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WHY DO FOREIGN ENTREPRENEURS
CHOOSE CERTAIN COUNTRY AS START-UP DESTINATION?
EVIDENCE FROM ESTONIA

Master's thesis

Programme International Business Administration

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I hereby declare that I have compiled the paper independently and all works, important standpoints and data by other authors has been properly referenced and the same paper has not been previously presented for grading.

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ABSTRACT

Purpose

The purpose of this thesis is to understand the deep reasons for foreign entrepreneurs to choose the start-up destination country and their selecting process.

Central Research question

Why do foreign entrepreneurs choose certain country as their start-up destination and how do they make the decision?

Design/methodology/approach

The research followed an explorative, qualitative approach of multiple case study, and collected data by conducting six semi-structured interviews with foreign entrepreneurs in Estonia.

Findings

The findings suggest foreign entrepreneurs decide on the start-up destination country by weighing a serial of dimensions, which is a complex selection process. Different foreign founders have different opinions on the positive and negative sides, as well as the top driving dimensions.

Originality/value

The value of this thesis lies in its contribution to understanding better the reasons for foreign entrepreneurs to choose one country as the start-up destination. In addition to several practical implications to business practitioners, policy makers, and researchers, it adds to the small but emerging literature on foreign entrepreneurs.

Keywords: foreign entrepreneur, start-up, technology, location choice, destination country

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GLOSSARY

Foreign entrepreneurs: non-national and non-long-term residents starting a business in a host country. (Author's definition)

Foreign founders: same as "foreign entrepreneurs". (Author's definition)

Long-term residents: persons who are not citizens of an EU country but have resided legally and continuously within its territory for five years. (Council of European Union, 2004)

Migrant entrepreneurs: entrepreneurs who share "a special socio-cultural and ethnic background or migrant origin". (Sahin et al., 2007)

Immigrant entrepreneurs: individuals who, as recent arrivals in the country, have had to start a business as a means of economic. (Butler & Greene, 1997)

Ethnic entrepreneurs: entrepreneurs united by a set of socio-cultural connections and regular patterns of interaction among people sharing a common national background or migration experiences. (Waldinger et al., 1990)

Refugee entrepreneurs: a special type of immigrants. (Davidavičienė & Lolat, 2016)

INTRODUCTION

Firms founded by foreign entrepreneurs play an important role in economic development. They substantially benefit the host countries not only by creating more job opportunities but also by expanding innovation and trade (OECD, 2010). Within the EU, a large number of foreign entrepreneurs constitute an integral part of the local business environment. According to Eurostat 2017 data, among the 3.5 million foreign-born entrepreneurs in the EU, approximately two thirds, 2.2 million, had migration background from outside the EU, while 1.3 million from a different EU member state (OECD, 2017). The Entrepreneurship 2020 Action Plan (European Commission, 2012) underscores the importance of migrant entrepreneurs and encourages member countries to facilitate them in building businesses.

In the present day, many sizable start-up hubs have been established in the capital cities all around the EU (See **Appendix 1**), with new ones emerging (Rejman, 2018). Many EU countries are working on attracting more foreign start-up founders by creating a dynamic start-up ecosystem, including special efforts made for non-EU citizens. For instance, Estonia started inviting foreign entrepreneurs with start-up visa in 2017 (Lauren, 2017), followed by Cyprus, Latvia, and Lithuania issuing similar fast-track visa programs for non-EU start-up founders (Kaufman, 2017).

However, at a time when so many countries are attracting global entrepreneurial talents for future economic growth, very little is known about foreign entrepreneurs' location choice. For one thing, foreign entrepreneurs as one category of subject receive little attention in the academic domain. Instead, other concepts such as immigrant entrepreneurs, minority entrepreneurs that overlap with this concept are more often discussed. For another thing, previous research on foreign entrepreneurs has mainly focused on the motivation of entrepreneurship (Kloosterman, 2010; Peters, 2002), characteristics (Carson et al., 2018; Ram et al., 2000), or venture performance (Irastorza & Peña-Legazkue, 2018; Ndofor & Priem, 2011), rather than the location choice. In practice, although enormous reports on how to build attractive start-up ecosystems have done by governmental departments, investors, service firms, and other institutions from a

macroeconomic or organizational level, e.g., Global Start-up Ecosystem Report (Gauthier, Penzel, & Marmer, 2018), European Start-up Monitor (Steigertahl et al., 2018), and the report on the start-up ecosystems in Central and Eastern Europe (CESAwards, 2018), entrepreneur-centric approaches are rarely conducted. As such, why and how foreign entrepreneurs choose one country as the destination to start their businesses are not answered yet.

The purpose of this thesis is to understand the deep reasons for foreign entrepreneurs to choose the start-up destination country and their selecting process. The context is set in Estonia – a popular start-up hub in Europe - with a focus on technology entrepreneurs. The reason to such focus is because, among all the start-ups in the EU, tech industries (e.g., information technology and services, e-learning, computer networking) are growing rapidly, which is five times faster than the non-tech parts of the European economy. From 2002 to 2016, the tech industry has hit 194% in terms of Gross Value Added, with increasing gap compared to the non-tech parts (Atomico, 2018). Unlike traditional immigrant entrepreneurs who choose to become self-employed in running retail stores or international restaurants so as to live in the host country (Georgarakos & Tatsiramos, 2009), foreign tech entrepreneurs usually actively choose a destination country to establish or relocate their businesses.

The central research question (CRQ) is – why do foreign entrepreneurs choose certain country as their start-up destination country and how do they make the decision? It breaks down into three sub research questions:

- RQ1. What do foreign entrepreneurs consider when selecting the destination country?
- RQ2. What role does each dimension play in foreign entrepreneurs' location decision process?
- RQ3. Why are some countries ruled out from foreign entrepreneurs' selection list?

The remainder of this paper is organized as follows: Section 1 defines the concept of foreign entrepreneurs and clarifies its differences with confusing concepts. Section 2 reviews prior literature with regards to the location selection of foreign entrepreneurs. The next part, Section 3, describes data and methodology, followed by Section 4 which explains the qualitative results. Further discussion of the results is interpreted in Section 5. Finally, the conclusion is drawn.

1. FOREIGN ENTREPRENEURS: A CLASSIFICATION

Who are foreign entrepreneurs? The concept of foreign entrepreneurs is commonly seen from media coverage or reports (Digital Estonia, 2018; Steigertahl et al., 2018), sometimes in the form of “foreign founders” (European Migration Network, 2018), however, it is less used in the academic world as a research subject. Another problem is that some other subjects with different characteristics may cause confusion when capturing the nature of this concept. Therefore, before diving into the core topic relating to the location choice of foreign entrepreneurs, it is necessary to clarify the concept used in this paper.

Foreign entrepreneurs hereby are defined as non-national and non-long-term residents starting up a business in a host country. The common understanding of foreign entrepreneurs is simply entrepreneurs who are foreigners in the host country, however, this definition is not enough. This concept is too broad that it encompasses anyone who is an entrepreneur and foreigner at the same time, which would cover those immigrants who have lived in the country for a long time and have a strong social tie to the local community – but such entrepreneurs have lost foreignness to a large degree and launching a business is not their reason to choose the destination country. Thus, the length of the period living in a foreign country is one key factor in the definition of foreign entrepreneurs. The “non-long-term resident” in the new definition is in contrast with the “long-term resident” used in the EU - a long-term resident is “is not a citizen of an EU country but has resided legally and continuously within its territory for five years”, in accordance with the Directive 2003/109/EC (Council of European Union, 2004).

Different categories of foreign entrepreneurs can be identified judging from a different perspective. It is of pivotal importance to distinguish them because the differences may largely change the entrepreneurs’ attitudes towards where to locate and the underlying reasons. The different types of foreign entrepreneurs are illustrated in **Figure 1**.

First, regarding the specific time limit in the definition, foreign entrepreneurs can be divided into those who newly move to a host country and those who have lived in the host country for some period for other reasons such as study. In the former case, a foreign entrepreneur may have lived

or worked in his/her home country or a different country from the destination country before migrating to the host country to set up a business; in the latter case, a typical example would be one international student who has graduated from the host country and decided to stay for entrepreneurship.

Second, there are entrepreneurs coming from another member country of the EU that they can easily enter the host country based on the free movement of persons and those from the rest of the world that usually they would need a visa or residence permit to enter the host country. This is an important classification because for those from non-EU countries, whether they can get a valid visa or residence permit to set up a business in certain country is the first problem they have to solve. Moreover, the importance of such classification is also shown in the needs of further research on why a foreign entrepreneur migrates from one EU country to another EU country. For example, a French entrepreneur may choose to set up his/her business in Estonia, or vice versa, even though his/her own country is a popular start-up hub for a host of native and foreign entrepreneurs.

Furthermore, foreign entrepreneurs can be divided into those with only business motives and those with mixed purposes. It is understandable that a pure business-driven foreign entrepreneur will incline to consider more about the business-level aspects when selecting the host country. It is also possible to find some entrepreneurs coming with multiple purposes – beyond setting up a business, they may have personal wishes such as to live in a more developed country, to have a reunion with family, or to immigrate to the host country.

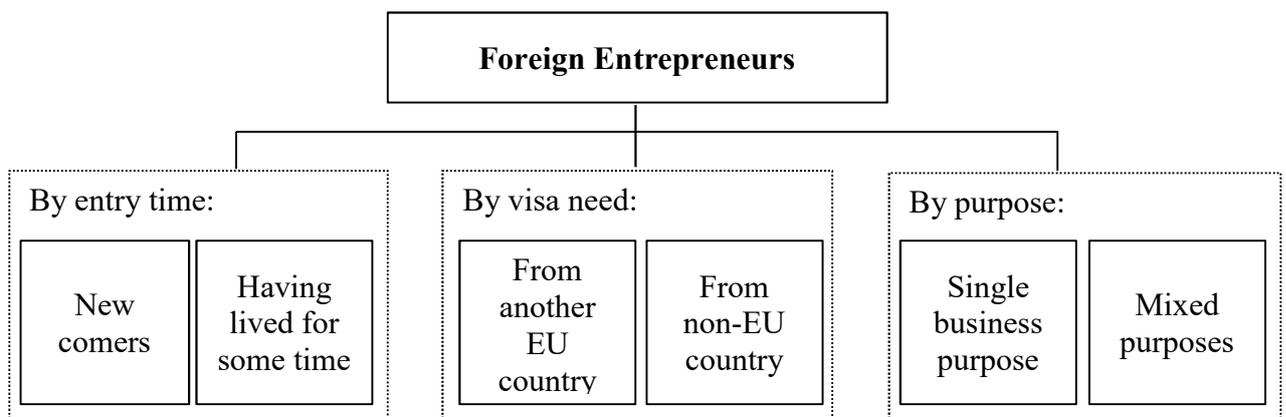


Figure 1. Classification of foreign entrepreneurs.

