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Returnee Entrepreneurs' Culturally Imprinted International Experience: Effects on Entrepreneurial Orientation and Post-entry Speed of Internationalization

ABSTRACT

Despite the importance of returnee entrepreneurs' prior international experience (RIE), its conceptualization and effect on firm outcomes is not comprehensively understood. Drawing on social and cognitive learning theories, we propose that RIE host country is a critical learning context wherein their prior international experience was culturally imprinted. We examine the impact of culturally imprinted RIE on firms' entrepreneurial orientation (EO), and post-entry speed of internationalization (PSI). Data from 216 Chinese exporting small-and-medium-sized enterprises show that RIE positively influences PSI both directly and indirectly through EO. Cultural distances between RIE host–home and RIE host–firm exporting country pairs moderate these relationships. Our findings align with the revisited Uppsala model concerning the importance of pre-history knowledge prior to the founding of firms. Our research makes novel contributions to the theoretical conceptualization of international experience and managerial implications for returnee entrepreneurship.

Keywords:

International entrepreneurship; Entrepreneurial orientation; Cultural distance

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1. INTRODUCTION

International entrepreneurs with a global mindset and knowledge have been a considerable driving force of firms' speed of internationalization (Hsieh et al., 2019; Jiang et al., 2020; Oviatt & Mcdougall, 2005; Rialp et al., 2005). There is a consensus that the concept of the speed of internationalization has two aspects: initial-entry speed of internationalization (ISI), and post-entry speed of internationalization (PSI) (Chetty et al., 2014; Prashantham & Young, 2011; Zahoor & Al-Tabbaa, 2021). Previous international entrepreneurship (IE) research has overwhelmingly focused on the factors that affect ISI of small-and-medium-sized enterprises (SMEs). Yet IE research has paid far less attention to the factors leading to PSI of SMEs (Hsieh et al., 2019; Kalinic & Forza, 2012; Zahoor & Al-Tabbaa, 2021), which is often perceived as a competitive advantage for SMEs' successful entry into and survival in the international market (Freixanet & Renart, 2020; Musteen et al., 2010; Sadeghi et al., 2018). We shed light on the role of entrepreneurs in driving a firm's PSI.

Despite the relative paucity on PSI, prior IE research has emphasized the role of entrepreneurs in enabling SMEs to overcome the lack of experiential knowledge (Autio et al., 2000; Hsieh et al., 2019; Oviatt & McDougall, 1994; Zahra, 2005), which is a key driver for firms' PSI following the traditional Uppsala approach (Johanson & Vahlne, 1977). This work focuses on returnee entrepreneurs, defined as individuals who have gained international experience in foreign countries and subsequently established their businesses after returning to

their home countries (Saxenian, 2005). Returnee entrepreneurs can help bypass the firm's need to accumulate experiential knowledge in two ways: (1) the provision of prior international experience by living, studying and/or working abroad (Bruneel et al., 2010; Oviatt & McDougall, 1997; Pellegrino & McNaughton, 2017) and (2) the innovative, proactive, and risk-taking behavior, known as entrepreneurial orientation (EO), to gather forward-looking knowledge from diverse information sources (Acedo & Jones, 2007; D'Angelo & Presutti, 2019; Kocak & Abimbola, 2009; Matsuno et al., 2002; Zhou, 2007).

However, notable gaps still need to be addressed. First, unlike the Uppsala research, which defines and locates the acquisition of a firm's experiential knowledge within a robust theoretical framework (e.g., Casillas and Moreno-Menéndez, 2014), the prior international experience perspective in IE research lacks a sufficiently developed theoretical foundation capturing the various antecedent learning processes prior to the founding of a firm (Faroque et al., 2021; Johanson & Vahlne, 2009; Jones & Casulli, 2014; Weerawardena et al., 2007). Failure to incorporate this antecedent learning process may result in an incomplete conceptualization of prior international experience, especially its multidimensional nature (Le & Kroll, 2017; Takeuchi et al., 2005). In addition, an understanding of the nature of entrepreneurs' knowledge, which may have a bearing on their strategic orientations, is neglected (Casillas et al., 2009; D'Angelo & Presutti, 2019).

Second, entrepreneurs draw on their idiosyncratic prior international experience to affect the ways their ventures to grow and internationalize (De Cock et al., 2021; Faroque et al., 2021; Piaskowska et al., 2021). IE research has reported mixed results concerning the relationship between entrepreneurs' international experience and PSI (Ahmed & Brennan, 2019; Filatotchev et al., 2009; Hsieh et al., 2019; Knight & Liesch, 2016). Some studies have found a positive relationship between RIE and firms' PSI (e.g., Bai et al., 2017; Bruneel et al.,

2010; Fernhaber et al., 2009; Guldiken, 2016; Hsieh et al., 2019). However, some have documented no existence of this relationship (e.g., Ahmed & Brennan, 2019; Filatotchev et al., 2009; Hsieh et al., 2019). This echoes the view that RIE *per se* offers limited explanatory power, pointing to the need for richer conceptualization (ibid). The question of whether prior international experience affects PSI through an immediate outcome also arises.

Third, most IE research on the consequences of entrepreneurs' prior international experience has primarily focused on internationalization-related outcomes (Acedo & Jones, 2007; Bai et al., 2017; Filatotchev et al., 2009; Musteen et al., 2010). According to learning theorists (De Cock et al., 2021; Denzau & North, 1994; Fee et al., 2013; Fiske & Taylor, 1991), experience may give rise to not only domain-specific knowledge, but also cognitive development. This raises the question of whether prior international experience facilitates entrepreneurs' cognitive development and firm outcomes beyond internationalization-related outcomes.

