining what leads to this variation in risk perception. Both studies argue that amid the entrepreneurial process, individual decision-making is vulnerable to cognitive biases, which may influence perceptions towards risk and hence improve or undermine the likelihood of accepting risky actions. As these two studies reveal that risk perception explains the decisions to act, then it is imperative to determine why and how risk perception varies among individuals.

Research that embrace the economic assumption in understanding the decision-making process assume that individuals have similar assessment of risks when facing comparable circumstances. This assumption deduces that individuals making decisions are rational, profit maximising and process information in a similar manner (Simon, Houghton & Aquino 2000). This assumption has been challenged, indicating that a complex decision such as the desire to internationalise through exporting is a function of behavioural factors (Ibid). Under the behavioural paradigm, entrepreneurs are not expected to be actively searching for or interpreting information due to their cognitive limitations. Instead, entrepreneurs employ cognitive heuristics and simplifying strategies (Busenitz & Barney 1997) in order to handle these limitations. Simon, Houghton & Aquino (2000) refer to these heuristics and strategies as cognitive biases, which -in their view-

can influence the level of information entrepreneurs notice and their interpretation of it. Consequently, biases may affect risk perception leading entrepreneurs to mark down the adverse outcomes and the ambiguity connected with their decision, thereby leading to the underestimation of uncertainty (Shaver & Scott 1991).

Cognitive Biases

Literature (Simon, Houghton & Aquino 2000; Keh, Foo & Lim 2002) has identified a number of cognitive biases that affect risk perception, which in turn influence the evaluation of whether a venture idea – e.g. exporting – is viable or not. The biases discussed in entrepreneurial action literature are mainly: overconfidence, illusion of control and the belief in the law of small numbers.

Overconfidence

Overconfidence typically emerges when entrepreneurs do not revise their initial estimates subsequent to receiving new data (Simon, Houghton & Aquino 2000). As a result, they fail to realise the inadequacy of their assessments, leading them to treat these assumptions as facts. The latter hinders the uncertainty associated with these assumptions leading to the conclusion that a certain action is not risky (Busenitz and Barney 1997). Consistent with this rationale, Simon, Houghton & Aquino (2000) hypothesised that overconfidence bias lowers entrepreneurs' perception of risks, which leads to increased propensity towards accepting risky actions.

Illusion of Control

With illusion of control, entrepreneurs overemphasise the level to which their skills can improve performance in situations where chance plays a substantial role and skill is not essentially a determining factor (Simon, Houghton & Aquino 2000; Keh, Foo & Lim 2002). To alleviate discomfort caused by uncertainty, entrepreneurs who utilise this type of bias tend to convince themselves that they can control and predict future outcomes (Kahneman & Lovallo 1993). Accordingly, those exhibiting an illusion of control tend to underestimate risks, as they are confident that with their current skills they could overcome negative occurrences (Boyd & Vozikis 1994). Boyd & Vozikis (1994) argue that while belief is premised on susceptible perceptions, those who trust in their ability to control a venture's outcome are more likely to engage in uncertain action - e.g. to export. In view of this attestation, Keh, Foo & Lim (2002) as well as Simon, Houghton & Aquino (2000) hypothesise that entrepreneurs with a stronger

illusion of control bias are expected to have lower risk perception and therefore are more likely to act under ambiguity.

Law of Small Numbers

Under this cognitive bias, entrepreneurs are perceived to enjoy limited resources from which they are able to utilise a limited number of informational input (e.g. attributes and observations) to draw firm conclusions (Russo & Schoemaker 1992; Busenitz & Barney 1997; Simon, Houghton & Aquino 2000). Under this paradigm, entrepreneurs overlook sample size when it should play a profound role. Within this perspective, entrepreneurs tend to believe that a small sample is representative of the population from which it is drawn, notwithstanding its statistical invalidity (Keh, Foo & Lim 2002). Research in this area suggests that there is a relationship between the belief in the law of small numbers and risk perception (e.g. Kahneman & Lovallo 1993), where entrepreneurs are expected to use limited amounts of positive information to reach overly optimistic forecasts. This paradigm aligns with the concept of “affordable loss” advanced by Sarasvathy (2008), where she argues that effectual entrepreneurs tend to know little information about a certain circumstance and therefore their actions are grounded on the means available. The greater the tendency to use limited information throughout the decision-making process, the higher is the belief in the law of small numbers, which renders lower risk perception when attempting to act- (Simon, Houghton & Aquino 2000; Keh, Foo & Lim 2002).

Given entrepreneurs’ cognition of opportunity recognition and evaluation, this theoretical framework has illustrated that experiential knowledge is key to entrepreneurial action, playing a major role in the internationalisation process of firms. Taking this on the individual level, the core thesis is that experiential knowledge is crucial for entrepreneurs’ ability to recognise and act upon opportunities in the pre-export phase. This leads to the overall research question: *How does experiential knowledge play a role in shaping entrepreneurs’ uncertainty perception and thus their willingness to recognise and act upon export opportunities?*

3. Research Methodology

The key objective of this chapter is to substantiate the use of certain research methods and explain Epistemological and Ontological assumptions that underpin this research. The chapter will justify the use of certain methods used for data collection and delineate the limitations.

3.1 Epistemological and Ontological Assumptions

Research is always premised on basic assumptions, which are informed by an underlying paradigm that guides the research. Denzin & Lincoln (1998, p. 200) define a paradigm as ‘a world view that defines, for its holder, the nature of the world, the individual’s place in it and the range of possible relationships to that world and its parts’. Subsequently, a paradigm signifies a researcher’s assumptions in relation to reality ‘Ontology’ and the knowledge of this reality ‘Epistemology’ (Ackroyd & Fleetwood 2000). Saunders, Lewis & Thornhill (2008), illustrate that the question of Ontology is concerned about the nature of reality – i.e. what is there that could be known about? Hence, it relates to the key assumptions researchers make about the way the world functions. Accordingly, if they assume that the world exists, then it is paramount to question what could be known about this world and endeavor to interpret how things function (Crabtree & Miller 1999).

This research adopts an interpretive approach in the effort to understand the role that experiential knowledge plays in shaping entrepreneurs’ perception of uncertainty and how this affects their decision-making process towards exporting – i.e. exploit or not to exploit. The research adopts a cognitive approach and takes a closer look into the entrepreneurs’ motives, assessing how they shape their willingness to bear uncertainty and therefore act. It also identifies, through visiting preceding literature, a number of cognitive biases that affect uncertainty perception, trying to understand how participants on the research deploy these biases to make decisions. The research also proposes to understand how these cognitive biases are endorsed or undermined by experiential knowledge. To achieve a certain level of understanding, the research takes on relativism as its Ontology, where it considers that interviewed entrepreneurs make unique sense of reality. Gittens (1999) argues that individuals’ command of reality is shaped by earlier experiences and cognition. In view of that, the cognitive body of research adopted in this research, contributes to our understanding of entrepreneurship by assisting us in explaining how

individuals' mental makeup is associated with their ability to identify and exploit entrepreneurial opportunities (Corbett 2005).

3.2 Research Design

This research adopts a descriptive and exploratory purpose. It takes upon existing theories such as the Uppsala model of internationalisation (Johanson & Vahlne 1977), Entrepreneurial Learning (Politis 2005) and the Entrepreneurial Action Framework (McMullen & Shepherd 2006). Hence, underlying variables such as different types of experiential knowledge are deduced from these theories. Given this body of literature, we were able to derive the research questions of this empirical work (See Appendix A). Paradigm to this research is the ability to explore new variables, which could form the basis for future direction (Saunders, Lewis & Thornhill 2008). The intention is to develop a conceptual framework that adds to the current body of literature by embracing the role of experiential knowledge in the pre-export phase.

In line with Eisenhardt (1989), who argues that a priori specification of constructs facilitates the initial design of theory building, we make use of the Entrepreneurial Action Framework as the backbone for our model. This deductive logic will enable us evaluate secondary data against data from the interviews and thus leading us to a firm empirical grounding for the emergent framework. Despite this deductive logic it is important to point out that this research is also considered to be inductive as it captures novel insights of entrepreneurs' perceptions and observations, which in turn bring on new variables that were not necessarily covered by secondary research (Ibid).