Source: Author's construction

There are other groups of entrepreneurs that may be confusing with the subject in this thesis, as they are all foreign entrepreneurs in the broad sense. As there is no international consensus on any of these definitions, clarifying the differences of different groups is conducive to understanding the scope of the foreign entrepreneurs in the setting of this thesis. **Figure 2** illustrates the relationship between these concepts.

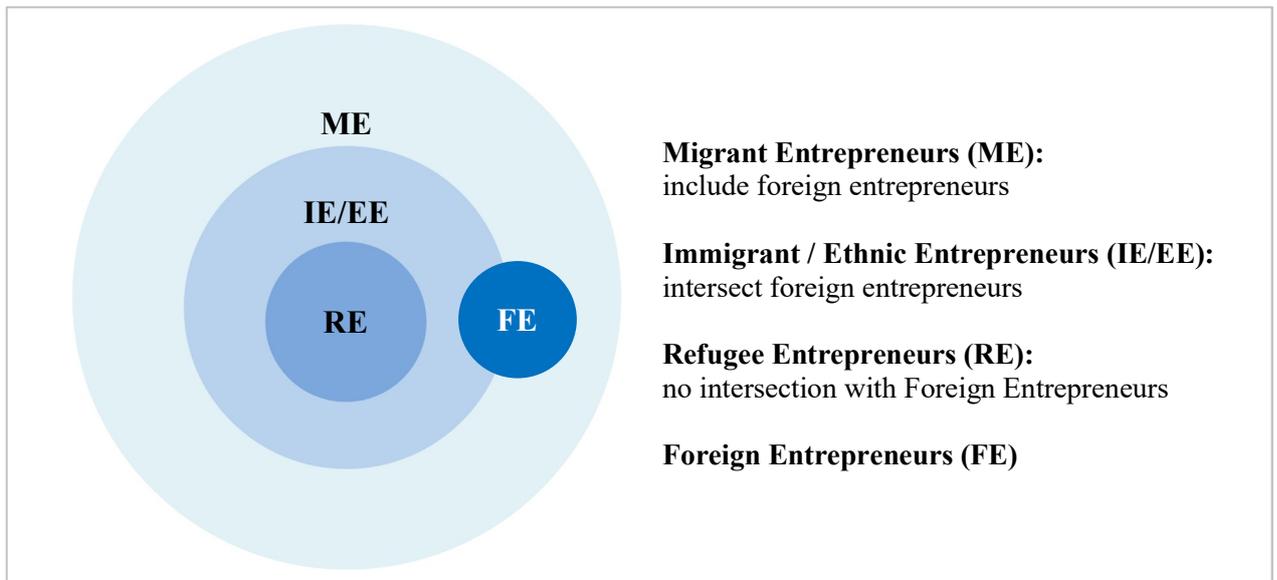


Figure 2. The range of foreign entrepreneurs and other groups of entrepreneurs.
Source: Author's construction

Migrant entrepreneurs are defined as entrepreneurs who share “a special socio-cultural and ethnic background or migrant origin” (Sahin et al., 2007). The act of migration means changing location to another country or region. Accordingly, commonly-seen research subjects include regional migrant entrepreneurs who migrate from urban areas to rural areas or vice versa and cross-border migrant entrepreneurs such as immigrant entrepreneurs and foreign entrepreneurs. Therefore, the range of migrant entrepreneurs is the broadest, with foreign entrepreneurs constituting a small part of it.

Immigrant entrepreneurs are defined as individuals who, as recent arrivals in the country, have had to start a business as a means of economic survival (Butler & Greene, 1997). The idea has been discussed in many later studies on the first- and second-generation immigrants who are entrepreneurs (Masurel & Nijkamp, 2004; Meester & Pellenbarg, 2006; Ndofor & Priem, 2011). The first obvious difference between immigrant entrepreneurs and foreign entrepreneurs is that the former group focuses on their identity as immigrants while the latter group highlights their

foreignness to the host country. Equally significant difference is that immigrant entrepreneurs usually start small businesses for a living, while foreign entrepreneurs pursue scalable businesses proactively.

Ethnic entrepreneurs are defined as entrepreneurs united by a set of socio-cultural connections and regular patterns of interaction among people sharing a common national background or migration experiences (Waldinger et al., 1990). This concept is also widely used in subsequent researches (Alba & Foner, 2015; Chaganti & Greene, 2002; Saxenian, 2000). Ethnic entrepreneurs are often treated as synonymous as immigrant entrepreneurs in the literature, because “many studies on ethnic entrepreneurs investigate ethnic communities whose members are often first- or second-generation immigrants” (Zimmermann, 2016). Based on this, no more words are needed to describe the differences between ethnic entrepreneurs and foreign entrepreneurs.

Refugee entrepreneurs are defined as a special type of immigrants (Davidavičienė & Lolat, 2016). They are studied as a special domain of newcomer entrepreneurship in a recent research paper of World Refugee Council (Rashid, 2018). Due to the specialty of refugee entrepreneurs and the fact that they do not select the destination country to set up a business, they are excluded from foreign entrepreneurs in this thesis.

In addition, foreign entrepreneurs are also distinguished from foreign workers or foreign investors. Foreign workers looking for a job in the host country obviously have different considerations as entrepreneurs setting their own businesses, while foreign investors think at the business level without concerns around living in the host country.

2. LITERATURE REVIEW: SELECT DESTINATION COUNTRY

A preliminary search on prior literature indicates that very limited attention has been directed towards the motives of foreign entrepreneurs to select the destination country to start their businesses, so the first part of the literature review takes the approach of systematic literature review to identify relevant research results in this field. Since merely one paper has been found closely related to the topic, the search strategy of the second literature review extends to entrepreneurs' location choice without limitation on whether the entrepreneur is a foreigner or not. The purpose of doing this is to gain insights from the broad subject and then apply them to the specific group of foreign entrepreneurs.

2.1. Limited studies on foreign entrepreneurs

First of all, the search started with three comprehensive journal databases (Science Direct, Scopus, and Web of Science), and the document type was set to research articles and review articles. Because multiple disciplines may study the subject, no limitation was put on the subject area. Then, Boolean search terms were used in the title, abstract and keywords: "foreign founder" OR "foreign entrepreneur" OR "foreign-born founder" OR "foreign-born entrepreneur". The period was set to cover up to and including February 2019. The searching procedure resulted in 76 articles.

The elimination procedure began with delete duplicate papers - 66 articles were left. After refining articles with searching terms "location", "host country", or "destination country" in the title, abstract and keywords, only 13 articles were left. The final step was to carefully read the abstract to check if the article is about foreign entrepreneurial location choice or other topics, after which only one article "Personal Preferences, Entrepreneurs' Location Choices, and Firm Performance" (Kulchina, 2016b) was left. **Appendix 2** illustrates the complete searching procedure, and **Appendix 3** presents the various topics of the 12 articles excluded in the final step.

It is not surprising that only limited attention has been given to foreign entrepreneurs. The first reason is that foreign entrepreneurs constitute a small part no matter in the entrepreneurs' team or in the group of foreigners. It is hard to get the exact number of this group, but taking the Start-up Visa program in Estonia as an example, 174 foreign start-up founders submitted application in 2018 and about half the number in 2017 (Cavegn, 2019). Second, the concept of foreign entrepreneurs intersects with other subjects such as immigrant entrepreneurs, migrant entrepreneurs, and ethnic entrepreneurs, as mentioned in the above section. Last but not least, locating to a foreign country to set up a business is a relatively new phenomenon because it develops with the increasing globalization and more open country-specific policies. Therefore, in order to make use of as many relevant aspects as possible, the following literature review takes a broader search strategy by searching for articles on entrepreneurs' location choice in general.

2.2. Various considerations influencing location choices

The total search result 236 articles come from two sources. First, 198 articles in total were shown using the same method above to search terms ("location* choice" OR "location* selection" OR "location* decision") AND entrepreneur* in the same three databases. By using "*", expected words would include "locational" and "entrepreneurship". No restriction was set for the area because the results may come from across disciplines (e.g., entrepreneurship, economics, sociology, urban planning, and economic geography). Second, 38 articles came from the article "Personal Preferences, Entrepreneurs' Location Choices, and Firm Performance" (Kulchina, 2016b) and all its references. After removing duplicates, 157 articles were left for screening, among which 12 were excluded because they are non-English or not research or review articles. With 16 articles not being accessible, 129 articles are ready for eligibility assess. 91 articles were further filtered out due to irrelevant topics. Finally, 38 articles (one review article, two qualitative studies, and 35 quantitative studies) were included for qualitative synthesis. The procedure is explained in **Appendix 4**.

2.2.1. A complex selecting process

Aspects behind location decisions vary among different industries and different regions/countries and have been continuously evolving as time goes by. Pe'er et al. (2008) writes "Start-ups are not all equal at birth and their differing founding endowments cause them to choose differing types of locations" (p. 25). Also, in accordance with the literature review conducted by Vlachou

and Iakovidou (2015) which examined 99 relevant articles on business location decisions from 1952 to 2015, no generalized conclusion can be drawn. “In this way, the entrepreneurs’ decisions leading to a business location are not always the same and are not to be taken for granted” (p. 18).

Thinking from entrepreneurs’ decision-making process, why they choose certain destination as their business location is driven by a variety of mixed considerations. As is demonstrated in the location decision model of Płaziak and Szymański (2014), the decision process to choose optimal business location involves two types of factors - exogenous factors which are independent of the company include available resources, human capital market, and so on; endogenous factors contain the scope of information gathered, business nature, personal factor, and so on.

Although the prevailing quantitative studies revealed the relationships between some factors and location choices, Berg’s qualitative discoveries offered a different perspective - that the location selection can be occasionally and subjectively. Berg (2014) conducted scripted interviews with 49 entrepreneurs about their self-described decision processes when selecting business locations and found “consideration sets and quantities of information acquisition are surprisingly small” (p. 1700). A great number of entrepreneurs discovered their business location by chance, not by purposive selection, during unrelated business activities or leisure time. His implication that tax incentives may not have the effects as wished by local governments needs further research, which indeed breaks the traditional views.

A new decision model was proposed by Chatzoglou et al., (2018), testing the influence of three types of factors upon entrepreneurs’ location decisions on a sample of manufacturing companies in Greece. The first kind is financial factors including three subclasses, namely, business factors, market factors, and infrastructure, the second is district factors including climatic conditions and local community characteristics, and the final one is political factors.