This study addresses the above gaps by developing a nuanced understanding of how returnee entrepreneurs' prior international experience (RIE) influences a firm's EO and PSI. Drawing on the prior international experience models developed by Takeuchi et al. (2005) and Le and Kroll (2017), we propose a framework that identifies three components of RIE: (1) the duration of RIE; (2) cultural distance (CD) between the RIE host country and the returnees' home country; and (3) CD between the RIE host country and firm export country that we termed cultural irrelevance (CI).

Our study makes several important contributions. First, it answers the call to bring individuals back into entrepreneurship (Felin et al., 2015; Rauch & Frese, 2007) and specifically to dig into the utility of individual experience in IE research (Jones & Casulli 2014). This study enriches the theoretical foundation for the prior international experience perspective

in IE research (Oviatt & McDougall, 1994; Weerawardena et al., 2007). More importantly, our study departs from the predominant negative connotation of 'culture distance' in the extant research by providing empirical evidence of the benefits that 'cultural distance' can bring to individual-level learning and firm-level innovation (Le & Kroll, 2017; Un, 2016; Zucchella, 2021).

Second, we contribute to the underexplored line of research that seeks to explain strategic orientations (e.g., EO) from micro foundational perspectives (Faroque et al., 2021; Kunisch et al., 2019; Li et al., 2015) by addressing the question of how entrepreneurial firms develop EO from individual entrepreneurs to influence PSI (Li et al., 2021; Zucchella, 2021). In analyzing the micro foundations of EO, we answer the call by Casillas et al. (2009) to dig into the idiosyncratic nature of the knowledge possessed by entrepreneurs that may have a bearing on their strategic orientations.

Finally, our findings offer practical implications for promoting returnee entrepreneurship by helping human resource managers and policymakers understand what specific international experience is desired to foster an entrepreneurial climate for firms and speed up internationalization.

2. THEORETICAL BACKGROUND AND HYPOTHESES

Learning theories are frequently employed to explain the outcomes of international experiences (e.g., Endicott et al., 2003; Fee et al., 2013; Suutari & Mäkelä, 2007). Kolb's (1984) experiential learning theory, one of the most pervasive theories on experiential learning among managers (Yamazaki & Kayes, 2004), suggests that individuals engage in learning when they encounter cognitive dissonance, wherein their beliefs or perceptions and the external environment are incongruent. This state of cognitive dissonance induces alertness, uncertainty,

stress, and emotional conflict. Consequently, psychological ambivalence intensifies learning processes, aiming to alleviate dissonance and facilitate adaptation to the environment (DeRue & Wellman, 2009; Kolb, 1984; Le & Kroll, 2017).

Two learning processes occur when individuals experience cognitive dissonance (Fee et al., 2013; Le & Kroll, 2017): assimilation and accommodation. Assimilation learning is the process in which individuals develop content knowledge by adding schemas to their existing knowledge. Content knowledge involves contextually specific knowledge that can only be used in certain domains (Endicott et al., 2003; Le & Kroll, 2017). Accommodation learning involves the integrated functioning of experience, reflection, conceptualization, and experimentation (Kolb, 1984), in which fundamental changes in cognitive structures are created (Fee et al., 2013).

Kolb's (1984) learning theory has two important implications. First, an RIE host country with a greater CD from the returnee's home country provides novel stimuli with greater diversity, differences, and cultural shocks (Chen and Hu, 2002; Cuypers et al., 2015) that stimulate deeper learning (Black et al., 2013; Li et al., 2013). This deeper learning process with greater sociocultural adjustment may lead to more content knowledge and cognitive competencies (Le & Kroll, 2017). Second, an RIE host country with a smaller CD from a firm's exporting country eases current sociocultural adjustment to the country in which firms are currently operating because content knowledge acquired in the RIE host country has culture-specific contextualized components (Bhagat et al., 2002).

2.1 Effect of returnee entrepreneurs' prior international experience on post-entry speed of internationalization

2.1.1 Duration of returnee entrepreneurs' prior international experience.

The impact of RIE on a firm's PSI is determined by the duration of the experience that affects an individual to understand and learn from a new culture. In the realm of intercultural encounters, individuals face an initial period of adjustment wherein they encounter cultural shocks, confusion and discomfort and often resort to their home country's cultural values and beliefs to ascribe significance to their observations in the foreign host countries (Black & Mendenhall, 1991). Learning the complex and deep layers of the host country's culture occurs after this adjustment (Godart et al., 2015; Le & Kroll, 2017). These learning opportunities occur by observing behaviors at the outer layers, understanding cultural values and social norms at the middle layers and making critical assumptions at the core of a foreign culture (Crowne, 2008). It takes a substantial amount of time for an individual to learn from the outer layers to the core. Returnees need to embed themselves in RIE host countries for considerable time to develop domain knowledge and cognitive schemas that are further employed to seize opportunities abroad and delay less in acquiring foreign sales (Cohen & Levinthal, 1990; De Clercq et al., 2012; Weerawardena et al., 2007). Hence, we posit:

Hypothesis 1a): The duration of RIE is positively related to a firm's PSI.

2.1.2 Cultural distance.

We propose that given the same duration of prior international experience, returnees who have acquired prior experience in host countries with greater CD will develop greater content knowledge about international markets and general cognitive development. This is because foreign countries with greater CD from their home countries provide stronger stimuli with a greater level of novel and different ideas and behaviors that may even conflict with their

existing value systems and worldviews (Chen & Hu, 2002; Cuypers et al., 2015). The stronger the stimuli, the more heightened the resulting sense of cognitive dissonance, which, in turn, triggers conscious and intensive learning processes. First, assimilation learning, whereby individuals search for a new environment for cues, expands content knowledge (Endicott et al., 2003; Fee et al., 2013). Second, accommodation learning, whereby individuals experience fundamental changes in their cognitive structure, leads to enhanced cognitive competencies (Le & Kroll, 2017; Piaget, 1955). The enhanced learning outcomes help returnees in identifying, evaluating, and exploiting opportunities, thereby reducing the uncertainty of operating abroad and experiencing shorter delays in acquiring foreign sales after their firms' international market entry. Hence, we posit:

Hypothesis 2a): CD between the RIE host country and the returnee's home country positively moderates the relationship between RIE and a firm's PSI.