3.3 Research Instrument

This empirical research adopts a qualitative approach informed by principles underlying multiple interpretive case studies. Using multiple cases is suitable for comparison purposes and allows the interpretivist to describe phenomena and gain novel and creative insights to comprehend the nature of individual behaviours to the fullest (Malhotra & Birks 2007). Multiple case studies are thought to 'recognise complexity and embeddedness of social truth and can attend to social situations and represent something of the discrepancies or conflicts between the viewpoints held by participants' (Bassegy 1999 p. 23). Thus, a multiple case study approach serves the purpose of comparing exporters and non-exporters.

3.4 Limitations of Methodology

Case studies are criticised for not always offering the right control over individual variables and therefore lacking the ability of tracing causality (Cornford & Smithson 1996). This coincides with Bassey's (1999) realisation that case studies may offer an uncontrolled intervention in the lives of others, which therefore can reveal a distorted view of the world. Despite of these criticisms, we disagree with Cornford & Smithson's (1996) proposition as we consider that our interpretivist stand does not seek to attend to causality relationships. We believe in relativity and subjectivity when seeking to understand reality. Causal relationships are objective and mostly result from non-interactive experiments; therefore we can see that this point of criticism critiques a paradigm rather than a methodology. As for the issue of generalisability, we realise that our research attends to cases within the beverage division of the food sector. Therefore results may not attend to other sectors, which may be operating under different environmental characteristics and thus outcomes may not be comprehensive.

3.5 Sample

The sample on this research was selected carefully in cooperation with Krinova; an Incubator and Science Park located in Kristianstad. The team at Krinova conducted a detailed study on 800 different processors in the region of Skåne, where they grouped them in categories taking into consideration their industry, size and export readiness. These criteria are considered salient when fostering SMEs' behaviours outside national borders (e.g. Descotes, Walliser & Guo 2007).

In relation to industry, this research adopts the food processing industry as a platform and the beverage sector, particularly the brewery sector, as a case in point. Food processing is a growing industry, in which the Swedish government heavily invests into. This is realised through initiatives such as the new "culinary nation initiative" supported by the ministry of rural affairs and "try Swedish"; an international marketing drive that aims to raise awareness of Swedish food amongst food lovers worldwide (Business Sweden 2014). Concurrently, choosing the beverage sector rests on the fact that it is in a growing mode with 4% increase in market size achieved over the past five years (Food for Thought 2011).

In addition, the research chose to focus on small and medium-sized enterprises. Identification of these firms was based on the European standards (European Commission 2005), as per the following:

- Small firms: enterprises, which employ fewer than 50 individuals and whose annual turnover does not exceed 10 million Euros.
- Medium firms: enterprises, which employ fewer than 250 individuals and whose annual turnover does not exceed 50 million Euros.

It is worth pointing that according to the European Commission (2005), enterprises are allowed to exceed one of the underlying criteria (staff headcount, annual turnover) without losing its status. Reasons for choosing SMEs reside in threefold. First, SMEs are more likely to seek growth opportunities in the international market where business growth, profits and increased market size are realised (Orser et al. 2008). Second, SMEs tend to consider internationalisation based on knowledge-related motives. Those firms also consider internationalising through exporting to obtain missing know-how required to sustain their market lead (OECD 2009). Third, SMEs are concerned about expanding their network ties (i.e. soft assets), which assist them in building stronger social capital and henceforth promote their probabilities of growth (Ibid).

Finally, selection of the sample was based on the firm's export readiness. According to Hickson (2010), an export ready firm is one that has the drive, financial resources and production capacity and the line of products/services to successfully meet demand for its product in a foreign market (See Appendix B). In order to prove that firms encompass similar resource attributes, we build on the work of Hickson (2010), and select two types of firms:

Type A: A firm currently exporting with the potential to deepen sales in an export market or to expand to new markets

Type B: A firm that has not exported recently, but has an exportable product, a solid track record of domestic sales, and resources to commit to exporting

The firms are selected from the beverage sector of the food industry and summarised below:

Table 1 Detailed Overview of Selected Companies

Company Name	Founder / Owner	Gender	Year of Inception	Size	Staff Headcount	Turnover 2012	Products
Exporters							
Åbro Bryggeri AB	Three Owners ¹	Male	1936	Medium	119	958,207,000 SEK	Beer, Cider
Spirit of Hven Distillery AB	One Founder ²	Female	2008	Small	18	1,000,000 SEK	Gin, Whisky, Cider
Öspab AB	One Owner ³	Male	1958	Small	35	15,530,000 SEK	Cider, Vinegar, Must
Non-Exporters							
Klackabackens Bryggeri AB	Three Founders ⁴	Male	2012	Small	12	3,800,000 SEK	Beer
Sövde Musteri AB	One Owner ⁵	Male	1976	Small	10	1,464,000 SEK	Cider, Must, Pomelo iced drink
South Plains Brewery AB	Two Founders ⁶	Male	2010	Small	10	5,000,000 SEK	Beer

¹ Three owners, representing the fourth generation of managing the firm

² One founder, who originally established the firm

³ One owner, representing the second generation of managing the firm

⁴ Three founders, who originally established the firm

⁵ One owner, who acquired the enterprise from the original founder

⁶ Two founders, who originally established the firm

A depiction of the exporters' activities abroad is illustrated below:

Figure 1 Exporting Activities of Firms



3.6 Data Collection and Analysis

Six sixty-minute interviews were carried out face-to-face and audio recorded. The importance of such interviews is marked by the ability of the interviewer to capture social cues e.g. voice, intonation, body language etc. that are helpful in gaining holistic insights into the answers of interviewees (Opdenakker 2006). Interviewees were approached by email, through which they were given a brief overview on the overall research aim and the personal background of the researchers behind. The interview started with some basic questions in regards to the interviewees' backgrounds and went onto variables that originated from our research framework. Despite the fact that interviews were semi-structured and thus initially categorised, various new issues gave novel perspective into preconceived notions. This goes in line with the grounded theory of Strauss & Corbin (1998), which highlights that apart from priori categorisation, new data may emerge in qualitative research.

Following the framework of Miles & Huberman (1994), each interview data was organised and reconfigured in written transcription. Secondly, data was compared with each other to allocate similarities, overlaps or contradictions and evidence in accordance with the theoretical framework. This process is defined by Strauss & Corbin (1998) as "axial coding", which aims at unraveling relationships between categories and subcategories. Conclusion drawing and verification was premised on "selective coding", which describes the incorporation of identified key categories to finally draw conclusions and verifications (Strauss & Corbin 1998). Through this process, propositions were further developed and verified and alternative explanations emerged. At this stage, Miles & Huberman (1994, p. 11) suggest that 'the meanings emerging from data have to be tested for their plausibility, their sturdiness, their conformability – that is, their validity'. Thus, it was important to take a step back to further understand the implications of the analysed data, which assisted us in the final assessment of implications for the overall research question.

4. Findings and Analysis

Our empirical focus is motivated to understand the role experiential knowledge plays in the export opportunity recognition and evaluation stage with findings being presented and analysed below.

4.1 Attitude towards Exporting and Boundaries for Entrepreneurial Learning

One main finding of our six interviews was that every non-exporter and exporter went through the export opportunity attention- and evaluation stage, which supports our priori specification of the entrepreneurial action theory for the pre-export phase outlined by McMullen & Sheperd (2006).

As indicated by several authors within the behavioural internationalisation research, a firm is exposed to internal and external stimuli during the pre-export phase (Tan, Brewer & Liesch 2007) and the post export phase (Johanson & Vahlne 1977; Cavusgil 1980). According to Tan, Brewer & Liesch (2007), the internalisation and application of relevant perceived information from these stimuli can be defined as an organisational learning process that accumulates experiential knowledge, which in consequence, has an uncertainty-reducing effect towards foreign market commitment (Johanson & Wiedersheim-Paul 1975; Johanson & Vahlne 1977; Cavusgil 1980; Hilmersson & Jansson 2012). However, on the individual level as opposed to the firm, our findings indicate that the main trigger for the accumulation of different types of experiential knowledge lies in entrepreneurs' expected consequences of exporting which work as a boundary for their individual learning process. This goes in accordance with Wiklund, Davidsson & Delmar (2013), who build on the expectancy-value theory of attitudes, arguing that entrepreneurs' cognitive beliefs about the consequences associated with growth affect their overall attitude towards growth and hence the future route of actions. In this respect, we observed that on the individual level, internal stimuli as proposed by Tan, Brewer & Liesch (2007), relate to the economic and non-economic motives entrepreneurs hold (Davidsson & Delmar 2013). In particular, we found out that the underlying motives determine entrepreneurs' perceived levels of uncertainties and therefore set the boundary of their entrepreneurial action. While non-exporters held non-economic motives that were believed to be negatively associated with the consequences of exporting, exporters held rather economic motives that were believed to be positively associated with the consequences of exporting.