2.2.2. Business-level considerations

For all kinds of entrepreneurs, the answer to where to locate their businesses cannot go without considering costs. Several researchers (Damborský & Wokoun, 2010; Ferreira et al., 2015; Martyniuk-Pęczek et al, 2017) have recognized the contribution of the classic industrial location theory first coined by Alfred Weber (1909), who advocates that an industry would choose a location with the minimum transportation costs of raw materials and final product. According to Coeurderoy and Murray (2008), lower costs were crucial motives for entrepreneurs to make their

location decisions. Taxes are also one big concern for entrepreneurs, as reinforced by Rohlin et al. (2014), that some entrepreneurs intentionally avoided adverse tax effects by living on the low-tax side of a state border. Also, the findings of Chatzoglou et al., (2018) showed entrepreneurs were affected to a great extent by subsidies and tax incentives provided by the government.

The advantages of agglomeration economies as important location motives were admitted by many researchers (Alamá-Sabater et al., 2011; Baum & Haveman, 2006; Meester & Pellenbarg, 2006), and the topic has been developing all the time. For instance, the Spanish example proved the previous model of agglomeration economies in 11 manufacturing, moreover, the advantages in the neighbouring municipalities were equally meaningful (Alañon-Pardo et al., 2018). The positive influence of agglomeration economies was also confirmed in Poland (Krenz & Gehringer, 2015). However, Candau (2008) questioned the idea that agglomeration is unambiguously good for entrepreneurs with the Japan case - around 1965, some entrepreneurs went away from big cities like Tokyo and Osaka where agglomeration was excessive and urban costs (e.g., wages, land prices) were high.

Networks as drivers for industrial location are gaining increasing attention in today's network society. The research of Nijkamp and Van Ommeren (2006) showed the significance of not only the physical infrastructures but also business-oriented immaterial factors. Three key factors were identified specifically, namely, accessibility in general, characteristics of the site, and group-specific accessibility (customers, competitors, and other relevant stakeholders).

There is another kind of network that motives entrepreneurs to start firms in locations where they are rooted. It shows that social capitals are important resources for entrepreneurs when starting a new business. According to Backman and Karlsson (2017), the localized knowledge and networks through professional and personal connections are important to affect entrepreneurs' behaviour. Network effect can even have strong effects than transaction costs. (Chen & Yu, 2008) But for foreign firms, relationship-based resources were proved less influential, after comparing with domestic entrants. (Zaheer et al., 2009)

There are also diverse industry-specific factors influencing business location choice. As an example, Ferreira et al. (2016) concluded that five dimensions covering 29 factors in total had different levels of influence on six types of firms (agriculture, service, manufacturing, extractive, construction, and knowledge-intensive business service). Different priorities can be seen among

different sectors, such as the size of the shopping centre for retailing industry (Timmermans, 1986), public markets for frozen fish depot business (Salami & Ilori, 1998), and R&D facility for biotechnology firms (Haug & Ness, 1993).

It merits attention that innovative and technology firms have very different location strategies from traditional manufacturing companies. Calcagnini et al. (2016) suggested that the university-and-industry collaborations and knowledge spill over played an important role in the location choice of innovative start-ups. Specifically, this type of start-ups tended to be close to academic institutions on the basis that they provide numerous graduates as human resources and they have good research quality. Academic entrepreneurs in biotechnology industry considered the distance from the nearest funding venture firm, distance to other successful biotech firms, and the presence of a medical school at the current institution as crucial determinants (Kolypiris et al., 2015). Banerjee (2013) found out geographic media reputation did not transfer smoothly and could be one reason to explain why technological entrepreneurship was less prevalent in some locations with better economic level - positive media reputation in the local context did not scale internationally, while the negative one was hard to overturn as well.

2.2.3. Personal-level considerations matter

The search for quality of life is the most influential personal consideration of where to locate, which may even dominate the entrepreneurs' location decision-making process. One study in Poland showed that to provide proper living conditions for their families was a primary concern for the entrepreneurs to choose the suburban area (Martyniuk-Pęczek et al., 2017). The importance of quality of life has also been proved in software service firms in Ireland. From the survey by Curran et al. (2016), personal factors were rated as very/moderately important by 71% of respondents, compared to 44% for industry-specific factors, and 33% for general business factors. One thing noteworthy is that government assistance was the least important factor for the question of where to locate. As for Knowledge Intensive Service Activities (KISA) firms, the personal-level motives such as the search for quality of life, instead of location-related motives such as the social acceptance of entrepreneurship in the urban area can also help in explaining why many KISA firms in Spain choose rural areas (Lafuente et al., 2010; Vaillant et al., 2012).

For one thing, the residential environment is closely related to entrepreneurs' everyday life outside of work. Meester and Pellenbarg (2006) compared the preference maps of Dutch

entrepreneurs in 1983, 1993, and 2003, and proved their hypothesis that soft and private environment factors were also important for entrepreneurs. Another interesting discovery in their research was the location decisions could be made subjectively - not based on the reality of potential locations, but the inaccurate information perceived by entrepreneurs.

For another thing, urban amenities are found important on the location choice of an emerging type of entrepreneurs called “creative entrepreneurs”, who tend to choose a less attractive location. He et al. (2018) and Wenting et al. (2011) highlighted the significance of urban amenities outweighing agglomeration economies in the Netherlands and China. Local governments have been advised to focus on improving “accessibility, diversity, affordability and trendiness” or “district visual quality” (Gregory & Rogerson, 2018; Smit, 2011).

The local embeddedness theory, standing for selecting the place that is lived or close to family and friends, introduces a different approach to study entrepreneurs’ location choices at the individual level. Dahl and Sorenson (2009) worked on the data of 15,408 start-ups in Denmark from 1980 to 2006 to examine the determinants of entrepreneurs’ choices. The results showed that entrepreneurs placed more emphasis on being close to family and friends than on regional characteristics that might influence the performance of their new ventures. What is more important, between the underlying reasons, the simple proximity to family and friends was valued more by entrepreneurs than the possibility that these relationships may facilitate their businesses. The theory was also supported by a special group of entrepreneurs - graduate entrepreneurs - in the research of Larsson et al. (2017).

2.2.4. Special considerations of foreign entrepreneurs

As for foreign entrepreneurs, Kulchina (2016b) found that those “who presumably viewed Russia as a more attractive place to live were more likely to relocate there and manage their firms personally” (p. 14). Such finding is consistent with the notion that entrepreneurs are driven by the location attractiveness and are willing to give up some financial returns in exchange for living in an attractive place. In light of previous immigration studies (e.g. Graves, 1980; Ritchey, 1976; Scott et al., 2005), Kulchina highlighted that personal considerations were determined by its cultural, social, and geographic characteristics and may include access to better education for kids, high-quality health services, low crime level, higher standards of living, and better climate. However, what is missed in this study is the “attractiveness” for these foreign entrepreneurs is a vague concept and needs further clarification.

The study in Poland highlighted that foreign entrepreneurs considered the advantages of being an EU member. First of all, it was proved that the location decisions of foreign firms were significantly different from domestic ones. Second, because of the accession to the European Union, firms established by foreign entrepreneurs tended to choose the location closer to the German-Polish border. And evidence showed that the innovativeness level in Poland had risen dramatically after becoming an EU member, which made it more attractive for foreign firms (Krenz & Gehringer, 2015). As the destination country in this thesis, Estonia, is also an EU member, this provides a new consideration dimension about foreign entrepreneurs' location decisions.

One paper closely related to this thesis is "Highly-educated Immigrant Entrepreneurs' Start-up Location Decisions", which was not searched on the databases because it is a paper from a Ph.D. dissertation and is not published yet. Simarasl and Williams (2016) developed and tested a modern location theory for highly-educated immigrant entrepreneurs by using "conjoint analysis with 79 first-generation international graduate students with entrepreneurial intention at a university in the U.S. south" (p. 1). The sampling objects fall within the type of foreign entrepreneurs in this thesis, though the focus is on choosing a location and not on choosing the country. The new theory proposed that as the cost of doing business decreases, government support increases, or social capital increases, the likelihood to choose one location increases.

2.2.5. Summary

The main aspects having a significant influence in entrepreneurs' location choices were summarized in **Table 1**, breaking down to different dimensions according to the studies reviewed. The special considerations of foreign entrepreneurs were sorted out into the two sets - business-level considerations and personal-level considerations.

Table 1. General aspects affecting entrepreneurs' location choices

Type	Dimension	Examples	Studies
I	Agglomeration economies	Industrial concentration Service agglomeration Urban agglomeration	Alañon-Pardo et al., 2018; Baum, 2006; Krenz & Gehringer, 2015; Meester, 2006
	Costs	Lower costs (e.g., raw materials, human capital, transportation) Lower taxes	Chatzoglou et al., (2018); Coeurderoy & Murray, 2008; Kolympiris, 2015; Martyniuk-Pęczek, 2017; Simarasl & Williams, 2016; Rohlin et al., 2014
	EU membership	Free mobility Intensified innovative activities	Krenz & Gehringer, 2015
	Government supports	Free counselling services	Simarasl & Williams, 2016
	Industry-specific aspects	Size of shopping centre (Retailing) Public markets (Frozen fish depot) Crime (Restaurant) R&D facility, closeness to investors (Biotechnology) Media reputation (High-tech) Closeness to academic institutions, knowledge spill over (Innovative)	Banerjee, 2013; Calcagnini et al., 2016; Ferreira et al., 2016; Haug & Kolympiris et al., 2015; Ness, 1993; Salami & Ilori, 1998; Sloan et al., 2016; Timmermans, 1986
	Network	Infrastructure Accessibility in general Accessibility to customers etc.	Nijkamp & Van Ommeren, 2006
	Social capital	Ethnic financial capital Ethnic labour Non-coethnic social capital	Backman & Karlsson, 2017; Simarasl & Williams, 2016; Zaheer et al., 2009
II	Local embeddedness	Proximity to family and friends Proximity of place of residence	Dahl & Sorenson, 2009; Ferreira et al., 2016; Kulchina, 2016; Larsson et al., 2017
	Location attractiveness	Better education for kids High-quality health services Low crime level Higher standards of living Better climate	Kulchina, 2016
	Quality of life	Transport and public place Residential environment Urban amenities	Curran et al., 2016; Gregory & Rogerson, 2018; He, 2018; Heblich, 2014; Lafuente et al., 2010; Martyniuk-Pęczek et al., 2017; Meester & Pellenbarg, 2006; Smit, 2011; Vaillant et al., 2012; Wenting et al., 2011

Source: Author's organization based on the literature review

Remarks: "I" - business-level considerations; "II" - personal-level considerations

The literature review reveals that more research is needed to understand the foreign entrepreneurs' location choice. For example, some researchers showed that graduate or alumni entrepreneurs were inclined to set up their businesses in the region where they studied (Baltzopoulos & Broström, 2013; Heblich & Slavtchev, 2014; Polonyová et al., 2015), however, what really caused this tendency still calls for further examination. It might be business-level reasons, e.g., the foreign entrepreneurs could use their social networks to boost business, or it might be personal-level reasons, e.g., the foreign entrepreneurs prefer to live in the zone that they were familiar with or they simply wanted to be closer to friends. In another example, statistical analysis indicated that violent crime level had a positive relationship with the rate of new restaurants opened, which brought out the question of founders' actual attitudes towards the crime level or how much the crime level affects founders' location choices for further examination (Sloan et al., 2016). Also, Kulchina (2016) mentioned that the relationship between foreign entrepreneurs' location choice and some aspects lack research, such as religious freedom, quality of education, crime, standards of living, and other aspects generating nonfinancial benefits.