2.1.3 Cultural irrelevance.

The context in which returnees gain experience determines the relevance of their experience (Hashai & Zahra, 2022). Building on previous work (Armanios et al., 2017; Hashai & Zahra, 2022), we create a novel moderator for CI, wherein returnees have acquired prior international experience in a different cultural context from which they are applying it. Context irrelevance refers to the difference in context in which founders acquire international experience and where they apply it (Armanios et al., 2017).

We propose that given the same duration of prior international experience, returnees who acquired prior experience in host countries with greater CD from their firms' exporting countries experience difficulty in aligning their international knowledge within the context they are seeking to apply it to. Foreign host countries that are more culturally distant from the firm-exporting country may make it difficult to effectively apply the knowledge and capabilities of

returnees derived from such experiences in the new context. By contrast, experience in foreign countries with a CD smaller than that of the firm-exporting country may enhance returnees' familiarity with foreign markets and facilitate more effective application of their experience. Moreover, enhanced familiarity with more culturally proximate countries reduces entrepreneurs' psychic distance and perceived uncertainty of operating in these countries (Johanson & Wiedersheim-Paul, 1975). It also equips firms with the capability of reducing the liability of foreignness by managing CD, thereby increasing international commercial intensity (Hilmersson & Johanson, 2016). Hence, we propose:

Hypothesis 3a): CD between the RIE host country and firm export country negatively moderates the relationship between RIE and a firm's PSI.

2.2 Effect of returnee entrepreneurs' prior international experience on entrepreneurial orientation

RIE also provides content knowledge that contributes to EO because the knowledge obtained in foreign environments provides a diverse array of perspectives, concepts, and ideas that can be used as inputs to generate and implement creative innovations and novel strategic initiatives (Godart et al., 2015; Le & Kroll, 2017; Leung et al., 2008; Maddux & Galinsky, 2009). Moreover, returnees tend to be 'boundary spanners' who actively integrate foreign practices with organizational practices (Barner-Rasmussen et al., 2014; Roberts & Beamish, 2017). Firms that actively engage in knowledge-sharing and integration practices will likely exhibit strong EO (Dai et al., 2016; De Clercq et al., 2013; Lee & Roberts, 2015). Furthermore, prior international experience provides entrepreneurs with social networks as critical sources of information (Cao et al., 2015; Ripollés & Blesa, 2005) and emotional capital, such as credibility and moral support, thus reducing the perceived risk associated with trial and error

in innovation and proactively pursuing opportunities (Filatotchev et al., 2009; Johannisson, 2000; Johannisson & Mønsted, 1997).

RIE also gives rise to cognitive properties that contribute to EO in several ways. First, international experience is central to developing managers' global mindsets (Arora et al., 2004; Levy et al., 2007; Lin et al., 2020; McCall & Hollenbeck, 2002; Roberts & Beamish, 2017). Entrepreneurs with a global mindset tend to embrace the 'outside' and learn from others (Levy et al., 2007), tolerate ambiguities and risks (Acedo & Jones, 2007; Okhomina, 2010) and are capable of synthesizing across this cultural diversity (Gupta & Govindarajan, 2002). Therefore, they are more aware of and open to emerging international opportunities and more proactive in the pursuit and creation of those market opportunities (Acedo & Jones, 2007; De Clercq et al., 2012; Muzychenko, 2008; Weerawardena et al., 2007). Second, international experience may develop complex mental schemas (Piaskowska et al., 2021) to process complex and dynamic information and act effectively in uncertain environments (Suutari & Mäkelä, 2007; Townsend & Cairns, 2003). This enhanced ability gives rise to risk-taking behaviors (Hsieh et al., 2019) and facilitates novel initiatives (Leung et al., 2008). Moreover, the enhanced ability may help returnees develop strong core self-evaluations (Judge, 1997; Judge et al., 2003; Poon et al., 2006) and confidence in their abilities and visions to make decisions (Simsek et al., 2010). Consequently, returnees may be more willing to introduce new products and risky projects because they believe in their abilities (Poon et al., 2006).

Entrepreneurs who have stayed abroad longer are more likely to steer their firms towards entrepreneurial-oriented initiatives and cultivate an environment that nurtures and reinforces this orientation. The CD between RIE host countries and their home countries amplifies the effect of the duration of RIE, whereas that between RIE host countries and their firms' exporting countries weakens the impact of the duration of RIE. Hence, we posit:

Hypothesis 1b): Duration of RIE is positively related to a firm's EO.

Hypothesis 2b): CD between the RIE host country and the returnee's home country positively moderates the relationship between RIE and a firm's EO.

Hypothesis 3b): CD between the RIE host country and firm export country negatively moderates the relationship between RIE and a firm's EO.

2.3 Mediating effect of entrepreneurial orientation on the returnee entrepreneurs' prior international experience–post-entry speed of internationalization relationship

We posit that a firm's EO owing to entrepreneurs with greater prior international experience leads to greater PSI for several reasons. First, a firm's EO promotes strategic initiatives that increase the knowledge of foreign markets (Knight & Cavusgil, 2004; Matsuno et al., 2002), and the gained knowledge is conducive to rapid sales growth in foreign markets (Zhou, 2007). A firm's EO innovativeness facilitates foreign market knowledge through market scanning and information utilization. Proactiveness contributes to an increase in foreign market knowledge by adopting a forward-looking vision and out-of-the-box thinking to pursue market opportunities (Matsuno et al., 2002). Risk-taking encourages new knowledge creation by 'trial and error'. Second, firms with stronger EO embrace less costly failure and, thus, may perceive opportunities as more imperative than threats (Dai et al., 2014), which is necessary for initiating commitment in international markets (Vermeulen & Barkema, 2002). Finally, firms with stronger EO identify, evaluate and capitalize on emerging business opportunities ahead of their competitors (Li et al., 2021; Zahra & Dess, 2001). This leads firms with stronger EO to achieve international sales growth quickly. Hence, we posit:

Hypothesis 4): The interaction between duration of RIE is positively related to PSI mediated through EO.