Non-Exporters: “Fun over Money”

Perceived negative consequences on non-exporters’ underlying motives were mainly: loss of quality, work-life-balance, control and lack of capacity.

Sövde Musteri: illustrating about his fear of losing work-life balance

“I have no problem to produce more and sell to big companies like ICA. But, I think if you do that, I have to build more storage room for the product. I have to hire more people. I have to work every day from 7 to 5 all year around.”

South Plains Brewery: illustrating about his fear of losing control

“Of course it sounds fun to be big, but I tried to play small. I also like that I keep a size that I am capable to handle by my-self. That is nice. I don’t need to employ people.”

Klackabackens Bryggeri: illustrating about his fear of lacking capacity

“For us, it is the stable production. We want to be sure to deliver the amount demanded domestically. Today, we don’t have this capacity. We produce beer that is sold out directly. You cannot start exporting with that situation.”

Exporters: “Money over Fun”

On the other hand, exporters held an overall positive attitude towards exporting by raising merely positive effects on their underlying motives, namely the ability to generate further income and the ability to balance market risks.

Öspab: illustrating about hope to generate more income and balance market risks

“I work for money. I like money. That is why I work.”

“It is good to have more than one market. If something happens in one market, you have another market. Some are going better, some less. One, two, three together is very nice.”

Åbro Bryggeri: illustrating about his aim to balance market risks

“Instead of being upset, we look how to get into different countries. So, if Sweden goes down, we are growing in the UK, South Africa or in Australia.”

Spirit of Hven Distillery: illustrating her aim to balance market risks

“I try to identify those markets that increase my numbers of palettes. We think that sending 1000 bottles to each country is better than 10000 bottles to one. At this point, I am looking for someone who could bring palettes in.”

In addition, our interviews lay out that in comparison to non-exporters, exporters are willing to make a trade-off when considering product quality - i.e. adapting to market needs. For instance, both claimed to be only offering high quality products made of apples.

Öspab: illustrating about his high quality

“I only and always sell high quality. If you have your own product, you know what you have. This is different to the choice to buy in other products to scale it.”

Sövde Musteri: illustrating about his high quality

“I am the only one who has 90 – 95% apples from private gardens around. Clients pick them when they fall down from their trees. If you compare my Must to a Must from a big company that picks them very early, you can taste the difference.”

The owner of Öspab attributes his high quality to continuous testing and market adaptation, while the owner of Sövde Musteri does not consider any testing and market adaptation. Instead, he merely relies on his proven quality of using local apples. In his opinion, considering exporting would require a lot of adaptation, which may jeopardise the proven quality status he established over the years.

Öspab: illustrating about the willingness to adapt quality to country needs

“If they do not want to have it so sweet, then you must change it because we are working with apples, this means we can change the quality. From sweet to dry, I am willing to adapt to the country’s needs, otherwise you can forget it.”

Sövde Musteri: illustrating about his unwillingness to adapt his quality to country needs

“If I want to produce more I have to buy apples from growers, which are not as good as the apples from the private homes. As a result, my product will taste different as I grow.”

To conclude, non-exporters believe that exporting would have negative consequences for their product quality, work-life-balance, control and capacity, and therefore they tend to hold a negative attitude towards exporting. In contrast, exporters consider that exporting is a good opportunity to open up new channels to improve their income or balancing market risk, and therefore tend to hold a positive attitude towards exporting. In view of that, we argue that entrepreneurs’ overall attitude towards exporting shapes the type of experiential knowledge entrepreneurs develop within their boundary of willingness to bear uncertainty.

4.2 Types of Experiential Knowledge Acquired

By drawing on the work of Hilmersson (2012), who defines experiential knowledge in the context of a firm's internationalisation process as a multidimensional construct – internationalisation knowledge –, social network knowledge, institutional knowledge and business network knowledge-, we found that on the individual level, exporters and non-exporters vary in the way they transform experiences into knowledge. Politis (2005) and March (1991) argue that the predominant modes of transforming experiences into knowledge determine the type of experiential knowledge. In line with their argument, our empirical findings indicate that in the context of internationalisation, non-exporters, who hold a negative attitude towards exporting, apply an exploitative mode of transforming an experience into knowledge, whereas exporters, who hold a positive attitude towards exporting, apply an explorative mode of knowledge transformation. Politis (2005) and March (1991) state that entrepreneurs who apply an exploitative mode of transforming an experience into knowledge tend to engage in actions that are close to previous ones. This finding has been substantiated in our research where it was revealed that entrepreneurs in non-exporting firms have accumulated local experiential knowledge by fostering existing social, business and institutional experiences that were confined within a local context.

Sövde Musteri: illustrating about his local social network knowledge

“The old owner shaped my outlook towards growth. Once he had a contract with a big company. He was asked to produce 2 million bottles of Cider every year to earn X amount. However, he denied! He said, this was the best decision he ever made in his entire life. He would have had to change everything had he accepted the offer. He would have had not only to change the company, but also his family life; what for, to buy a Ferrari?”

South Plains Brewery: illustrating about his local business network knowledge

“It is very good that we talk to each other. We see each other as collaborations.”

Klackabackens Bryggeri: illustrating about his local business network knowledge

“It is important that we connect to other local business partners; we are collaborations, we share practices to learn!”

Furthermore, the empirical work has revealed that those entrepreneurs have only obtained institutional knowledge within local collaborations, hence, making them unaware of cross-boundary institutional knowledge (e.g. foreign business culture and foreign market regulations).

It was also confirmed that all three non-exporters lack international knowledge, which we interpret as a consequence of their exploitative, domestic market focus.

In contrast to non-exporters, exporters have delineated a different perspective on the experiences they grasped. This supports the view of Politis (2005) and March (1991), who argue that entrepreneurs, who apply an explorative mode of transforming an experience into knowledge, take actions that are distinct from their previous ones, driven by discovery and innovation. Our findings point out that apart from local network and business associations, exporters primarily engaged in cross-boundary network associations, which have determined their social, business, international and institutional knowledge as outlined below:

Öspab: illustrating about his international social network knowledge

“We are a group from Norway, Finland, Denmark, Sweden, Italy and Germany. We meet somewhere e.g. at exhibitions. Business Network plays a big role. Why is IKEA so big? They know the market. They know exactly what is happening, they got the international network!”

Spirit of Hven Distillery: illustrating about her international social network knowledge

“I think it is the mixture of running my company and the connections beyond it. I think it is important to travel to meet other business people. I think personal relationships are making the business. I have to know if you have a wife. I have to know if you have children. I have to know how you think. That way I can calculate how you are working with me.”

Åbro Bryggeri: illustrating about his international business network knowledge

“In comparison to business people from the UK, who are not afraid to move around, my staff in Stockholm is not as open when asked to move around with me. I think it is a matter of mindset! You have to go out of your comfort zone.”

By grasping experience through different international social and business networks, exporters obtained also relevant cross-boundary institutional knowledge. Our findings revealed that the combination of these experiences is substantiated by their explorative mode of knowledge transformation that led exporters to proactively seek international experiences (See P1 in Figure 2). The above discussion leads to the following proposition:

P1 Entrepreneurs' attitude towards exporting shapes the mode of transforming an experience into knowledge.

P1a Entrepreneurs with a negative attitude towards exporting tend to use an exploitative mode of transforming an experience into knowledge.

P1b Entrepreneurs with a positive attitude towards exporting tend to use an explorative mode of transforming an experience into knowledge.

4.3 Export Opportunity Attention Stage

In line with McMullen & Sheperd (2006), we found empirical support that the attention stage is characterised by the interplay of experiential knowledge and motivation, which together influence entrepreneurs' perception of radical uncertainty associated and hence the ability to recognise and act upon an external stimuli through a cognitive process.

Experiential Knowledge and the Perception of Radical Uncertainty

According to McMullen & Sheperd (2006), the difference in recognising opportunities lies in entrepreneurs' perception of radical uncertainty. Those who manage to overcome radical uncertainty are more likely to recognise certain types of opportunities others may not. Along these lines and in addition to Hilmersson & Jansson (2012) and Johanson & Wiedersheim-Paul (1975), who argue that experiential knowledge has an uncertainty-reducing effect towards a firm's foreign market commitment, our findings indicate that on the individual level in the pre-export phase, it is the combination of experiential knowledge and the overall attitude towards exporting that determine entrepreneurs' uncertainty perception when being exposed to external stimuli. In particular, we allege that exporters and non-exporters perceive different levels of uncertainties and hence form different beliefs whether a situation represents an export opportunity for a third-party or not.