3. DATA AND METHODOLOGY

3.1. Preliminary study

A preliminary study was conducted in order to get a full picture of relevant aspects influencing foreign entrepreneurs' country location selectivity and their selection process, as well as to frame the interview questions. According to the literature review, a host of aspects affecting entrepreneurs' country location choice were grouped into ten dimensions of two types. However, because the literature selected covers all kinds of entrepreneurs in the general sense, the review cannot point all directly relevant aspects but offer some insights. Therefore, the relevance of the aspects was validated based on preliminary interviews with two foreign entrepreneurs in Estonia (i.e., EE01 and EE03, see 3.3 Participants).

The first finding is that nearly all of the original dimensions affecting foreign entrepreneurs' location choice summarized in **Table 1** were confirmed relevant in practice. However, under different circumstances, some dimensions may represent positive sides for some entrepreneurs but negative for others. Therefore, while all the dimensions can be divided into business-level and personal-level types, they can also be grouped into positive sides and negative sides. Further, some dimensions having the strongest influence on foreign entrepreneurs' selection can be considered as the driving forces of deciding the final destination. Thus, based on the literature review, the basic model is drawn in **Figure 3**.

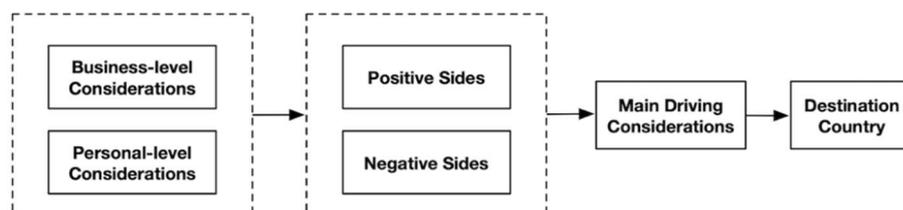


Figure 3. The basic model of generic selecting process for entrepreneurs

Source: Author's construction

Moreover, one outstanding difference between foreign entrepreneurs and those who run business within the country border is that some foreign entrepreneurs may have special considerations before they initiate the selecting process mentioned above. Specifically, for those who need a visa because of their foreign identity, the possibility of visa becomes a prerequisite for the following considerations; for those with certain personal purposes such as in the case of transnational marriage, they may list the personal purposes as one personal-level aspect to consider. Hence the following **Figure 4** shows an updated model of the selecting process.

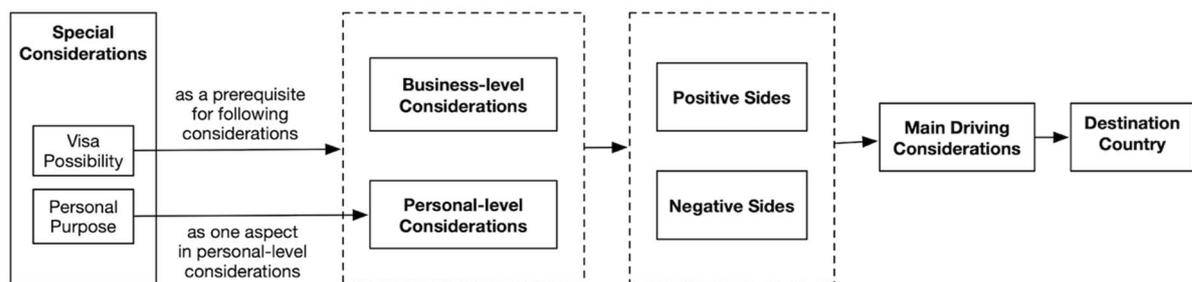


Figure 4. The updated model of selecting process for foreign entrepreneurs

Source: Author's construction

In terms of detailed business-level and personal-level considerations, the contents from **Table 1** were reorganized, with several additions and deletions. As is shown in **Table 2**, possible dimensions considered by foreign entrepreneurs in selecting the destination country are listed in alphabetical order, with a short explanation for each entry.

Table 2. Location choice considerations by foreign entrepreneurs

Type	Code	Dimension	Explanation
Special considerations	SC01	Visa possibility	Possibility to get a visa
	SC02	Personal purpose	Reunification, transnational marriage, etc.
Business-level considerations	BC01	Agglomeration economies	Cost decrease because of scale
	BC02	Business registration process	Simple and fast registration process
	BC03	Investment environment	Potential to get investment
	BC04	Costs	Costs to do business, incl. taxes
	BC05	Crime level*	Safety business environment
	BC06	Culture*	Work attitudes, values, manners, etc.
	BC07	EU membership	Connectivity to other EU markets
	BC08	Government support	Financial or non-financial support
	BC09	Human capital	Availability to find suitable talents
	BC10	Language*	Easiness to do business
	BC11	International diversity*	Diversity of the community
	BC12	Market	Local customers
	BC13	Social capital	Local networks to help business
	BC14	Start-up support system	Support from accelerators or incubators
Personal-level considerations	PC01	Consideration for families	Job opportunity, education for kids
	PC02	Crime level*	Safety living environment
	PC03	Culture*	Attitudes, values, manners, etc.
	PC04	Language*	Easiness for daily life
	PC05	International diversity*	Diversity of the community
	PC06	Local embeddedness	Proximity with family and friends
	PC07	Quality of life	Environment, climate, services, etc.

Source: Author's organization based on preliminary study with foreign entrepreneurs

Remarks: the four dimensions with “*”, i.e., crime level, culture, language, and international diversity, are possible considerations from both business and personal views.

Several modifications have been made to the original framework of considerations. First, one addition is the BC02 business registration process because the regulations and requirements for foreign entrepreneurs are usually more complicated. Second, another new point is the BC11/PC05 international diversity, which means how internationalized the destination country is because the openness and diversity of the community can largely influence foreign founders. Third, BC05/PC02 crime level, BC06/PC03 culture, and BC10/PC04 language also have effect on both business and personal levels. On the other hand, one deletion is about infrastructure in the network dimension. As it is generally agreed that Estonia is very well connected, with trams, buses, and everything needed, one can easily get to other cities in Europe and the world no matter for business travels or personal travels. And the accessibility to customers is enlarged to BC12 Market.

In conclusion, the location considerations made by foreign entrepreneurs cover a wide range of dimensions, including special considerations only applicable to certain types of foreign entrepreneurs and two-set considerations (business-level and person-level). The aspects can also be divided into positive ones and negative ones. Finally, several driving forces among all the considerations will have an important role in shaping foreign entrepreneurs' ultimate decision.

3.2. Research strategy

The case study approach allows for in-depth, multi-faceted explorations of a complex phenomenon within its context (Baxter & Jack, 2008; Crowe et al., 2011). According to Robert Yin (2003) who has done extensive research on the subject, case studies are the preferred strategy for “why” and “how” questions “when the investigator has little control over events, and when the focus is on a contemporary phenomenon within some real-life context” (p. 1). He also suggests that the case study research is more relevant if the research questions require an extensive and in-depth explanation of some present circumstance. Because this thesis aims to understand why and how foreign entrepreneurs choose a certain country to start a business under the circumstance that no full picture directly related to the topic can be extracted from existing literature, a multiple case study was performed.

The data was collected through semi-structured interviews with selected foreign entrepreneurs in Estonia. The reason for neither employing structured nor unstructured interviews is that semi-structured interviews allow interviewees the freedom to express their views in their own terms while not give them too much freedom to go far off the topic (Alshenqeti, 2014). As for the tools being used, the general interview guide approach can provide more focus on the topic (Turner, 2010). Therefore, a list of interview questions was prepared as an interview guide in order to reach the satisfaction of research objectives, while some additional questions were encountered during the interviews based on interviewees’ responses.

Pre-set codes were established prior to data collection, in order to facilitate the analysis process in a more structured and systematic way. The first coded part was already seen in above **Table 2**, which is the framework for questions to be asked. The complex consideration dimensions were coded as “SC01”, “BC01”, “PC01”, and so on, where the first two letters are the abbreviations of “special considerations”, “business-level considerations”, “personal-level considerations” respectively. Next, in the following part shows the codes for interviewees, the starting letters “EE” represent the destination country Estonia. Further, the interview questions will be classified into Theme A to Theme D, so that the questions and sub-questions can be named as A1, A1.1., and so on accordingly.

A cross-case analysis was implemented both manually and using qualitative data analysis software. Yin (2003) claims that cross-case syntheses as one dominant analytic technique that

can be effective in laying the ground for high-quality case studies. To ensure getting most of the data while maintaining the integrity of the research, the software NVivo 12 was used (See **Appendix 5**). With its flexible ways to manage and code content and thanks to the above-mentioned pre-collection coding system, contents belonging to the same topics can then easily be organized together in different “nodes” as named in the software, which is better for refining ideas and draws connections (Bazeley, 2013).

3.3. Participants

In total, the author carried out interviews of six different foreign tech entrepreneurs in Estonia, spanning a wide spectrum of industries from bitcoin to virtual reality. The first step was to identify eligible foreign entrepreneurs through direct contacting, recommendations from start-up accelerators/incubators, and snowball method. Then the suitable interviewees were carefully selected based on the author’s own judgement, i.e., through “judgmental sampling”, also known as “purposive sampling” (Etikan et al., 2016). The main goal is to focus on particular characteristics of a population that is of interest, which will best enable the author to answer research questions. All the interviews were conducted in April 2019.

Among the interviewees, five are male entrepreneurs and only one female. This is a reasonable proportion because female entrepreneurs per se are hard to find – as EU Start-up Monitor reports that 82.8% of EU founders are male (Steigertahl et al., 2018). For anonymity reason, the names of these interviewees and the start-ups established are not mentioned in the thesis, and a unique code is given to each case.