Hypothesis 5): The interaction between CD and RIE is positively related to the PSI mediated through EO.

Hypothesis 6): The interaction between CI and RIE is negatively related to the PSI mediated through EO.

2.4 Conceptual framework

Our conceptual framework and summary of hypotheses are illustrated in Figure 1.

Insert Figure 1 here

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3. METHODOLOGY

3.1 Data and samples

We collected data by surveying Chinese exporting SMEs founded and managed by returnees. We developed a survey questionnaire based on a thorough literature review of previous studies to address our research aims. To reduce the possibility of a low response rate and increase the validity of the data, we approached the respondents personally (Yamakawa et al., 2013). The survey was administered on-site at each sample firm during the second and third quarters of 2021, from May to November. As the survey was conducted in a Chinese setting, the English version of the questionnaire was translated into Chinese and back translated by two research assistants to ensure comprehension. Responses were obtained from 240 returnee founders, with 24 responses excluded for missing information, resulting in 216 usable questionnaires.

Three critical sampling criteria were used. First, we ensured that a returnee created and managed the firm. Second, the firm must be an export firm. Finally, the firm must be an SME

in the manufacturing industry defined by China's Industrial Classification and Codes for National Economic Activities (2017).

3.2 Measures

3.2.1 Independent and moderator variables.

Duration of RIE was measured as the number of years spent living, studying, and/or working in a foreign country before returning to China, following previous studies (Bai et al., 2017; Musteen et al., 2010). Based on (Hofstede, 2001) cultural dimensions, namely, power distance, individualism, masculinity, and uncertainty avoidance, CD and CI were measured using the Kogut and Singh (1988) formula:

$$Cultural\ distance_j = \sum_{i=1}^{4} \left[(I_{ij} - I_{ik})^2 / V_i\right] / 4$$

where I_{ij} represents the index for the i[th] cultural dimension and the j[th] RIE host country; V_i is the variance of the index of the i[th] dimension, and k indicates China or the firm export country. $Cultural\ distance_j$ is the CD between the j[th] RIE host country and China (CD) or between the j[th] country and the firm export country (CI).

3.2.2 Mediator variable: Entrepreneurial orientation.

In line with most EO research (Brouthers et al., 2015; Engelen et al., 2015; Rauch et al., 2009; Wales et al., 2013), our study conceptualizes EO as a latent umbrella construct with three EO components: innovativeness (Items 1, 2, and 3), proactiveness (Items 4, 5, and 6), and risk-taking (Items 7, 8, and 9). We measured EO using a nine-item scale proposed and validated by Covin and Slevin (1989). This scale considers EO as a latent unidimensional construct of a firm's overall entrepreneurial initiatives. Hence, we created a unidimensional

construct by including nine items and dividing them by nine (Cronbach's alpha = 0.689).

3.2.3 Dependent variables: Post–entry speed of internationalization.

Following previous studies (Hilmersson & Johanson, 2016; Hsieh et al., 2019; Prashantham & Young, 2011), we measured PSI by dividing the international sales ratio by total sales over time. The denominator time was calculated as the years taken from the firm's legal establishment to the data collection date.

3.2.4 Control variables.

Following previous studies (Ahmed & Brennan, 2019; Luo et al., 2005; Teixeira & Coimbra, 2014), we controlled for returnees' prior multinational enterprise (MNE) working experience (RME), measured as the number of years returnees had spent working in an MNE in their home country before the returnee entrepreneurs established their firms; returnees' prior entrepreneurship experience (REE), assessed by asking respondents whether they founded, purchased, or inherited a business before they established their firms; returnees' previous industry-specific working experience (RWE), assessed by asking respondents the time in years they had spent in a similar industry before establishing their firms. We also controlled the impact of returnees' age (RAGE), gender (GENDER), education (REDU), the top management team (TMT), and firm size (FSIZE).

3.3 Methods

We employed ordinary least squares (OLS) variants in Stata 17 to test our hypotheses.

Multiple regressions will be used to examine the mediation effect of EO using the following equations:

$$EO = i_{EO} + b_1 (RIE) + e_{EO}$$

$$PSI = i_{PSI} + b_2 (EO) + b_3 (RIE) + e_{PSI}$$

Multiple regressions are used to investigate the effects of mediated moderation using the following equations (e.g., CD):

$$PSI = i_{PSI} + c_1 (RIE) + c_2 (CD) + c_3 (RIE * CD) + e_{PSI}$$

$$EO = i_{EO} + a_1 (RIE) + a_2 (CD) + a_3 (RIE * CD) + e_{EO}$$

$$PSI = i'_{PSI} + c'_1 (RIE) + c'_2 (CD) + c'_3 (RIE * CD) + b_1 (EO) + e'_{PSI}$$

To assess the significance of indirect effects, we again use 95% bootstrap confidence intervals in the SPSS PROCESS system (Hayes, 2013). We estimate the same models and use the same equations for the other moderator CI.

4. RESULTS

4.1 Descriptive statistics and correlations

We examined the bivariate correlation coefficients for each independent variable to assess potential multicollinearity. For both models, the correlations between the independent variables were well below the standard benchmark of r = 0.70. We also examined the variance inflation factors (VIFs). All the independent variables generated low VIFs, below the threshold of 10 (Kennedy, 2008). Therefore, the results indicated that there was no issue with multicollinearity. The descriptive statistics are summarized in Table 1.