Export Opportunity Recognition: The Role of External Stimuli

Tan, Brewer & Liesch (2007), argue that commitment to exporting opportunities is dependent on the internalisation of internal and external stimuli that pertain to the firm. However, as this research adopts the view of Wiklund, Davidsson & Delmar (2013), we argue that on the individual level, entrepreneurs' overall attitude towards export plays a predominant role in the perception of external stimuli an individual is exposed to. This rational is substantiated by our respondents, who confirmed that they were exposed to different external stimuli: market demand, competition, and regulations.

Non-Exporters' Exposure to External Stimuli

Given non-exporters' combination of experiential knowledge (local business, social and institutional) and the overall attitude towards exporting, our findings show that in regards to perceived market demand, these entrepreneurs prioritised domestic market opportunities over exporting. This is justified by their knowledge about domestic market potential, supporting their internal drive to keep control over business operations, quality and work-life balance. Our findings also pointed out that non-exporters are less willing to open up their product to opportunities that are subject to competition. The reason behind that lies in their experiences from strong domestic collaborations with other breweries and their perception of inability to sustain enough capacity to put up with international rivals. Lastly, we observed that non-exporters' experiences in dealing with a large amount of local regulations tend to hold them back from opportunities that would further increase the burden of these bureaucracies. In addition, this is driven by their perceived fear of increased workload, which may jeopardise their work-life balance.

Exporters' Exposure to External Stimuli

Given exporters' combination of experiential knowledge (local and international business, social and institutional knowledge) and the overall attitude towards exporting, our findings show that in regards to market demand, entrepreneurs became increasingly good at sensing international market dynamics that resides from experiential knowledge which was accumulated by their proactiveness and desire to sustain continuous growth and balance market risks. In addition, experiential knowledge derived from international business and social network relations helped them to become aware of competitors, who they considered as good benchmark to improve their quality and business processes. This was compelled by their desire to enhance their chances of success in foreign markets, where they could generate further income. In line with this argument, our interviews indicate that international knowledge helped them understand foreign market regulations, which in turn assisted them in adapting their products to suit foreign markets. This was driven by their desire to create alternative income channels to balance market risks.

Findings indicate that both, exporters and non-exporters have recognised export opportunities by making use of external stimuli. However, given non-exporters' perception of high radical uncertainty when exposed to external stimuli, the types of spotted opportunities were different in

comparison to exporters. This difference is justified by non-exporters' overall negative attitude towards exporting and the type of experiential knowledge they accumulated within their boundary. This boundary holds them back from engaging in new experiences that would favour export opportunities. In contrast, given exporters' overall positive attitude towards exporting and the type of experiential knowledge they accumulated, we argue that those entrepreneurs tend to encounter less radical uncertainty when exposed to external stimuli as they have already engaged in experiences that favour export opportunities (See P2 in Figure 2). The above discussion leads to the following propositions:

P2 Entrepreneurs' experiential knowledge and attitude towards exporting determine the probability to recognise an export opportunity.

P2a Entrepreneurs, who hold a positive attitude towards exporting, are more likely recognise an export opportunity.

P2b Entrepreneurs, who hold a negative attitude towards exporting, are less likely recognise an export opportunity.

Given this argument, our findings show that the decision whether to export or not resides from entrepreneurs' evaluation of these spotted export opportunities outlined in the following section.

4.4 Export Opportunity Evaluation Stage

The previous section elaborated on the opportunity recognition stage of the entrepreneurial action framework. The fact that entrepreneurs within our empirical work have gone through both stages of recognition and evaluation, this section will delineate the main findings within the evaluation stage. Similar to the attention stage, evaluation is also wrought by entrepreneurs' boundaries – i.e. their experiential knowledge, and uncertainty perception, which in turn influence their ability to act upon export opportunities. Given our theoretical framework, we know that action is fueled with uncertainties (McMullen & Shepherd 2006), and therefore, we aim to find out how experiential knowledge can play a role in entrepreneurs' decision to export or not.

Experiential Knowledge: Feasibility Assessment

The fact that some entrepreneurs engage in exporting while others do not, is linked to the psychic distance between entrepreneurs and the foreign market (Johanson & Vahlne 2011). Hilmersson and Jansson (2012, p. 98) argue that this psychic distance takes place when entrepreneurs

perceive 'lack of ability to estimate the present and future market and market influencing factors', and therefore encounters uncertainty. Our empirical work found that non-exporters pursue a preventive behaviour that stems from their favored decision alternatives. Hence, decisions that support experiences within the boundary of their underlying motives are reinforced and decisions that interrupt them are revoked.

Johanson & Vahlne (2011) believe that amid the evaluation stage, uncertainty arises from the absence of information and experience. Knowledge, as a product of learning (Politis 2005), extends from experiences that come about when acting in foreign markets or when searching for information about these markets (Hilmersson & Jansson 2012). Thus, experiences that transform into knowledge become the foundation for evaluating the decision to export. In other words, learning from these experiences influences current behaviours that mirror lessons from the past rather than expectations about the future (Ibid).

Despite the fact that literature has manifested lack of information as one of the major grounds of uncertainty (Johanson & Vahlne 2011), the comparative analysis on this study has revealed that information is not a key cause of uncertainty. Entrepreneurs in both export and non-export firms confirmed that technology has facilitated the flow of information, thus making it ubiquitously accessible to everyone. The real impetus behind increased uncertainty perception was explained by entrepreneurs' unwillingness to engage in relevant experiences that facilitate the evaluation of export opportunities. Hence, they were more likely to perceive higher action-based uncertainty, which brought about a negative attitude towards exporting. This finding was predominantly marked among non-exporters. Taking upon this result, Hilmersson & Janssen (2011) argue that the decision to export does not emerge overnight, it rather occurs as a result of continuous adjustment of previous actions, which transforms into intentions to evaluate opportunities and act upon them in the future. They attest that 'changes in behaviours pertain more to incremental modification of past actions in which continuous learning takes place from the consequences of each small step before the next is undertaken' (Hilmersson & Janssen 2012, p. 98). Thus, incremental behaviour and experiential knowledge presuppose one another, shaping entrepreneurs' attitude towards exporting (See P3 in Figure 2). Hilmersson & Janssen (2012) focus in their argument on entrepreneurs' willingness to engage in smaller actions – e.g. building networks - that would facilitate the bigger act and not on the decision-making itself. This goes in

line with the gradual stage theories introduced on the Uppsala internationalisation model (Johanson & Vahlne 1977) and the Innovation model (Cavusgil 1980), outlined earlier in the literature review. This argument is applicable to how exporters act proactively to explore new experiences and thus learn before exporting. Exporters in our research tend to engage in various small steps before undertaking the bigger step. Accordingly, they become socially embedded in extended networks where knowledge gained from business relations becomes core to the decision to export. Two exporters have illustrated the following:

Öspab: Illustrating about the importance of taking small steps

“To do a good business you must have a good partner on the other side. If you don’t have it, it is a big risk.”

Spirit of Hven Distillery: Illustrating about the importance of taking small steps

“Personal relationships are it! Contacts are what go on, we approach people we participate in fairs and this is how you need to expand your network to increase your chances of exporting.”

To this end, we argue that the core difference between exporters and non-exporters resides in the willingness to engage in small steps. This helps in building up experiential knowledge that reduces action-based uncertainties. Accordingly, we believe that experiential knowledge plays a role in shaping entrepreneurs’ attitudes towards exporting. In view of that and as depicted in Figure 2, we propose the following:

P3 Engaging in relevant small steps in the pre-export stage is likely to encourage building up the experiential knowledge needed for exporting.

P3a Entrepreneurs, who engage in small steps in the pre-export stage, are likely to build up the experiential knowledge needed for exporting and are therefore likely to demonstrate a positive attitude towards exporting.

P3b Entrepreneurs, who do not engage in small steps in the pre-export stage may lack the experiential knowledge needed for exporting and are therefore likely to demonstrate a negative attitude towards exporting.