EE01, a Georgian entrepreneur in Estonia

The founder is an undergraduate student at Tallinn University of Technology. He has been in Estonia for nearly three years, and now he is in his final year and is preparing to set a software company in Estonia after his graduation in summer 2019.

EE02, a Moroccan entrepreneur in Estonia

The founder was born and raised in Morocco. He got his bachelor’s and master’s degrees in IT in France and had a couple of years’ work experiences in France and Germany respectively. He established his company in virtual reality in Estonia in 2018.

EE03, a Chinese French entrepreneur in Estonia

The founder is originally from China, but he has lived in Paris for many years and holds French citizenship. His initial motivation to come to Estonia is to stay in a more “comfortable” country. And started his own bitcoin business in Estonia in 2017.

EE04, a Brazilian entrepreneur in Estonia

The founder was running a business using blockchain technology in Brazil before relocating to Estonia. After the hopeless development of the business due to legal regulations in home country, he started a new company in Estonia in 2018 to run the same business.

EE05, a Chinese entrepreneur in Estonia

The founder was a master student in Estonia for two years and had experience working in a large corporation, in a start-up in Estonia, and then as a freelancer for a total amount of approximately two years before co-founding an Internet company in Estonia in 2018.

EE06, a Ukrainian entrepreneur in Estonia

The founder got her master’s degree in Estonia and had worked in Estonia for a few years. The uniqueness of her case is that she took part in a competition with the entrepreneurial project and got governmental support because of this. Since 2016, she and her team have been working on this project. Another special aspect is that their development team is in Ukraine and they have an office in Finland.

The basic information of all the interviewees is summarized in a table (See **Appendix 6**). Additionally, a location map illustrates the countries where the interviewees came from and the other countries that were considered by the interviewees (See **Appendix 7**).

3.4. Interview questions

Based on the results from the literature review and the preliminary study, the interview questions were designed in line with the CRQ and its sub-questions. The interview questions start with a short self-introduction of each interviewee, and then the main questions are grouped into four themes.

Theme A is to identify the category of the interviewees, based on the classification of foreign entrepreneurs mentioned in section 1. It addressed three easy-to-answer questions about the different categories that the interviewees belong.

- (A1) Was the interviewee a newcomer to the host country when he/she came to start the business?
- (A2) Does the interviewee need a visa to enter the host country and start the business?
- (A3) Did the interviewee choose the destination purely for business purpose or together with personal purpose?

Theme B is to discover the considerations made by interviewees when they selected the destination countries (**RQ1**). As discussed above, various dimensions could affect foreign entrepreneurs' decision; probing questions are used so as not to miss the important aspects.

- (B1) Why did the interviewee choose a certain country as the destination to start his/her business?
- (B2) What was the interviewee's consideration relating to other listed but not mentioned dimensions?

Theme C is to find the role of each dimension played in each interviewee's location decision process (**RQ2**). Within the positive sides and negative sides, there are also influential driving forces for the interviewees to finally select the country.

- (C1) Which dimensions relating to Estonia did the interviewee consider as positive or negative?
- (C2) Which dimensions were considered as crucial driving forces by the interviewee?
(top 3)

Theme D is to explore if the considerations were made in comparison with other countries and, if the interviewees have considered other destinations as well, what the rule out reasons were (**RQ3**). Not only the motivators to select one country is important, but also the reasons to eliminate a comparison country from the list.

- (D1) If the interviewee had considered other countries as the destination, and why.

A complete form of the interview guide is presented in **Appendix 8**. The following section reveals the results of the main study. The organized transcripts of the interviews can be found in **Appendix 9**.

4. MAIN STUDY RESULTS: DESCRIPTION AND ANALYSIS

4.1. Theme A: categories of foreign entrepreneurs

The interviewees show a different mix of categories in the three different angles. First, two interviewees were absolute newcomers to the destination countries when they started the new business, if not taking account of their short visit before during the selecting period, while four others had either studied, lived, worked in the destination country for less than five years. Second, only one of them does not have a visa problem. Among the five founders who needed a visa according to policies, three of them did not need to apply for new visas because they were already TRP (Temporary Residence Permit) holders because of studying or working and the other two came with the Start-up Visa program. Third, only EE03 had dual purposes (i.e., business purpose and personal purpose) when selecting the host country, while all others came with just business purpose. The following **Table 3** summarized the answers in a clear way.

Table 3. A summary on the categories of interviewees

ID	A1. Newcomer?	A2. Need a visa?	A3. Single purpose?
EE01	No, having study experience.	Yes, but already got TRP.	Purely for business purpose.
EE02	Yes.	Yes, via Start-up Visa.	Purely for business purpose.
EE03	No, having living experience.	No, because of French nationality.	For both business and personal purposes.
EE04	Yes.	Yes, via E-residence and TRP.	Purely for business purpose.
EE05	No, having study and working experience.	Yes, but already got TRP.	Purely for business purpose.
EE06	No, having study and working experience.	Yes, but already got TRP.	Purely for business purpose.

Source: Author's organization based on interviews

4.2. Theme B: location considerations

Question B1 gives the interviewees free opportunities to talk about the considerations they made that first came to their mind. With the help of probing questions, it aims to explore as many relevant aspects as possible. In order to get a full picture, the dimensions listed in the framework but not mentioned in the answers were asked. Based on the framework, **Table 4** illustrates each interviewee's view on different dimensions when selecting the destination country.

Table 4. Interviewees' views on different dimensions

CODE	EE01	EE02	EE03	EE04	EE05	EE06
SC01	√	√	/	√	√	√
SC02	/	/	√	/	/	/
BC01	O	O	O	O	O	O
BC02	√	√	√	√	√	√
BC03	√	√	√	√	√	√
BC04	√	√	√	√	√	√
BC05	√	√	√	O	O	√
BC06	√	√	√	√	√	√
BC07	O	√	O	√	√	√
BC08	√	√	√	O	√	√
BC09	√	√	√	√	√	√
BC10	√	√	√	√	√	√
BC11	√	√	√	O	√	O
BC12	√	√	√	√	√	√
BC13	√	O	O	O	√	√
BC14	√	√	√	√	√	√
PC01	/	/	O	O	/	/
PC02	O	√	√	√	√	√
PC03	√	√	√	O	O	√
PC04	√	√	√	O	√	√
PC05	√	√	√	O	O	O
PC06	/	O	O	/	/	/
PC07	√	√	√	√	√	√

Source: Author's organization based on interviews

Remarks: "√" means "considered", "O" means "not considered", "/" means "not applicable".

4.2.1. Special considerations

[SC01] Visa possibility

Except for one interviewee who holds an EU citizenship and goes to another country freely, the other five founders all agree that the possibility to get a suitable visa is the “first thing to check” when selecting the destination. The words they used include “prerequisite” and “precondition”. Beyond the possibility, how efficient the application process also goes into foreign founders’ considerations. As pointed out, “Not only the visa possibility is necessary, but also how fast you can get the visa.”

[SC02] Personal purpose

Of the six interviewees, five migrated to Estonia with a pure business purpose, while only one chose Estonia with dual purposes. In the special case, the interviewee also had a wish to pursue a better living - he first moved to the capital city of Estonia from the one of France because life in a smaller country is “more enjoyable”, and a few months later when he started his entrepreneurial journey, the personal aspect became one of his considerations. For him, the comparing process consisted of a mix of both business-level and personal-level considerations, and it was hard to tell if the business-level sides outweigh the personal-level sides or vice versa. Therefore, the final selection of Estonia was a result of balancing multiple aspects.

4.2.2. Business-level considerations

[BC01] Agglomeration economies

All the foreign tech entrepreneurs being interviewed were not familiar with the concept of agglomeration economies. They admitted that they did not consider this when selecting the host country, with one saying frankly that it was his first time to hear about the term. This suggests that regardless of the popularity of the concept in economic study, it is not an angle for these foreign entrepreneurs to consider.

[BC02] Business registration process

A simplified business registration process is what the interviewees cared about. Their common agreement is that time is valuable for entrepreneurs and their businesses – they stressed “no time to waste”, “(do not want to) waste time in bureaucratic procedures”. More importantly, the rapid technological evolution also calls for fast speed. As one interviewee said: “For tech start-ups,

things can change in seconds. (...) if the process takes too long, the situation may be different when you finally get registered.”

[BC03] Investment environment

Investment environment is one significant factor for technology-based start-ups, confirmed in all the interviewees’ answers. It mainly involves the scale of investments, the accessibility to investors, and the time needed to get the investments.

[BC04] Costs

In the business world, costs are always the key dimension to consider when selecting a business location. The same rule applies in the cases of this thesis. Some important findings about costs include: first, evidence shows that the perception can be different with different comparing countries; second, there are two important compositions of costs if we break it down - salaries and taxes; third, lower costs are important but not decisive.

There is always a trade-off between costs and other benefits. One interviewee said “Although some country has greater opportunities, its cost is higher, so I have to think of both”; another said “A mixed of considerations. (...) Costs are important, but on the other hand, if you choose a cheap place where the business environment is poor, it is not a good selection. Especially at the initial stage, a good team is essential. Also, business relationship (e.g., the entrepreneurial vibe, good social capitals, potential customers, markets) is a key”.

[BC05] Crime level

Five interviewees considered this dimension from the perspective of doing business, but only one gave it a thorough consideration. One possible reason for this less attention is “It depends on your business type. If you do social businesses or you open the restaurant then it might be the case.” But not for tech entrepreneurs. Generally speaking, Estonia is a “safe” and “stable” country to be, which was enough for foreign entrepreneurs. If look deeper, the three angles brought up by that serious thinker might also be important for other foreign entrepreneurs - whether the country has a low crime rate, whether the country has many business frauds, and whether the country has racial discrimination problem which may affect hiring foreign employees.

[BC06] Culture

Cultural differences affect people's different attitudes towards doing things, that is why foreign founders would consider this. It is demonstrated that these foreign founders choosing Estonia appreciated the working culture there, based on similar culture, experience or other approaches. For instance, one interviewee came from Georgia which has a similar history and culture to Estonia; one had good experience working with many Europeans though their culture is very different from what he has in Brazil; and one approved the "following plans" attitude in Estonia and expressed his concern about the relaxed work attitude in southern European countries.

[BC07] EU membership

The results concerning EU Membership dimension vary among the interviewees. One opinion is "not considered" as in the examples of two interviewees, because this does not matter for their businesses and "the IT business is open to the whole world through the internet". Another view is "considered but not very important" – the benefit of Estonia being an EU country is that he can go to other EU countries easily to attend conferences, but technically this is not necessary for their business because of the same reason that their "service is purely online". The third idea is "an important dimension to consider" for two interviewees because of business expansion plan in the future. In addition, one interviewee pointed out that registering the company in an EU country offers more benefits than in Ukraine, because of more trusts and shared taxation and many other systems in the EU.