Insert Table 1 here

4.2 Factor analysis: Explanatory factor analysis and confirmatory factor analysis

Following previous studies (Anderson & Gerbing, 1988; Zhou et al., 2010), we used AMOS to assess EO measurement scales for convergence and discriminant validity, unidimensionality, and composite reliability. Table 2 summarizes the results of the confirmatory factor analysis. Table 3 summarizes the results of the exploratory factor analysis.

Insert Table 2 here

Insert Table 3 here

4.3 Test of Hypotheses 1a), 2a), and 3a): The link between returnee entrepreneurs' prior international experience and post-entry speed of internationalization

Table 4 presents the series of models used to test Hypotheses 1a), 2a), and 3a). The results showed that RIE was positively related to PSI (β=0.010, $p < 0.001$), supporting Hypothesis 1a). Models 3 – 6 tested the interaction effects on PSI. As our results indicated, the interactive term RIE*CD coefficient was positive and significant (β=0.008, $p < 0.01$), supporting Hypothesis 2a). The interactive term RIE*CI coefficient was found not significant, suggesting no support for Hypothesis 3a

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Insert Table 4 here

4.4 Test of Hypotheses 1b), 2b), and 3b): The link between returnee entrepreneurs' prior international experience and entrepreneurial orientation

Table 5 presents the series of models used to test Hypotheses 1b), 2b), and 3b). RIE was positively and significantly related to EO ($\beta = 0.203$, $p < 0.001$), supporting Hypothesis

1b). Models 3 – 6 tested the interaction effects on EO. Results indicated that CD was shown to significantly and positively interact with RIE to influence EO ($\beta = 0.162$, $p < 0.01$), supporting Hypothesis 2b); CI was found to significantly and negatively interact with RIE to influence EO ($\beta = -0.068$, $p < 0.01$), supporting Hypothesis 3b).

Insert Table 5 here

4.5 Test of Hypotheses 4, 5, and 6

Table 6 presents the series of models used to test Hypotheses 4, 5, and 6. We regressed the independent variable RIE, moderators CD and CI, and interactive terms RIE*CD and RIE*CI along with EO on PSI to estimate c'_1, c'_2, c'_3, and b. The relationship between RIE and PSI was positive and significant ($\beta = c'_1 = 0.008$, $p < 0.01$). The coefficient of the interactive term RIE*CD was found to be positive and significant ($\beta = c'_3 = 0.006$, $p < 0.01$). The relationship between RIE and EO was positive and significant ($\beta = b=0.011$, $p < 0.01$). In Model 4, we regressed the independent variable RIE, moderator CD, and interactive term RIE*CD on EO to estimate a_1, a_2, and a_3. RIE positively and significantly affected EO ($\beta = a_1 = 0.194$, $p < 0.001$). The coefficient of the interactive term RIE*CD was found to be positive and significant ($\beta = a_3 = 0.162$, $p < 0.001$), supporting Hypotheses 4 and 5. The mediation effect is partial since the coefficient of the interactive term RIE*CD (c'3=0.006) is only slightly reduced when EO is introduced.

Insert Table 6 here

For the mediating effect to be supported, the combined direct effect, c'1, and indirect effect, a1*b, must be significant. Thus, we assessed the significance of the mediating effect by $a_1*b = 0.002$. Regarding the total effect, we calculated $c'_1 + (a_1*b)$ which was equal to 0.010.

We further tested for the significance of the indirect effect using 95% bootstrap confidence intervals in the SPSS PROCESS system (Hayes, 2013). The results are reported in Table 7.

Insert Table 7 here

4.6 Tests for robustness

We controlled for sample-induced endogeneity using Heckman's two-step estimation method (Heckman, 1979). We employed Heckman's (1979) two-stage model in Stata 17. First, we used a probit model to predict a firm's likelihood of becoming a BG. Following previous studies (Amorós & Basco, 2016; Muralidharan & Pathak, 2017), we considered BG firms as those that: 1) entered the foreign market(s) within three years from inception and 2) achieved at least 25% of their sales from the foreign market(s) in three years. We created a dummy variable by combing the two criteria, where non-BG firm is 0 and BG firm is 1. We then calculated the inverse Mill's ratio (imr) and introduced it in the second step. The results are presented in Tables 8–12.

Insert Table 8-13 here
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5. DISCUSSION

5.1 Theoretical implications

IE research has remarked entrepreneurs' critical role, particularly their international experience in SMEs' decision-making and discovery of international opportunities (Autio et al., 2000; D'Angelo & Presutti, 2019; McDougall & Oviatt, 2000). However, a deep understanding of the idiosyncratic nature of the international experience and knowledge entrepreneurs hold is warranted (Casillas et al., 2009; Faroque et al., 2021; Weerawardena et

al., 2007). Our study contributes to this line of research by proposing a novel multi-CD framework that identifies three components of RIE that interact in distinct ways beyond the time-in-length measure that most existing studies use. Previous studies suggest that experience is influenced by the learning opportunities individuals encounter in the external environment (Barringer et al., 2005; Cope, 2005; D'Angelo & Presutti, 2019). Our findings add to the existing research by examining how RIE is influenced by social and cognitive learning in RIE host countries. In doing so, we confirm that individual entrepreneurs are affected by cognitive and emotional factors (Miller & Le Breton-Miller, 2017).

Our study moves away from the prevailing negative perception of 'cultural distance' that leads to the liability of foreignness and psychic distance in IE research. Our findings show that CD gives rise to knowledge and cognitive competencies conducive to firm internationalization. As such, we add to the literature with a focus on the notion of 'distance' in IE studies (Hutzschenreuter et al., 2016) by confirming the positive effect of CD on entrepreneurial learning, capabilities building, innovation and opportunities discovery (Azar & Drogendijk, 2014; Evans & Mavondo, 2002; Un, 2016; Zucchella, 2021).