Desirability Assessment and the Perception of Action-Based Uncertainty

Earlier literature confirmed that the willingness to bear uncertainty influences both stages of the entrepreneurial action process (Hisrich, Peters & Shepherd 2013). Our empirical findings portrayed that exporters demonstrated higher willingness to bear action-based uncertainty when

evaluating export opportunities in comparison to non-exporters. The disparity was revealed as such:

Åbro Bryggeri: demonstrating willingness to bear action-based uncertainty in the context of exporting

“We look worldwide to spot opportunities. It is important to be active to explore new areas of international growth”

Sövde Musteri: demonstrating less willingness to bear action-based uncertainty in the context of exporting

“The company has a strong base of loyal customers. As I said, grandparents, parents and their children come every year; it is always the same number of people. This part is safe! This is a very special company; I want to keep it small.”

Carsrud et al. (2009) explain that entrepreneurs may not necessarily differ in the level of uncertainty perception, but rather in the orientation of it. Similar to the attention stage, non-exporters' non-economic orientation influences their willingness to bear action-based uncertainty and thus endorsing their survival within their status quo. Alternatively, exporters exhibit economic orientation by showing higher tendency to bear action-based uncertainties that carry further financial rewards. This finding goes in line with Elfving (2009), who argues that different attitudes towards exporting emerge as a result of different motives such as self-development and self-actualisation. In this respect, we conclude that experiential knowledge has an uncertainty-reducing effect, yet the use of this knowledge is steered by the boundaries of their underlying attitude towards exporting, which results in different actions entrepreneurs may pursue (See P4 in Figure 2). In view of that, we propose the following:

P4 Entrepreneurs' experiential knowledge and attitude towards exporting determine the probability to act upon export opportunity.

P4a Entrepreneurs, who hold a positive attitude towards exporting, are more likely to act upon export opportunities.

P4b Entrepreneurs, who hold a negative attitude towards exporting, are less likely to act upon export opportunities

Evaluation as a Cognitive Process

The entrepreneurial action framework (McMullen & Shepherd 2006) has been associated with inner processes that are regarded as partly cognitive (Baron 2004). Entrepreneurial activities, as illustrated in the literature framework (Busenitz & Barney 1997), are predisposed by cognitive biases that are claimed to shape perceptions of action-based uncertainty, which then affect the entrepreneurial decision-making process (Simon, Houghton & Aquino 2000; Keh, Foo & Lim 2002). Lazarus (1991) argues that during the evaluation stage, entrepreneurs engage in feasibility assessment of the stock of experiential knowledge they encompass. He explains that entrepreneurs appraise the feasibility of this knowledge in relation to external stimuli and then evaluate their ability to cope with these stimuli. Positive emotions towards external stimuli will only occur when stimuli is assessed in a way that is congruent with entrepreneurs' individual motives and experiential knowledge they hold.

Findings show that when entrepreneurs interpret external stimuli as being incongruent with their individual motives and experiential knowledge, they tend to encounter a negative attitude towards exporting. Baron (2004) argues that emotions and cognitions are interrelated. Strong positive emotions will result in cognitive strategies for coping and willingness to tolerate higher levels of uncertainties. In relation to this association, findings revealed that exporters enjoyed positive emotions towards exporting and therefore were more likely to perceive certain external stimuli as opportunities. In contrast, similar external stimuli were perceived to be threatening by non-exporters. This disparity among entrepreneurs is rooted in the differences in experiential knowledge and the overall attitude towards exporting.

Cognitive Biases and Uncertainty Reduction

According to literature, entrepreneurs employ cognitive biases when engaging in decision-making under uncertainty (Busenitz & Barney 1997). Doing so is a common strategy deployed to encounter one's limited cognitive capacities. Consequently, biases are contended to influence risk perception, leading entrepreneurs to mark-down the adverse outcomes connected with their decision, thereby leading to the underestimation of uncertainty (Shaver & Scott 1991). If we adopt this view on biases, we could then deduce that exporters were able to employ more biases than non-exporters, and therefore they managed to engage in exporting. Nevertheless, findings demonstrated that non-exporters have shown similar utilisation of cognitive biases; yet the

uncertainty reduction effect of biases was mainly directed to reaffirm their status quo. Within the context of this empirical work, it was illustrated that the deployment of cognitive biases is not a question of extent but rather a matter of orientation. Non-exporters have accumulated experiential knowledge within their local boundaries and were inclined to value their non-economic perception of stimuli; hence they perceived exporting to be a course of action that disturbs the uniqueness of their firms. Accordingly, they were constantly looking for information that reaffirms their negative attitude towards exporting, favouring by that their current status quo. For instance, the owner of Sövde Musteri demonstrated high overconfidence and confirmatory bias trying to explicate why he should remain local:

“I have 2000 people delivering their apples and we make 5000 bottles of calvados every year. I think that the people who provide their apples will buy at least one bottle for their own. Then you have 3000 left. I don’t consider this as a big risk, as long as I stay in the small business.”

Exporters, conversely, have exhibited high tendency to engage in biases, however they were steered to supports their underlying “economic-oriented” perception of stimuli. Given their cross-boundary networks, exporters managed to accumulate experiential knowledge that reduced the associated risks with exporting. For that reason, they were disposed to using biases, such as overconfidence and law of small numbers, to endorse their positive attitude towards exporting. According to the owner of Åbro Bryggeri:

“It’s gut feeling. You have to make decisions. A lot of companies are afraid to make decisions because they don’t have all the information. It is not rocket science. We know where the brands are and where the growth is. Big companies claim that Europe is declining, but we see ourselves as small as crabs. If the water level goes down 10 meters, nothing will happen to us but the big wales (i.e. bigger companies) feel the threat.”

Spirit of Hven Distillery: demonstrating overconfidence

“When we made the decision that the UK would be our next market, I had a stomach feeling saying, well UK and particularly London is the metropolis of what happens in Europe. My husband said, well in Spain they drink more Gin, another said Germany is a bigger market and we know them better as we are pretty much like them. I am good at listening to what other people say, but I usually go back to my stomach feeling. But if you can prove me that I am wrong, I may change my mind. So we ended up in London, hahaha.”

In summary, exporters and non-exporters may apply similar or different biases; however, each is constrained by certain motives and experiential knowledge that shape their attitude towards exporting (Carr & Blettner 2010). As a result, we argue that entrepreneurs use biases to serve certain courses of action to uphold their preferred boundaries. In view of that we propose the following:

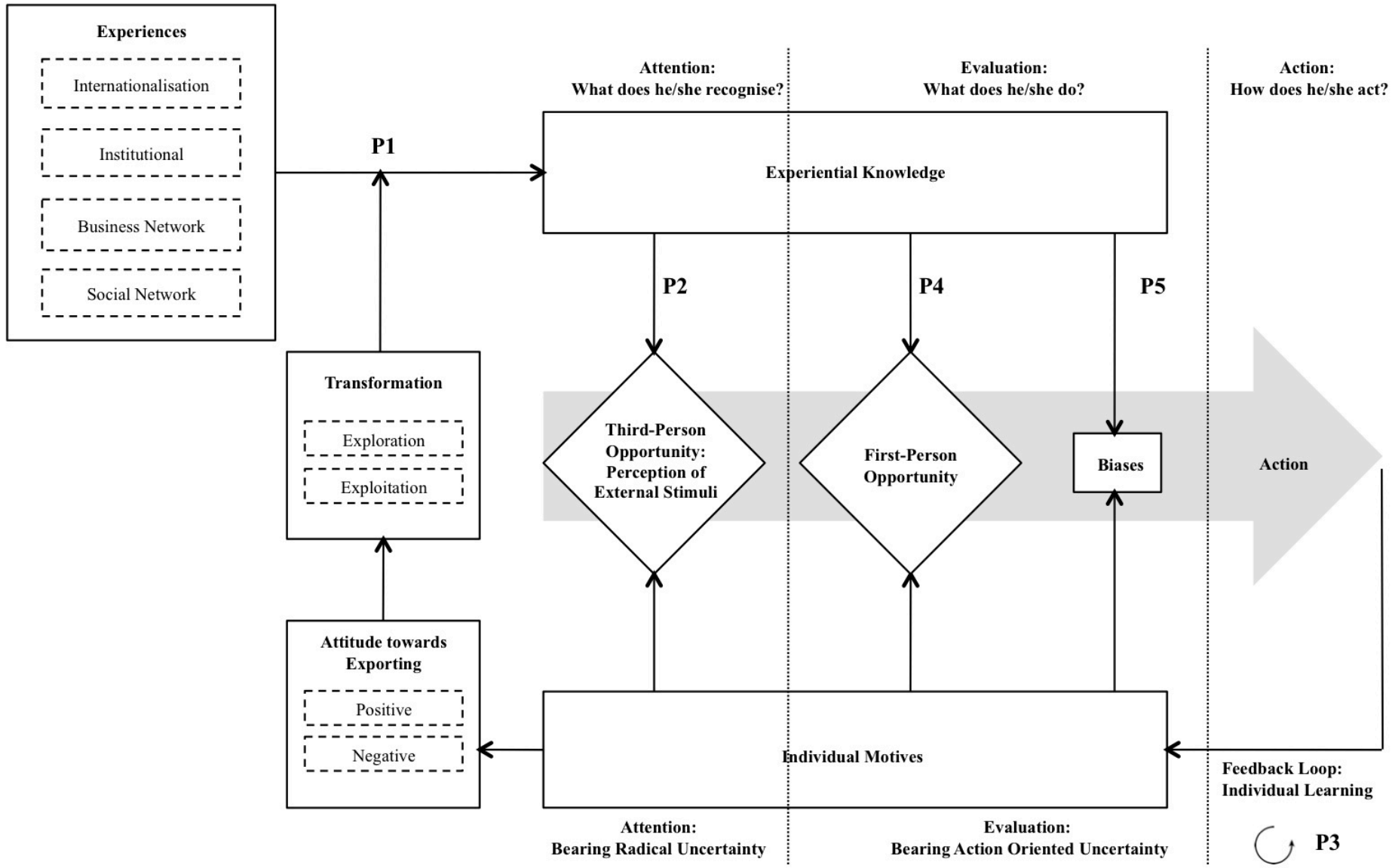
P5 Experiential knowledge and the attitude towards exporting, increase the probability of using specific biases when evaluating an export opportunity.