[BC08] Government support

Five interviewees called government support as an important consideration when deciding on which country to go. It is reflected in two types of support. With regards to financial aspects, lower tax rates and funding in building the start-up ecosystem are important. Direct funding was also seen in one case. Among non-financial aspects, the support in employing local people, setting easier procedures to hire foreign talents, organizing events, providing networking platforms, attracting more investments, and many other ways is meaningful to foreign founders.

[BC09] Human capital

Whether you can find suitable talents in the host country is undoubtedly one fundamental consideration for foreign entrepreneurs. The idea that human capital is one of the most valuable assets in today's innovation economy has been argued by many researchers (Kerr et al., 2016; Litao & Jinjing, 2009; Somaya & Williamson, 2008) and practitioners (Kaplan et al., 2012; Keen,

2017), as well as the interviewees in this thesis. For technology-related businesses, this is even more important because they rely heavily on talents. The interviewees were looking for professionals with specific skills and knowledge, such as digital marketing, coding, blockchain.

[BC10] Language

All interviewees considered the language aspect concerning doing business in a foreign environment. If a foreign founder does not speak the local language, he will demand a high level of English popularity for the operation of the business. Otherwise, language barriers would make it difficult to do business.

[BC11] International diversity

At the time when they made the location decision, two of the interviewees did not take it into considerations. However, it is agreed by all the interviewees that international diversity would have a huge influence on business growth.

[BC12] Market

Any business founders would think about the market, and no exceptions in the interviews. One common thing for these foreign entrepreneurs, as they are all in the IT related industries – augmented reality, bitcoin, blockchain, internet, software, and virtual reality – they all expressed the goal towards international markets because there are “no physical boundaries”. Depending on if the business of certain founder has targeted customers in other EU countries, it is also possible for them to think about if a destination country is within EU, which relates to BC07 EU membership.

[BC13] Social capital

Defined as the sum of the actual and potential resources embedded, available through and derived from relationships, social capital could bring many advantages for founders (Nahapiet & Ghoshal, 1998). This is also true for three interviewees who had experience in the host country and selected it finally. They cared about the social capital they could utilize, which gave Estonia extra credits in comparison with other countries. Meanwhile, it is unsurprising if foreign founders do not take this into consideration because they do not normally have solid networks in other countries.

[BC14] Start-up support system

For the majority of the interviewees, the start-up support system was an important consideration. It may be more important for foreign founders than local founders, highlighted by one interviewee as “the most important consideration”. The rationale behind this exists in what one interviewee said, “It is obviously important because as a foreigner, I had no contacts and resources to use here. I cannot grow my business without the support system.” No wonder the interviewee who got mentoring, funding, and other kinds of support thought this as important.

As the support system covers a good supply of facets, different foreign founders use or care about different parts of it. For example, one interviewee “did not really use the accelerators or incubator. What I care more is networking with people, just normal people.” He further stressed that “The feeling of friendliness and welcoming is more important than the real support”, which is also mentioned by another interviewee that the willingness of people from support organizations to offer help means more, as a kind of invisible encouragement.

4.2.3. Personal-level considerations

[PC01] Consideration for families

This is not relevant to or not considered by all the interviewees. It is understandable because this dimension is commonly seen among foreign founders with immigration purpose who move with families.

[PC02] Crime level

This is not an important concern for the interviewed foreign entrepreneurs. For four of them who had already lived in Estonia for a while, they knew it is a safe country. One did not worry it too much because he had heard that Estonia is a safe country. Only one interviewee put a few thoughts on this dimension before migrating because this is a problem in where he came from.

[PC03] Culture

Compared with their cultural considerations for the business purpose, the interviewed founders are much more free-and-easy with their expectations for it in daily life. None of the interviewees complained about cultural conflicts.

[PC04] Language

Same as their attitudes towards culture, the interviewees did not worry about language barriers in everyday life. However, language barriers and cultural conflicts could be a reason to rule one country out. This will be discussed more in Portugal case in Section 4.4, Theme D.

[PC05] International diversity

Half of the interviewees considered the international diversity in the host country – at least the level in the city where they stay – a very important aspect. For them, they prefer to live in places with a high level of diversity, because of all kinds of benefits it can bring in different aspects. The other half did not think about it from the personal perspective.

[PC06] Local embeddedness

Being close to families or friends is a rare scenario in foreign founders. Among the interviewees, it was either not considered or not applicable. For foreign entrepreneurs mainly driven by their business dreams, the consideration on local embeddedness came less importantly, as said by one interviewee, “For most foreign founders, they have the attitude of adventure. So, the consideration for themselves or families can be left behind.”

[PC07] Quality of life

As the most popular dimension among personal-level considerations that has drawn many researchers’ attention, quality of life is also significant for by foreign founders when deciding the host country. It refers to the general well-being of individuals and societies, which almost covers everything. Among the interviewees, four main aspects were mentioned as motives to choose Estonia, i.e., environment, convenience, activities, and costs. The weather condition was under most interviewees’ consideration too.

4.3. Theme C: positive, negative, and driving dimensions

In the above section, a detailed analysis of each interviewee’s consideration related to each dimension was given. In many examples, it also involves comparative thinking on other possible destinations. Questions in Theme C focus on the attitudes toward the destination country Estonia. In other words, they concentrate on whether the interviewees saw Estonia had positive sides or

negative sides, in terms of each dimension, and what were the top three most important driving dimensions in each case.

Generally speaking, the interviewees saw a great number of bright aspects of Estonia with only a small proportion of deficiencies. A summary of all the answers of C1 is shown in **Table 5**, followed by the analysis of patterns and highlights. A detailed description of each interviewee's opinion can be seen in **Appendix 10**.

Table 5. Interviewees' opinion on the positive or negative sides of different dimensions

CODE	EE01	EE02	EE03	EE04	EE05	EE06
SC01	(+)	(+)	/	(+)	(+)	(+)
SC02	/	/	(+)	/	/	/
BC01	O	O	O	O	O	O*
BC02	(+)	(+)	(+)	(+)	(+)	(+)
BC03	(+)	(+)	(+)	(-)*	(-)	(+)
BC04	(+)	(+)(-)	(+)	(+)	(+)(-)	(-)
BC05	(+)	(+)	(+)	O	O	(+)(-)
BC06	(+)	(+)	(+)	(+)	(+)	(+)
BC07	O	(+)	O	(+)	(+)	(+)
BC08	(+)	(+)	(+)	O	(+)(-)	(+)
BC09	(+)	(+)(-)	(+)(-)	(+)(-)	(+)(-)	(-)
BC10	(+)	(+)	(+)	(+)	(+)(-)	(+)(-)
BC11	(+)	(+)	(-)	O	(-)	O
BC12	(-)	(-)	(-)	(-)	(-)	(-)
BC13	(+)	O	O	O	(+)	(+)
BC14	(+)	(+)	(+)	(+)	(+)	(+)
PC01	/	/	O	O	/	/
PC02	O	(+)	(+)	(+)	(+)(-)	(+)(-)
PC03	(+)	(+)	(+)	O	O	(+)
PC04	(+)	(+)	(+)	O	(+)	(+)(-)
PC05	(+)	(+)	(-)	O	O*	O
PC06	/	/	O	O	/	/
PC07	(+)	(+)(-)	(+)	(+)	(+)(-)	(+)

Source: Author's organization based on interviews

Remarks:

1. “(+)” means “positive”, “(-)” means “negative”, if one dimension contains both, then it means there are both positive and negative sides relating to this dimension; “O” means “not considered”, “/” means “not applicable”.
2. “*” represents the interviewee had a different view after having selected the country.

4.3.1. Positive sides

On the positive side, the interviewees shared some common views when selecting Estonia as the destination country. All the interviewees spoke high of SC01 visa policy for foreign founders, BC02 business registration process and BC14 start-up support system, and expressed the positive

impact that BC06 Estonian culture can have on business. First, the Start-up Visa policy in Estonia has low thresholds on funding and every other aspect and has streamlined processes. For example, in one case, it only took ten days to get the Estonian visa, which was “ten times easier” compared with the interviewee’s experience in visa application in France and Germany. Second, all of the interviewees praised the efficiency of registering a business in Estonia, with compliments such as “incredibly fast”, “super-easy”, “surprising”, and “a great experience”. Third, Estonia has a strong start-up support system which provides not only substantive assistance but spiritual support. Fourth, the strong business culture and Estonian’s working attitudes are considered great for doing business.

BC08 government support was also a huge plus. Supporting the development of the start-up community is one priority of the Estonian government (Sillavee, 2018). Some efforts are made in other related dimensions such as tax incentives, visa policies, business registration process. Some in sponsoring Hackathons, workshops, and helping start-up organizations, which strengthens the start-up support system mentioned above. Only one interviewee did not consider this because of bad experience in home country. Nonetheless, he is very grateful to the support he got after choosing Estonia, in his own words – “Everything I needed from the government, they helped me. Everything and all the time.”

Four interviewees recognized the benefits of BC07 EU membership to doing business, while three interviewees saw BC13 social capitals they had gained in Estonia as a booster. Although these two dimensions are not something can be easily manipulated by governments or third parties, it shows what foreign entrepreneurs care about and which may motive foreign entrepreneurs to come or stay in one country.

One outstanding advantage of Estonia is its relatively low BC04 costs and favourable tax system. First, the majority of the interviewees believed the total costs to run business in Estonia to be low, the word “important” appeared seven times in total, especially when compared with more advanced countries such as France, Germany, and Switzerland. The only one who thought costs in Estonia to be high because she had better options to set offices in her home country Ukraine. Second, one interviewee thought Estonia had low taxes, compared with high-tax countries like the Netherlands, and another spoke high of the unique tax system in Estonia which allows start-ups “to pay taxes until the money comes into the company”. Although one interviewee

considered Estonia as not the best choice if compared with some tax paradises, “But when considering all the other costs, I decided to choose Estonia.”

With positive business-level dimensions being analysed, the following part discusses two positive personal-level dimensions. Not all interviewees considered the effect of PC03 culture in Estonia on personal life, for those considered, they thought it as a plus. Although Estonia has a unique culture which is not similar to the one had by most interviewees back at hometown, the foreign founders can meet “many nice people” and like the culture. More opinions were shared with the topic of quality of life.

All the interviewees like PC07 quality of life in Estonia, which was an important consideration for them when choosing the country. Except for one slight downside of the cold and long winter caused a small “controllable” problem for some interviewees, several positive sides were brought up. First, for one interviewee who is a fan of hiking, he stressed that the clean air, the forest coverage in Estonia are “super important”. The environment condition in Estonia was described as “very luxury for you if you live in other capitals like Paris”. Second, the small size of the city/country, the comfort of living, and the convenience are meaningful for two of the interviewees. Further, one interviewee added life in Tallinn was “very interesting”. Last but not least, one interviewee pointed out the costs of living in Estonia cheaper than many other places, which means you can enjoy a better life at lower costs.