Our study also extends the line of research that seeks to explain strategic orientations from managerial micro foundational perspectives (Faroque et al., 2021; Kunisch et al., 2019; Li et al., 2015). Previous IE research has predominantly examined entrepreneurs' characteristics in isolation from a firm's entrepreneurial behavior (Demir et al., 2017). Our study bridges this gap by offering empirical evidence that RIE imprints firms with EO posture as a prerequisite for SMEs' PSI. Hence, we answer the call by Zucchella (2021, p.4), who proposed that more research is needed to understand *"the relationship between individual and organizational level entrepreneurial orientation."* Finally, we also add to the international business (IB) literature. In particular, our findings align with the revisited Uppsala model

(Johanson & Vahlne, 2009) by showing the significant effect of RIE on PSI. We also contribute to the line of research that seeks to link strategic orientations (e.g., EO) with SME accelerated internationalization (D'Angelo & Presutti, 2019; Jantunen et al., 2008).

5.2 Practical implications

This study has managerial implications for the human capital management of entrepreneurial firms in emerging markets. They need to realize that returnees have idiosyncratic prior international experience that can contribute to SMEs in different ways. Firms aiming to enter and grow in international markets quickly should focus their talent search on individuals whose prior international experience was obtained in countries culturally distant from their home countries but similar to the firms' export countries to tap into specific knowledge and capabilities to accelerate internationalization.

5.3 Limitations and future research directions

Our study has several limitations that offer fruitful opportunities for future research. First, our conceptualization of international experience was limited by all respondents in our sample having international experience from only one foreign country, which limited our understanding of the national diversity aspect of international experience. However, the national diversity of international experience has gained considerable attention in previous studies (Le & Kroll, 2017; Tasheva & Nielsen, 2020). Therefore, future studies should examine how RIE interacts with the diversity of foreign countries to influence a firm's EO and PSI.

Second, although our results show that greater CD from a returnee's home country facilitates content knowledge and cognitive competency development, previous studies have also suggested that greater CD may limit the ability to absorb information from the environment (Godart et al., 2015). Future studies may look into these aspects to further

examine whether there is a U-shaped relationship between CD and learning, such that CD at a moderate level would optimally contribute to assimilation and accommodation learning. Finally, regarding the endogeneity of the models, our results indicate that a firm's likelihood of becoming a BG influences the moderating effect of CD on RIE and PSI. To examine these relationships, future studies can factor in a firm's likelihood of becoming a BG.

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Appendix

Figure 1 Conceptual framework

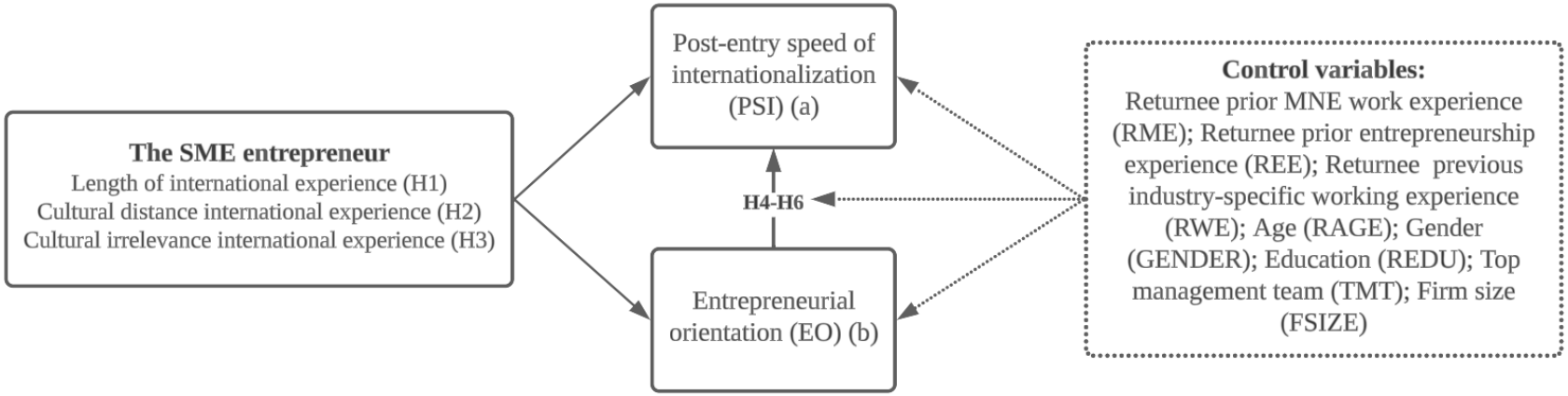

Table 1 Descriptive statistics and correlations

Variable	Mean	S.D.	RIE	RME	REE	RWE	REDU	RAGE	GENDER	TMT	FSIZE	CD	CI	EO	PSI
RIE	2.46	1.37	1												
RME	1.27	1.16	0.199**	1											
REE	0.53	0.50	-0.004	0.033	1										
RWE	4.83	3.30	-0.061	-0.059	-0.181**	1									
REDU	0.79	0.40	0.118†	0.135*	-0.006	-0.097	1								
RAGE	40.8	8.04	-0.163*	0.063	0.014	0.273***	-0.267***	1							
GENDER	0.74	0.44	-0.024	-0.021	-0.061	0.068	0.107	-0.007	1						
TMT	1.98	0.67	0.103	-0.066	-0.124†	-0.064	0.140*	-0.298***	0.015	1					
FSIZE	51.8	49	0.008	0.041	0.081	-0.084	0.032	0.066	-0.104	-0.010	1				
CD	3.66	1.19	-0.057	-0.011	0.020	0.111	-0.117†	0.104	0.078	-0.075	-0.003	1			
CI	2.12	2.17	0.074	-0.037	-0.032	-0.062	-0.001	0.002	-0.086	0.052	0.301***	-0.078	1		
EO	4.14	0.97	0.287***	0.117†	-0.012	0.211**	0.105	0.024	0.096	-0.020	-0.089	0.192**	-0.154*	1	
PSI	0.04	0.05	0.275***	0.112†	0.091	0.117†	0.065	-0.073	-0.099	-0.129†	-0.074	0.092	-0.036	0.347***	1