P5a Entrepreneurs who hold negative attitudes towards exporting tend to use biases that support the exploitation of previous accumulated knowledge.

P5b Entrepreneurs who hold positive attitudes towards exporting tend to use biases that support the exploration of new knowledge.

Figure 2 conceptualises the pre-export phase as a staged process, whereby learning is informed by the transformation of experiences into knowledge that has an uncertainty-reducing effect on the opportunity recognition and evaluation of exporting opportunities. Given entrepreneurs' individual motives, it is argued that their attitude towards exporting determine the mode of transforming experiences into knowledge (P1). Consequently, the type of experiential knowledge acquired and the prevailing boundaries of uncertainty perception shape entrepreneurs' willingness to bear uncertainty during the export opportunity recognition- (P2) and export opportunity evaluation stages (P4). The fact that the entrepreneurial action is depicted as a cognitive process, the framework illustrates that experiential knowledge and the attitude towards exporting shape entrepreneurs' biases. The latter influence the orientation of future experiences, which are subject to entrepreneurs' preferred set of boundaries (P5). The framework shows that entrepreneurs, who progressively engage in small steps towards exporting, are more likely to encourage accumulating the needed experiential knowledge for exporting. To this end, the entrepreneurial action in the pre-export phase is regarded as a learning process that has a recursive nature, which constantly evolves in building experiential knowledge (P3).

Figure 2 A Conceptual Framework of Entrepreneurial Action in the Pre-Export Phase



5. Conclusion and Implications

This study contributes to the theoretical understanding about the pre-export phase of small and medium-sized enterprises in the Swedish brewery industry. Using a cognitive perspective, we shed light on the role that experiential knowledge plays in shaping entrepreneurs uncertainty perception and thus their willingness to recognise and act upon export opportunities. Our sample, which consists of exporters and non-exporters, reveals differences in the underlying uncertainty perceptions between both groups. Key to these differences is the entrepreneurs' individual motives. Entrepreneurs, who associate negative consequences with exporting, are those who tend to perceive their non-economic motives such as work-life balance, control, quality and capacity as being of high importance. Alternatively, those who associate positive consequences with exporting tend to hold economic motives such as income and balance of market risk. In view of that, results show that non-exporters apply an exploitative mode of transforming experiences into knowledge to sustain their underlying motives by engaging in actions that are closely consistent with their previous ones. Exporters, on the other hand, apply an explorative mode of transforming experiences into knowledge by engaging in actions that are different to previous ones (Politis 2005).

Given the experiential process (experience – transformation – knowledge), our research highlights that the combination of experiential knowledge underlined by the perception of individual motives, determine the level of perceived radical uncertainty when exposed to external stimuli. To this end, it becomes evident that these boundaries in conjunction with the experiential knowledge form different beliefs among entrepreneurs and therefore shape whether a situation is generally represented as an export opportunity or not. Taking this further, our empirical findings attest that exporters seem to be entrepreneurially more alert to a variety of export opportunities and therefore increase the likelihood of an opportunity being recognised (Ardichvili & Cardozo 2000).

The role of experiential knowledge pertaining to the decision to internationalise has been widely discussed by the gradual stage models of internationalisation – e.g. The Uppsala Internationalisation Model and the Innovation Model – which claim that foreign market

commitment is a gradual process of incremental decisions and commitments. However, these models have assumed that a decision to internationalise has already been made and they discuss how knowledge plays a role in facilitating the incremental development of the firm's internationalisation process itself. Although, the accumulation of experiential knowledge is discussed to have an uncertainty reducing effect towards internationalisation (Johanson & Wiedersheim-Paul 1975; Hilmersson & Jansson 2012), these models do not take into account the priori cognitive process of opportunity recognition and evaluation in the pre-internationalisation phase. We conclude that similar to the post-internationalisation phase, entrepreneurs have to acquire experiential knowledge by taking incremental steps in the pre-internationalisation phase. In particular, we allege that entrepreneurs, who take upon an explorative mode of transforming experiences into knowledge (e.g. building cross boundary networks), are more likely to perceive less radical uncertainty when evaluating export opportunities.

In addition, this empirical work managed to understand that the entrepreneurial action is largely influenced by cognitive processes whereby individuals acquire, process and utilise information through engaging in experiences. Studies on behavioural science (Simon, Houghton & Aquino 2000; Keh, Foo & Lim 2002) have argued that individuals who have limited access to information (as it is the case with exporting), tend to apply cognitive biases that would assist them in decision making through reduced uncertainty perception. However, our findings reveal that this rational behind cognitive biases is contextual and does not always render the same effect. Thus, those who apply cognitive biases in their decision-making might not necessarily engage in exporting due to reduced uncertainty. In fact, results from our respondents show that cognitive biases are used to facilitate entrepreneurs' self-development and actualisation. This was materialised in the case of non-exporters who used biases to confirm their status quo e.g. remaining local, reasoning this mainly to their perceptions of individual motives and the type of experiential knowledge they have accumulated within this boundary.

5.1 Implications for Research

The proposed conceptual framework of entrepreneurial action, within the pre-export phase, provides a starting point for future empirical research on the role of experiential knowledge for entrepreneurs' decision to export or not. Given the explorative nature of this research, results are highly confined within the boundaries of the individuals being interviewed. Our study has developed several propositions on how the combination of experiential knowledge and perception of individual motives influence the cognitive styles entrepreneurs apply when recognising and evaluating export opportunities. Future empirical research should consider testing these propositions to confirm or reject the theoretical assumptions in this study.

It was proposed that entrepreneurs' individual motives were discussed to have a determining role in the transformation of experiences into knowledge and hence could be measured by drawing on the theoretical work of March (1991). In this respect, we take upon the theoretical implication by Politis (2005), where respondents could perform an assessment of the validity of statements connected to exploration and exploitation.

Furthermore, this research has treated experiential knowledge as a combination of different experiences e.g. "Internationalisation", "Social Networking", "Institutional" and "Business Networking". In line with Hilmersson (2012), we argue that given the heterogeneous nature of these experiences, it is important to not merely study the collective effect of residing experiential knowledge on the entrepreneurs' decision making process in the pre-export phase, yet also explore how each type of experience play a role in this regard.

On the other hand, we believe that given our sample of SMEs, we recommend to further investigate the effects of entrepreneurs' individual learning that are argued to have major implications on the organisation (Johannisson 2000). Doing so is imperative given the central role that entrepreneurs play in the context of SMEs.

While the empirical findings in this research are intriguing, caution should be taken when generalising the findings beyond the scope of this study. We recommend applying this study within a different industry context, which may bear different driving forces. We expect this to offer new dimensions that could create new boundaries within which entrepreneurs operate.