4.3.2. Negative sides

On the negative side, the first consensus is that none of the interviewees thought of BC12 market in Estonia, which is not surprising given its small population and market size. One interviewee made it clear that Estonia was “a good place for testing and launching something new” and it served as the headquarter for her start-up, not where the market was.

Five interviewees were concerned with problems in BC09 human capital. Though Estonia has been attracting IT talents around the world, the issue is that the demand for talents has outweighed the supply because of the high competition. To solve this problem, some foreign founders would consider bringing talents from other countries, and one interviewee has set their talent base in home country. The relieving facts are “(having) some tech universities here in Estonia”, “(government) make it easy for a foreigner to come and work”, and “because of the ‘density’, more and more talents are coming”. Closely related to this dimension are costs - the

salary level in Estonia is much lower than the countries presented above, but because of the competition it is getting higher, which makes it hard for start-ups to compete with large companies. That's where different kinds of supports are needed.

As for the language dimension (BC10 & PC04), all interviewees were satisfied with the English level in Estonia, especially within the start-up circle where foreign founders would spend most of the time. However, it is worth noticing that "One negative side is some important government-related online services are in Estonian, which is hard for foreign founders". Also, the communication might be some problem in hospitals and government institutions.

With regard to crime level (BC05 & PC02), generally speaking, Estonia is a "safe" and "stable" country to be, which fulfills the basic safety requirement for foreign entrepreneurs. However, some interviewees mentioned discrimination towards foreigners. One interviewee added there was a certain level of discrimination in Estonia towards women, which might both hurt business growth and affect daily living.

4.3.3. Disputable dimensions

The interviewees had very different views toward BC03 investment environment in Estonia. Three were positive about the current investment position in Estonia because of the many opportunities within Estonia and many investors coming from other parts of the world, e.g., U.S., Finland, Stockholm, Japan, and China. On the opposite side, two did not come to Estonia for investment because they saw the scale of investment as very "small". One unique case is that the interviewee thought Estonia to be "a better place for investment" when he selected the country, however, after his arrival he found Estonia mainly has early-stage investments while his company has passed the early stage and needs more money.

The level of international diversity in Estonia for business (BC11) sees diverse opinions. Among the four interviewees who considered this dimension, two thought Estonia had "a good international diversity", the other two regarded it as negative to certain degrees. More specifically, one said the international diversity in Estonia is "not very high" and the other believed that "if we set our business in New York, where there are people from everywhere of the world, I believe our growth would have been much faster." Consistently, its effect at personal-level (PC05) is also viewed differently by these interviewees.

4.3.4. Top 3 driving dimensions in each case

Based on the various backgrounds and pursuits of each interviewee, the three most important dimensions driving these foreign founders to Estonia are undoubtedly different. Still, some shared ideas can be drawn from the answers. A summary of the answers is shown in **Table 6** with different colours highlighting the same dimensions cared by different foreign founders. A detailed description of each interviewee's opinion can be seen in **Appendix 11**.

Table 6. Top 3 most important driving dimensions for each interviewee

ID	1 st driving dimension	2 nd driving dimension	3 rd driving dimension
EE01	BC14 Start-up support system	BC13 Social capital	BC04 Costs
EE02	BC02 Business registration process	BC14 Start-up support system	PC07 Quality of life
EE03	New* Density	PC07 Quality of life	BC14 Start-up support system
EE04	BC04 Costs (taxes + other costs)	New* Regulation	--
EE05	BC09 Human capital	BC04 Costs	BC14 Start-up support system
EE06	New* E-governance	BC07 EU membership	BC14 Start-up support system

Source: Author's organization based on interviews

Remarks: Blue, red, and green show one dimension each; Grey shows those only appeared once.

It can be seen that two dimensions stand out from the business-level. BC14 start-up support system was mentioned by five out of six interviewees, and BC04 costs were mentioned by three of them. BC02 business registration process, BC07 EU membership, BC09 human capital, and BC13 social capital were also mentioned once, while three new dimensions (density, regulation, e-governance) were pointed out. More discussion on the new ones will be explored in Section 5.

It should be noticed that PC07 quality of life from the personal-level can make a difference in affecting foreign founders' location decision, which was on the top 3 lists of two interviewees. Case EE03 itself is a typical example of foreign founders coming to one country with both business and personal demands, thus no wonder the founder put the quality of life high in the considerations. And EE02 proves that personal aspect can also be essential for foreign founders coming with a single business goal.

4.4. Theme D: rule-out reasons

Table 7 indicates the countries considered but ruled out by each interviewee. Taken together, nine comparison countries were on the interviewees' selection lists. Three of them - France, Portugal, the Netherlands - were considered by two interviewees, five other European countries (Finland, Germany, Norway, Spain, and Switzerland) were considered once respectively, and one Asian country Singapore was considered by one interviewee. For the final interviewee, the case is different - "It's not I chose the country, it's more like the country chose me" – because she won the start-up competition and continued to work on it naturally. A detailed description of each interviewee's opinion can be seen in **Appendix 12**.

Table 7. Countries being ruled out by interviewees

ID	No. of Comparisons	Countries Being Ruled Out
EE01	1	the Netherlands
EE02	4	Finland, France, Germany, Norway
EE03	4	Bulgaria, France, Portugal, the Netherlands
EE04	2	Singapore, Switzerland
EE05	2	Portugal, Spain
EE06	0	-

Source: Author's organization based on interviews

In a word, a wide range of elimination reasons was brought up by the interviewees. Nonetheless, they fall within the mentioned framework of considerations made by foreign entrepreneurs. **Table 8** classifies the reasons for ruling out other alternatives by the coded dimensions.

Table 8. Reasons of ruling out other countries

Code	Dimension	Countries being ruled out
SC01	Visa possibility	Finland, France, Germany, Norway
BC02	Business registration process	Singapore
BC04	Costs	Finland, Singapore, Switzerland, the Netherlands, Norway
BC06	Culture	Portugal, Spain
BC07	EU membership	Switzerland
BC09	Human capital	Portugal
BC10	Language	Bulgaria, Portugal, Spain
BC11	International diversity	Spain
BC14	Start-up support system	Portugal, Spain
PC02	Crime level	Bulgaria, Germany
PC07	Quality of life	Portugal, Spain
NEW	Governmental efficiency	Bulgaria, France, Germany

Source: Author's organization based on the research results

In the first place, because for foreign entrepreneurs the visa possibility is the prerequisite to move and do business in a foreign country, the alternative countries should have suitable visa policies for them to apply. However, even with the possibility, there are still obstacles in this aspect that would stop foreign entrepreneurs from entry. For Finland and Norway, the great deal of money guarantee required for visa application means a huge burden. What is worse, for France and Germany, not merely the funding requirement is considered too high, but the long time it needs is a hinder for foreign entrepreneurs who are eager to set up the business.

In the second place, some countries are considered deficient in several business-level dimensions. The most talked barrier is the high costs in four EU countries (Finland, Switzerland, the Netherlands, and Norway) and one Asian country (Singapore). Language barrier comes next, seen in Bulgaria, Portugal, and Spain. The somewhat sluggish work attitude in Portugal and Spain and the insufficient start-up support system are not beneficial for foreign entrepreneurs to choose them as a start-up location. Besides, there are some country-specific issues for different foreign entrepreneurs. For example, the business registration process in Singapore requiring physical presence and Switzerland not being an EU member state was considered problematic

for, the human capital shortage in Portugal was mentioned, and the low international diversity in Spain was a downside to develop business.

Furthermore, personal-level considerations can also play a decisive role in ruling out a certain country. For instance, concerning crime level, one worried about safety in Bulgaria, while one disliked the high level of discrimination in Germany. Interestingly, one interviewee's personal preference of not in favour of hot weather helped Estonia surpass Portugal and Spain.

Last but not least, poor government efficiency is the reason for one founder to rule out France and Germany, and another founder to rule out Bulgaria and France. As a comparison, they spoke high of the efficiency in many aspects in Estonia.

To conclude, Section 4 has analysed the results of the main study in the order of the four themes used in the interview questions, elaborating the views from each case. Further discussion of the updated model, key dimensions, and new discoveries will be explored in the following section.

5. DISCUSSION

5.1. The updated model

Compared with the general models or theories about the selecting process of business locations (Berg, 2014; Chatzoglou et al., 2018; Pe'er et al., 2008; Płaziak, M., & Szymański, 2014; Vlachou & Iakovidou, 2015), the updated model of **Figure 4** proposed by the author was confirmed with all the interviewees. It turns out that foreign entrepreneurs not only have diversified considerations about choosing the destination country, but also have their methodologies to do it. For example, one interviewee divided relevant aspects into “soft” and “hard” parts, referring to people-related aspects and government-related ones respectively (See **Appendix 9.5**). To quote the words of another interviewee who got a consultation from think tanks and made a matrix of considerations in order to select the ideal country, “It’s very important to think thoroughly because this location decision is highly strategic. Moreover, if I did the wrong selection, it would cost a huge amount of money, which is not reversible. It’s a huge step, and I had to do a lot of research.” (See **Appendix 9.4**).

The updated model displays several advantages over the models in the previous literature. First, it is tailored for foreign entrepreneurs, not entrepreneurs in general. Second, it is logical and easy-to-understand by dividing into different steps. As such, it is helpful in understanding why and how foreign entrepreneurs choose one country as their start-up destination.

5.2. Key dimensions

It is worth interpreting the central dimensions considered by all the interviewees that were originated from the second systematic literature review, including four business-level dimensions, i.e., BC03 investment environment, BC04 costs, BC09 human capital, and BC12 market, and one personal-level dimension - PC07 quality of life.

Investment environment

This dimension was discussed only in one of the reviewed articles, which gathered evidence from the US biotechnology industry (Kolympiris et al., 2015). The importance of this dimension is in comply with the article because all the interviewees are in technology-based industries. Thus, this thesis contributes to the literature by confirming this dimension as one consideration for foreign tech entrepreneurs. Also, even though one country is considered as negative on this side, it may still be selected, as in the evidence from Estonia.

Costs

Among all the reviewed articles on business-level considerations, costs are the most discussed topic. The widely-accepted idea is that entrepreneurs tend to select locations with lower costs and taxes, which is also confirmed in the interviews. What is new is that costs are just one of the many dimensions to consider, for foreign entrepreneurs who usually only have limited places to choose from, they may not choose the cheapest place.