*** p < .001; ** p < .01; *p < .05; † p < .10

Table 2. CFA for EO

Model	Factors	χ^2	DF	CFI	NFI	RFI	IFI	TLI	RMSEA	SRMR
EO	INNO, PRO, RIST	66.69	24	0.92	0.89	0.83	0.92	0.88	0.091	0.068

Table 3. EFA for EO

Constructs/Items	Standardized loadings	Cronbach's Alpha	CR	AVE
Entrepreneurial orientation (Miller, 1983; and Covin and Slevin, 1989) Seven-point Likert scale: 1=strongly disagree; 7=strongly agree.				
Innovativeness				
INNO1. My business places strong emphasis on innovation, technological leadership, and R&D	0.827	0.707	0.844	0.643
INNO2. In the last three years, my business has marketed many new products or services.	0.805	0.663		
INNO3. In the last three years, changes in my products/services have been usually quite dramatic.	0.774	0.669		
Proactiveness				
PRO1. My business typically initiates actions to which my competitor then responds	0.857	0.641	0.874	0.699
PRO2. My business is often the first to introduce new products/services, administrative techniques, and operating technologies, etc.	0.857	0.654		
PRO3. My business has a strong desire for defeating our rivals	0.793	0.642		
Risk-taking				
RIST1. My business has a proclivity for high-risk projects with a chance of very high returns	0.854	0.631	0.824	0.611
RIST2. Due to the nature of the business environment in which I operate, it is best to take bold, wild-ranging actions to achieve the firm's objectives	0.721	0.668		
RIST3. When confronted with decision-making situations involving uncertainty, my business typically adopts a positive and bold posture even at the cost of making costly mistakes	0.764	0.689		

Table 4 Relationship between RIE and PSI moderated by CD, CI

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
RME	0.005†	0.003	0.003	0.002	0.003	0.003
REE	0.011	0.011	0.011	0.012†	0.011	0.011
RWE	0.003*	0.003**	0.003*	0.003**	0.003**	0.003**
RAGE	-0.001*	-0.001	-0.001†	-0.001*	-0.001	-0.001
REDU	0.008	0.007	0.008	0.007	0.007	0.007
GENDER	-0.014†	-0.013†	-0.014†	-0.014†	-0.013†	-0.014†
TMT	-0.012*	-0.014*	-0.013*	-0.015**	-0.013*	-0.014*
FSIZE	-0.000	-0.000	-0.000	-0.000	-0.000	-0.000
RIE		**0.010*** **	0.011**	0.010**	0.010**	0.010**
CD			0.005	0.004		
RIE_CD				0.008**		
CI					-0.000	-0.000
RIE_CI						-0.001
Observations	216	216	216	216	216	216
R-squared	0.095	0.161	0.171	0.222	0.161	0.162
F	2.728	4.380	4.222	5.294	3.931	3.586

† p<0.10, * p<0.05, ** p<0.01, *** p<0.001 Dependent variable: PSI

Table 5 Relationship between RIE and EO moderated by CD, CI

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
RME	0.100†	0.050	0.049	0.045	0.043	0.044
REE	0.067	0.068	0.055	0.080	0.051	0.075
RWE	0.067**	0.066**	0.061**	0.069**	0.064**	0.069**
RAGE	-0.002	0.003	0.002	-0.002	0.003	0.004
REDU	0.245	0.215	0.260	0.240	0.211	0.207
GENDER	0.147	0.163	0.128	0.128	0.146	0.105
TMT	-0.021	-0.049	-0.039	-0.083	-0.041	-0.066
FSIZE	-0.001	-0.001	-0.002	-0.001	-0.001	-0.001
RIE		**0.203*** **	0.207**	0.194**	0.212**	0.211**
CD			0.153**	0.135**		
RIE_CD				0.162**		
CI					-0.063*	-0.043
RIE_CI						-0.068**
Observations	216	216	216	216	216	216
R-squared	0.085	0.162	0.197	0.263	0.180	0.231
F	2.406	4.420	5.014	6.604	4.498	5.580

† p<0.10, * p<0.05, ** p<0.01, *** p<0.001 Dependent variable: EO

Table 6 Relationship between RIE and PSI as mediated through EO and moderated by CD

	DV = post-entry speed (PSI)		DV = EO	
	Model 1	**Model 2**	**Model 3**	**Model 4**
RME	0.005†	0.002	0.002	0.045
REE	0.011*	0.012†	0.011	0.080
RWE	0.003*	0.003**	0.002*	0.069***
RAGE	-0.001*	-0.001*	-0.001*	-0.002
REDU	0.008	0.007	0.004	0.240
GENDER	-0.014†	-0.014†	-0.016*	0.128
TMT	-0.012*	-0.015**	-0.014**	-0.083
FSIZE	-0.000	-0.000	-0.000	-0.001
RIE		0.010***	0.008**	0.194***
CD		0.004	0.002	0.135**
RIE_CD		0.008***	0.006**	0.162***
EO			0.011**	
Observations	216	216	216	216
R-squared	0.095	0.222	0.251	0.263
F	2.728	5.294	5.684	6.604

† p<0.10, * p<0.05, ** p<0.01, *** p<0.001

Table 7 Conditional indirect effects of RIE on PSI as moderated by CD and mediated through EO

Level of cultural distance	Indirect effect	Bootstrap lower bound	Bootstrap upper bound
– 1 SD	0.0002	– 0.0024	0.0023
Mean	0.0027	0.0010	0.0048
+ 1 SD	0.0051	0.0026	0.0086