5.2 Implications for Practice

In line with Wiklund, Davidsson & Delmar (2013) entrepreneurs' perception of individual motives towards exporting can be influenced by the persuasive argumentation of others and therefore it should have an altering effect on entrepreneurs' perceptions towards exporting. Here, we argue that society may play a role by taking specific actions related to these areas, which will in turn affect entrepreneurs' attitudes towards exporting. In particular, taking upon the gradual stage model of incremental decisions and commitments towards exporting (Johanson & Vahlne 1977; Cavusgil 1980), we suggest that best practices residing from entrepreneurs who successfully went through this cognitive process, shall give room to be shared with entrepreneurs who are lacking those key insights. The latter could lead to more positive attitude towards exporting and thus a positive perception towards their underlying motives. In practice, governments could play a role in establishing export programmes, whereby non-exporters are encouraged to showcase their products under the umbrella of a governmental federation. A case in point could be illustrated through existing export consortia in Denmark, which represents a specific network arrangement that is based on domestic collaborative relationships by complementary and mutually enhancing offers. These consortia facilitate solutions to export problems and enables loosening of the constraints related to the investment needed to penetrate foreign markets. Applying a similar arrangement in the Swedish market would lower the risks perceived by non-exporters and hence expose them to experiences they have not been exposed to previously. The latter could counterfeit their negative perceptions of consequences into positive attitude towards exporting.

Acknowledgements

The constructive feedback received by faculty members and colleagues was essential to produce the current outcome. We firstly would like to thank Dr. Diamanto Politis for her indispensable support and feedback throughout the process. We would like also to extend our gratitude to Craig Mitchell for the continuous help and support. Further acknowledgment goes to Professor Fredrik Delmar who has always been helpful in providing practical directions. Special thanks go to Mr. Henrik Ringdahl and Mr. Hannes van Lunteren from Krinova Incubator & Science Park, for giving us full access to research information about the Swedish beverage sector and for granting us access to various companies within this sector.

We would like to thank the owners of each and every firm we have interviewed. Their insights and interest in participating in this empirical work has enriched the research outcomes and contributed to the uniqueness of the study. Finally, we thank the administration of Sten K. Johnson for their support throughout the year and for the guidance they have extended to facilitate building up a worthwhile experience.

References

- Ackroyd, S. & Fleetwood, S. 2000, *Realist perspectives on management and organisations*, Routledge.
- Aldrich, H. 1999, *Organizations evolving*, Sage.
- Allinson, C.W., Chell, E. & Hayes, J. 2000, 'Intuition and entrepreneurial behaviour', *European Journal of Work and Organizational Psychology*, vol. 9, no. 1, pp. 31-43.
- Andersen, P.H. & Strandskov, J. 1997, 'International market selection: a cognitive mapping perspective', *Journal of Global Marketing*, vol. 11, no. 3, pp. 65-84.
- Ardichvili, A., Cardozo, R. & Ray, S. 2003, 'A theory of entrepreneurial opportunity identification and development', *Journal of Business venturing*, vol. 18, no. 1, pp. 105-123.
- Baron, R.A. 1998, "Cognitive mechanisms in entrepreneurship:: Why and when entrepreneurs think differently than other people", *Journal of Business venturing*, vol. 13, no. 4, pp. 275-294.
- Baron, R.A. 2004, 'The cognitive perspective: a valuable tool for answering entrepreneurship's basic 'why' questions', *Journal of business venturing*, vol. 19, no. 2, pp. 221-239.
- Bassey, M. 1999, 'Case study research in educational setting', Open University Press.
- Bilkey, W.J. & Tesar, G. 1977, 'The export behavior of smaller-sized Wisconsin manufacturing firms', *Journal of International Business Studies*, vol. 8, no. 1, pp. 93-98.
- Blomstermo, A. & Sharma, D.D. 2003, *Learning in the internationalisation process of firms*, Edward Elgar Publishing.
- Bolzani, D. & Boari, C. 2013, 'Perceptions of export feasibility in new technology-based firms: do immigrant and non-immigrant entrepreneurs differ?', *35th DRUD Celebration Conference – Barcelona, Spain*, pp. 1 - 34.
- Boyd, N.G. & Vozikis, G.S. 1994, 'The influence of self-efficacy on the development of entrepreneurial intentions and actions', *Entrepreneurship Theory and Practice*, vol. 18, pp. 63-63.
- Busenitz, L.W. & Barney, J.B. 1997, 'Differences between entrepreneurs and managers in large organizations: Biases and heuristics in strategic decision-making', *Journal of business venturing*, vol. 12, no. 1, pp. 9-30.

- Business Sweden 2014. *Food-Industry* [Online]. Available from: <http://www.business-sweden.se/en/Trade/Industry-Focus/Food-Industry/> [Accessed 02.5.2014].
- Carr, J.C. & Blettner, D.P. 2010, 'Cognitive Control Bias and Decision-Making in Context: Implications for Entrepreneurial Founders of Small Firms', *Frontiers of Entrepreneurship Research*, vol. 30, no. 6, pp. 2.
- Carsrud, A., Brännback, M., Elfving, J. & Brandt, K. 2009, 'Motivations: The entrepreneurial mind and behavior' in *Understanding the entrepreneurial mind* Springer, pp. 141-165.
- Cavusgil, S.T. 1980, 'On the internationalization process of firms', *European research*, vol. 8, no. 6, pp. 273-281.
- Crabtree, B.F. & Miller, W.L. 1999, 'Doing qualitative research', *London: Sage*.
- Cornford, T. & Smithson, S. 1996. *Project Research in Information Systems*. London: Macmillian.
- Corbett, A.C. 2005, 'Experiential learning within the process of opportunity identification and exploitation', *Entrepreneurship Theory and Practice*, vol. 29, no. 4, pp. 473-491.
- Corbin, J. & Strauss, A. 2008, *Basics of qualitative research: Techniques and procedures for developing grounded theory*, Sage.
- Denzin, N.K. & Lincoln, Y.S. 1998, 'Methods of collecting and analyzing empirical materials', *Collecting and interpreting qualitative materials*, pp. 47-60.
- Descotes, R.M., Walliser, B., & Guo, X. 2007, 'Capturing the relevant institutional profile for exporting SMEs: Empirical evidence from France and Romania', *International Management Review*, vol. 3, no. 3, pp. 16.
- Douglas, E.J. & Shepherd, D.A. 2000, 'Entrepreneurship as a utility maximizing response', *Journal of Business Venturing*, vol. 15, no. 3, pp. 231-251.
- Eisenhardt, K.M. 1989, 'Building theories from case study research', *Academy of management review*, vol. 14, no. 4, pp. 532-550.
- Elfving, J. 2009, 'Contextualizing entrepreneurial intentions: a multiple case study on entrepreneurial cognition and perception', *Turku, Finland: Åbo Akademi förlag*.
- European Commission 2005, 'The new SME definition: user Guide and model declaration', *Enterprise and Industry Publications*, pp. 1-51.

- Food for Thought 2011. *Food-Industry* [Online]. Available from: http://www.fft-geneva.com/country/Sweden_Food_Drink_Markets_Synopsis.pdf [Accessed 02.5.2014].
- Greve, W. 2001, 'Traps and gaps in action explanation: Theoretical problems of a psychology of human action.', *Psychological review*, vol. 108, no. 2, pp. 435.
- Hayek, F.A. 1945, 'The use of knowledge in society', *The American Economic Review*, vol. 35, no. 4, pp. 519-530.
- Hickson, C. 2010, 'Recognising and identifying export readiness in small business clients', US Small Business Administration, Export Outreach Training and Networking Workshop, pp. 1-5.
- Hills, G.E. & Shrader, R.C. 1998, 'Successful entrepreneurs' insights into opportunity recognition', *Frontiers of entrepreneurship research*, vol. 18, pp. 30-41.
- Hilmersson, M. 2012, 'Experiential knowledge types and profiles of internationalising small and medium-sized enterprises', *International Small Business Journal*, pp. 0266242612458443.
- Hilmersson, M. & Jansson, H. 2012, 'International network extension processes to institutionally different markets: entry nodes and processes of exporting SMEs', *International Business Review*, vol. 21, no. 4, pp. 682-693.
- Ibeh, K.I. & Young, S. 2001, 'Exporting as an entrepreneurial act-An empirical study of Nigerian firms', *European Journal of Marketing*, vol. 35, no. 5/6, pp. 566-586.
- Johannisson, B. 2000, 'Modernizing the industrial district: Rejuvenation or managerial colonisation?' in E. Vatne & M. Taylor (Eds), *The networked firm in a global world: Small firms in new environment*, pp. 283-307, Aldershot, England: Ashgate.
- Johanson, J. & Vahlne, J. 2009, 'The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership', *Journal of International Business Studies*, vol. 40, no. 9, pp. 1411-1431.
- Johanson, J. & Vahlne, J. 1977, 'The internationalization process of the firm—a model of knowledge development and increasing foreign market commitments', *Journal of International Business Studies*, vol. 8, no. 1, pp. 23-32.
- Johanson, J. & Wiedersheim-Paul, F. 1975, 'The internationalization of the firm—four swedish cases 1', *Journal of management studies*, vol. 12, no. 3, pp. 305-323.
- Kahneman, D. & Lovallo, D. 1993, 'Timid choices and bold forecasts: A cognitive perspective on risk taking', *Management science*, vol. 39, no. 1, pp. 17-31.

- Keh, H.T., Foo, M.D. & Lim, B.C. 2002, 'Opportunity evaluation under risky conditions: The cognitive processes of entrepreneurs', *Entrepreneurship theory and practice*, vol. 27, no. 2, pp. 125-148.
- Lazarus, R.S. 1991, 'Cognition and motivation in emotion.', *American psychologist*, vol. 46, no. 4, pp. 352.
- Malhotra, N. & Birks, D. 2007, *Marketing Research: an applied approach: 3rd European Edition*, Pearson Education.
- March, J.G. 1991, 'Exploration and exploitation in organizational learning', *Organization science*, vol. 2, no. 1, pp. 71-87.
- McMullen, J.S. & Shepherd, D.A. 2006, 'Entrepreneurial action and the role of uncertainty in the theory of the entrepreneur', *Academy of Management Review*, vol. 31, no. 1, pp. 132-152.
- Melin, L. 1992, 'Internationalization as a strategy process', *Strategic Management Journal*, vol. 13, no. S2, pp. 99-118.
- Miles, M.B. & Huberman, A.M. 1994, *Qualitative data analysis: An expanded sourcebook*, Sage.
- OECD 2009, 'Top Barriers and Drivers to SME Internationalisation', Report by the OECD Working Party on SMEs and Entrepreneurship, OECD.
- Opdenakker, R. 2006, 'Advantages and disadvantages of four interview techniques in qualitative research.', *Forum: qualitative social research*.
- Orser, B., Spence, M., Riding, A. and Carrington, C. 2008, 'Canadian SME Exporters', Tefler School of Management, University of Ottawa and Small Business Policy Branch of Industry Canada, Government of Canada.
- Oviatt, B.M. & McDougall, P.P. 2005, 'Defining international entrepreneurship and modeling the speed of internationalization', *Entrepreneurship theory and practice*, vol. 29, no. 5, pp. 537-554.
- Palich, L.E. & Ray Bagby, D. 1995, 'Using cognitive theory to explain entrepreneurial risk-taking: Challenging conventional wisdom', *Journal of business venturing*, vol. 10, no. 6, pp. 425-438.
- Politis, D. 2005, 'The process of entrepreneurial learning: a conceptual framework', *Entrepreneurship theory and practice*, vol. 29, no. 4, pp. 399-424.
- Reuber, A.R., Dyke, L.S. & Fischer, E.M. 1990, 'Experientially acquired knowledge and

- entrepreneurial venture', *Academy of Management Proceedings* Academy of Management, pp. 69-73.
- Russo, J.E. & Schoemaker, P.J. 1992, 'Managing overconfidence', *Sloan management review*, vol. 33, no. 2, pp. 7-17.
- Sarasvathy, S.D. 2001, 'Causation and effectuation: Toward a theoretical shift from economic inevitability to entrepreneurial contingency', *Academy of management Review*, vol. 26, no. 2, pp. 243-263.
- Shane, S. & Venkataraman, S. 2000, 'The promise of entrepreneurship as a field of research', *Academy of management review*, vol. 25, no. 1, pp. 217-226.
- Shaver, K.G. & Scott, L.R. 1991, 'Person, Process, Choice: The Psychology of New Venture Creation', *Entrepreneurship Theory & Practice*, pp. 23-45.
- Starr, J. A. & Bygrave, W. D. 1992, 'The second time around: The outcomes, assets, and liabilities of prior start-up experience', in S. Birley & I.C. MacMillan (Eds), *International perspectives on entrepreneurship research 1991: 'Proceedings of the first annual global conference on entrepreneurship research'*, pp. 340-363.
- Simon, M., Houghton, S.M. & Aquino, K. 2000, 'Cognitive biases, risk perception, and venture formation: How individuals decide to start companies', *Journal of business venturing*, vol. 15, no. 2, pp. 113-134.
- Tan, A., Brewer, P. & Liesch, P.W. 2007, 'Before the first export decision: Internationalisation readiness in the pre-export phase', *International Business Review*, vol. 16, no. 3, pp. 294-309.
- Thornhill, A., Saunders, M. & Lewis, P. 2008, *Research methods for business students*, Pearson Education Limited.
- Wiedersheim-Paul, F., Olson, H.C. & Welch, L.S. 1978, 'Pre-export activity: the first step in internationalization', *Journal of International Business Studies*, pp. 47-58.
- Wiklund, J., Davidsson, P. & Delmar, F. 2003, 'What Do They Think and Feel about Growth? An Expectancy-Value Approach to Small Business Managers' Attitudes Toward Growth', *Entrepreneurship theory and practice*, vol. 27, no. 3, pp. 247-270.
- 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*, vol. 14, no. 2, pp. 129-146

Appendix A

Interview Questions

Introductory questions:

Can you please give us a short introduction about yourself and your background?

Can you please give us a short introduction about your firm?

When did you start the business?

What is your role in the business?

What is your overall growth ambition? And why?

Opportunity Recognition:

Describe how previous key events have influenced your growth ambition e.g. exporting?

What type/s of knowledge do you consider as major determinant/s in the course of your growth/export decision?

How does your past experience shape your future actions in the course of your growth/export ambition and why?

Opportunity Evaluation:

Illusion of control

How do you see the value of your contribution when engaged in a decision making process under uncertainty? – Please explain

Overconfidence

How would your initial knowledge base influence your confidence in making decisions under uncertainty?

Law of small numbers

How much information do you need to engage in decision making amid uncertainty?

Do you feel that your previous experiences shape the way you act today and how?

Appendix B

Export Readiness Assessment Based on Resources

Criteria	Åbro Bryggeri	Öspab	Spirit of Hven Distillery	Klackabackens Bryggeri	Sövde Musteri	South Plains Brewery
(Product Range) Does the company have a product/service that successfully sold at home? Is the company successfully operating in its home market?	Selling their products in System Bolaget, retail stores successfully (Beer, Ciders)	Selling their products in System Bolaget, retail stores successfully (Ciders, Must, Vinegar)	Selling their products in System Bolaget (Ciders, Gin, Whisky)	Selling their product in System Bolaget , pubs, restaurants and potentially to Norway (4 types of beer)	Selling all their production locally (Ciders, Must, Pomelo iced drink)	8 types of beer being sold in the market with 2 sold in System Bolaget
(Capacity) Does the company have sufficient capacity that can be committed for exporting? Does it have the means to expand production quickly to meet export orders?	The company has a sufficient capacity especially after dropping their off-trade (e.g. pubs, restaurants) business locally	The company has a sufficient and expanding capacity, with more products being introduced, building a nice portfolio	The company has a sufficient and expanding capacity, with unique organic range being introduced internationally	The company has a sufficient and expanding capacity, with more products being introduced, building a nice portfolio	Yes the company can increase capacity any time and has access to external sources of raw material	Further machine utilization is undergoing and could be improved by hiring more workers to run machines more hours
(Financial) Does the company have the financial strength and resources necessary to develop new markets?	The company is cash positive and has enough financial capacity to finance growth	The company is cash positive and has enough financial capacity to support growth	The company is cash positive and has enough financial capacity to support growth	The company is cash positive and has access to bank financing	The company has a positive cash flow and the ability to deploy more resources to export	Yes the company is currently cash positive and can

Adapted from Hickson (2010) on recognising and identifying export readiness in small business clients