Table 8 Heckman: Relationship between RIE and EO moderated by CD

	Model 1	Model 2	Model 3	Model 4
imr	-1.106	-0.880	-1.133	-1.418*
RME	0.025	-0.009	-0.027	-0.050
REE	-0.053	-0.028	-0.068	-0.074
RWE	0.022	0.031	0.016	0.012
RAGE	-0.004	0.002	0.000	-0.004
REDU	0.194	0.174	0.210	0.177
GENDER	0.049	0.085	0.025	-0.000
TMT	0.096	0.045	0.083	0.067
FSIZE	0.003	0.002	0.003	0.004
RIE		0.200**	0.203**	0.189**
CD			0.161**	0.143**
RIE_CD				0.168**
Observations	216	216	216	216
R-squared	0.093	0.167	0.204	0.275
F value	2.340	4.100	4.766	6.413

† p<0.10, * p<0.05, ** p<0.01, *** p<0.001 Dependent variable: EO

Table 9 Heckman: Relationship between RIE and PSI moderated by CD

	Model 1	Model 2	Model 3	Model 4
imr	-0.009	0.003	-0.005	-0.018
RME	0.005	0.003	0.002	0.001
REE	0.010	0.011	0.010	0.010
RWE	0.003	0.003	0.003	0.002
RAGE	-0.001*	-0.001	-0.001†	-0.001*
REDU	0.008	0.007	0.008	0.006
GENDER	-0.015	-0.013	-0.015†	-0.016†
TMT	-0.011	-0.014†	-0.013†	-0.013†
FSIZE	-0.000	-0.000	-0.000	-0.000
RIE		0.010**	0.010**	0.010**
CD			0.005	0.004
RIE_CD				0.008**
Observations	216	216	216	216
R-squared	0.096	0.161	0.171	0.223
F value	2.418	3.924	3.820	4.847

† p<0.10, * p<0.05, ** p<0.01, *** p<0.001 Dependent variable: PSI

Table 10. Heckman: Relationship between RIE and PSI as mediated through EO and moderated by CD

	DV = post-entry speed of internationalisation (PSI)			DV = EO
	Model 1	**Model 2**	**Model 3**	**Model 4**
imr	-0.009	-0.018	-0.002	-1.418†
RME	0.005	0.001	0.002	-0.050
REE	0.010	0.010	0.011	-0.074
RWE	0.003	0.002	0.002	0.012
RAGE	-0.001*	-0.001*	-0.001*	-0.004
REDU	0.008	0.006	0.004	0.177
GENDER	-0.015	-0.016†	-0.016†	-0.000
TMT	-0.011	-0.013†	-0.014*	0.067
FSIZE	-0.000	-0.000	-0.000	0.004
RIE		0.010**	0.008**	0.189**
CD		0.004	0.002	0.143**
RIE_CD		0.008**	0.006**	0.168**
EO			0.011**	
Observations	216	216	216	216
R-squared	0.096	0.223	0.252	0.275
F value	2.418	4.847	5.221	6.413

† p<0.10, * p<0.05, ** p<0.01, *** p<0.001

Table 11 Heckman: Relationship between RIE and EO moderated by CI

	Model 1	**Model 2**	**Model 3**	**Model 4**
imr	-1.106	-0.880	-1.433†	-1.203
RME	0.025	-0.009	-0.055	-0.038
REE	-0.053	-0.028	-0.108	-0.059
RWE	0.022	0.031	0.007	0.020
RAGE	-0.004	0.002	0.001	0.002
REDU	0.194	0.174	0.144	0.151
GENDER	0.049	0.085	0.016	-0.004
TMT	0.096	0.045	0.114	0.064
FSIZE	0.003	0.002	0.005	0.004
RIE		0.200**	0.208**	0.208**
CI			-0.077*	-0.056†
RIE_CI				-0.066**
Observations	216	216	216	216
R-squared	0.093	0.167	0.192	0.240
F value	2.340	4.100	4.402	5.331

† p<0.10, * p<0.05, ** p<0.01, *** p<0.001 Dependent variable: EO

Table 12 Heckman: Relationship between RIE and PSI moderated by CI

	Model 1	Model 2	Model 3	Model 4
imr	-0.009	0.003	-0.000	0.002
RME	0.005	0.003	0.003	0.003
REE	0.010	0.011	0.011	0.011
RWE	0.003	0.003	0.003	0.003
RAGE	-0.001*	-0.001	-0.001	-0.001
REDU	0.008	0.007	0.007	0.007
GENDER	-0.015	-0.013	-0.013	-0.014
TMT	-0.011	-0.014†	-0.013†	-0.014†
FSIZE	-0.000	-0.000	-0.000	-0.000
RIE		0.010**	0.010**	0.010**
CI			-0.000	-0.000
RIE_CI				-0.001
Observations	216	216	216	216
R-squared	0.096	0.161	0.161	0.162
F value	2.418	3.924	3.556	3.271

† p<0.10, * p<0.05, ** p<0.01, *** p<0.001 Dependent variable: PSI

Table 13. Heckman: Relationship between RIE and PSI as mediated through EO and moderated by CI

	DV = post-entry speed of internationalisation (PSI)			DV = EO
	Model 1	Model 2	Model 3	Model 4
imr	-0.009	0.002	0.020	-1.203
RME	0.005	0.003	0.003	-0.038
REE	0.010	0.011	0.012	-0.059
RWE	0.003	0.003	0.003	0.020
RAGE	-0.001*	-0.001	-0.001†	0.002
REDU	0.008	0.007	0.004	0.151
GENDER	-0.015	-0.014	-0.013	-0.004
TMT	-0.011	-0.014†	-0.015*	0.064
FSIZE	-0.000	-0.000	-0.000	0.004
RIE		0.010**	0.007**	0.208**
CI		-0.000	0.001	-0.056†
RIE_CI		-0.001	0.000	-0.066**
EO			0.016**	
Observations	216	216	216	216
R-squared	0.096	0.162	0.223	0.240
F value	2.418	3.271	4.450	5.331

† p<0.10, * p<0.05, ** p<0.01, *** p<0.001