Human capital

As previous studies are mostly quantitative studies, the dimension of human capital has many different names in different articles. The presence of human capital (Calcagnini et al., 2016), the significant talent pool (Chen & Yu, 2008), and a few other factors were examined. Although common sense is that entrepreneurs would prefer locations with enough labours, this thesis brings in new insights that it is not necessarily the case for foreign entrepreneurs. Although Estonia is not ideal at human capital dimension for foreign founders, they have different solutions to overcome this problem. For example, a friendly visa policy and government support may help them in recruiting foreign talents. Thus, instead of considering this one as an important dimension, other facilitating dimensions may receive more weights.

Market

The market dimension was drawn from the aspect of access to customers (Nijkamp and Van Ommeren, 2006), size of shopping centre (Timmermans, 1986), and public markets (Salami & Ilori, 1998), all in the traditional industries. Several reasons might explain the little attention to this dimension, for example, in the case of domestic or regional location selections, the change of location may not affect the size of the local market. However, the cases in this thesis are totally different for two reasons – the Estonian market itself is too small, and the interviewees are tech

founders. This is similar to the situation in the Northern region of Israel, where the market is too small to support the fast-growing hi-tech firms (Frenkel, 2001).

Quality of life

The results of this research regarding foreign entrepreneurs' consideration about quality of life are a great supplement to existing literature, because research about personal-level location considerations made by business founders only shows increasing attention in recent years while business-level considerations have a long tradition. All of the interviewees took this dimension into consideration, with two of them listing it into top 3 driving forces for them to choose Estonia.

Besides, some other highly-acclaimed dimensions add new ingredients for the literature. They are SC01 visa possibility, BC02 business registration process, BC06 culture, BC09 language, and BC14 start-up support systems. Except for the theoretical contribution, the Estonia practice has many shining points that may be learnt by other countries, such as the diversified options for foreign entrepreneurs to solve visa problem (Start-up Visa, E-Residence, and Temporary Residence Permit), simplified online business registration, and various networking and competition events.

5.3. New discoveries

During the main study, three totally new dimensions (i.e., density, E-Governance, regulation) were found under top 3 driving dimensions while one new dimension stood out from ruling-out reasons. Therefore, it deserves further discussion of such considerations.

Density

“Density”, in one interviewee's own word, was the most important dimension to him, meaning the high concentration of industry will bring more opportunities and benefits. Among all the business-level considerations, it is closest to BC01 agglomeration economies, but not exactly the same. After checking the literature, the author found similar expressions such as “firm density”(De Silva & McComb, 2012), “business density” (Kolvereid, 1992), “industry density” (Folta, Cooper, & Baik, 2006), which may help in building entrepreneurial climate, accelerating new firm formation, increasing net benefits, and bringing many other advantages. However, the

concept “density” from the perspective of the interviewee is even broader, which cannot merely be measured by the number of firms, but also of investors, foreign and local entrepreneurs, and IT talents. Taking Estonia as an example, since it has a high density in tech industries, it can attract more talents, investors, founders globally with the development of the industrial scale, creating an effect of “magnet” - with more relevant stakeholders coming, the density goes higher, and more benefits will come out. In sum, this could be a good standard for start-up ecosystem builders to measure what has been done and what can be done in the future.

E-Governance

E-Governance in Estonia ranked first on one interviewee’s consideration list, which is in fact in the highest echelons of the UN’s E-Government Development Index (United Nations, 2018). It is a governmental movement that has brought 99% of its public services available online all the time (Enterprise Estonia, 2019). Although the concept was not mentioned directly by other interviewees, this is also highly related to them no matter in business or personal life. The benefits are shown in the fast BC02 business registration process which got applauds from every interviewee, or in the high PC07 quality of life which is more enjoyable and non-bureaucratic. In the long run, E-Governance will help in building a smart city into a strong pro-business and entrepreneurial state (Hollands, 2008), not only for domestic entrepreneurs, but for foreign entrepreneurs. Therefore, the success story of Estonia in this aspect could bring insights to many other countries in the world.

Regulation

One reason for the foreign founder in the blockchain industry was that the regulations in Estonia made it possible to develop his business there. It is true that in the technology domain, many modern technologies are controversial and may be allowed in some countries while forbidden in other countries – AI, self-driving cars, drones, atomic power, and biometrics, to name just a few. A great number of cases have demonstrated that strict regulations could push businesses away, for example, some cities banned private home sharing platforms like Airbnb (Lagrave, 2018). In the context of foreign entrepreneurs, strict regulations would worry them. Therefore, the takeaway for regulators is that less tight regulatory environment may help in attracting foreign entrepreneurs. It is also important to pay attention to the possible negative effects at the same time, especially when people worry that “it’s impossible for regulators to keep up with the pace of change in the tech sector” (Start-ups, 2018, p. 10).

Government efficiency

This is a new dimension that was not mentioned in the previous literature on general entrepreneurs' location decisions. From the interviews, even though this dimension was not directly asked, the government efficiency do exist in some related dimensions, e.g., SC01 visa application, BC02 business registration, and BC09 language barrier on governmental websites. On the contrary, lacking efficiency or having bureaucracy will push foreign entrepreneurs away, as demonstrated in the cases of Bulgaria, France, Germany. A typical model is the E-Estonia (E-Governance) project which aims at making the government more efficient and transparent (Wallace, 2017). Other governments are also making efforts, for example, the Netherlands is reducing the regulatory burden and providing IT tools for entrepreneurs (Government of the Netherlands, 2019).

CONCLUSION

This explorative, qualitative study has explored the reasons that foreign entrepreneurs chose Estonia as their start-up destination country and how they made such decisions, under the context that a growing number of founders are setting business in a foreign country and contributing to the local economy, especially within the technology-related industries. Although many countries are attempting to draw more foreign entrepreneurs nowadays, the academic research on foreign entrepreneurs is merely emerging while the specific research on their location choice is rarely explored. Therefore, there is little understanding of the topic discussed in this thesis.

Unlike traditional ways of diving into the core problem directly, the first section was used to explain the subject of this topic, i.e., foreign entrepreneurs. Of necessity, the author gave her definition of this group of entrepreneurs, explicated its differences with confusing concepts, and made a classification, given the background of limited study on the subject.

The author also cast a wide net in the search for relevant previous research. Two systematic literature reviews were conducted in order to draw useful theories and findings. In addition to business-level considerations and personal-level considerations affecting general entrepreneurs' selection decisions, the author paid attention to special considerations in the cases of foreign entrepreneurs. Then through a preliminary study, an updated model (**Figure 4**) was constructed to understand the process of foreign entrepreneurs' selection, and a framework (**Table 2**) was formed to design questions for the semi-structured interviews.

Answering research questions

Foreign entrepreneurs choose their start-up destination country through a series of complicated considerations. It is hard for one country to satisfy one foreign founder in all aspects. However, it is certain that the country being chosen attracts him or her in the majority of consideration dimensions. The considerations start with visa possibility and personal reasons, if applicable, and can be divided into two sets, i.e., business-level and personal-level dimensions. With regard to the selected country, its positive sides normally outweigh negative ones. Among the positive sides, some will play the most important role in driving the foreign entrepreneur to the final

destination country. In short, there is no single one reason for foreign entrepreneurs to select the start-up destination country.

Theoretical implications

This thesis contributes the literature by originally adding new materials on the in-depth considerations made by foreign entrepreneurs when selecting the destination country and on their whole considering process. This subject is interesting for several reasons. With the development of technology and globalization, more and more foreign tech entrepreneurs are searching for new destinations other than home countries to start up their businesses. Besides immigration power US, many non-immigration countries in Europe have also established start-up schemes to draw founders from abroad. Yet, very little research has paid attention to this group.

While previous research on the general business founders' location choice focused on mainly the business side, this thesis takes a complete approach by embracing both business-level and personal-level considerations that will affect foreign founders' choice of the destination country, as well as their special considerations. In addition, the decision-making process is illustrated in a new model.

Practical implications

Altogether, the contribution of this thesis to countries attempting to attract more foreign entrepreneurs is fivefold. It suggests (1) simplifying visa application and business registration process; (2) strengthening start-up support system in mentoring, events, networking, language assistance, and many other aspects; (3) providing favourable tax policies for foreign start-ups; (4) getting more international students involved in entrepreneurial activities such as hackathons; (5) increasing media reports of the personal-level aspects consider important by foreign entrepreneurs, emphasizes being high international diversity, English popularity, safe society, cultural aspects, and so on.

There are some specific suggestions for Estonian start-up ecosystem builders such as the government and relevant organizations. Considering the position where Estonia is and the fact that the three essential aspects of an entrepreneurial ecosystem are accessible markets, human capital/workforce and funding & finance, (Foster et al., 2013), the latter two areas can enjoy more improvements. Regarding other specific problems discussed in this thesis, more measures can be taken: one effort would be on the English version of documents, websites that are used by

foreign founders; another suggestion would be to highlight the benefits of being within the EU by increasing cooperation with other EU countries; a third line of advice would be to create a more internationalized society via attracting not only foreign founders but also other types of migrants with different backgrounds; fourth, telling people more about the culture, the weather, and the interesting aspects in Estonia; fifth, communities for female entrepreneurs could be a critical support for foreign female founders, example being Women in Vienna (Sanghrajka, 2018).

Moreover, foreign entrepreneurs themselves may also find this research interesting because the summary from the literature review and the results of real case study of the six foreign entrepreneurs in Estonia may offer them some insights about the thoughts of other peers.

Limitation and future research

Notwithstanding the contributions, this thesis has a few limitations, which also provide implications for future research. First, the basis of the literature review took a broad approach and was not perfectly tied to the research questions, due to lack of prior research studies on this topic. To gain as much useful information as possible, the author did two systematic literature reviews on foreign founders and considerations affecting general entrepreneurs' location choice. The identified research gaps call for further research on the field concerning foreign entrepreneurs.

Second, the context of this thesis was set only in Estonia. Although the initial plan was to gain data from both Estonia and the Netherlands, the author had to cancel the latter part because of not being able to reach eligible interviewees in the Netherlands within a limited period. As the trace of foreign founders can be found all around the world, for future research, the author suggests gathering evidence from different countries such as U.S., China, Singapore, and many other start-up hubs in Europe.

Third, the data for one special kind of foreign entrepreneurs (those with both business and personal reasons) was not enough. Only one case among the six fulfilled such requirement. Because such personal background information is difficult to reach and also because Estonia is not a typical immigration country, the author did not find more of such cases. Again, this brings up the need for future research to expand the country range and subject scope.

Fourth, some information provided by interviewees might be incorrect or biased. This is because five out of the six interviewees have already put their business in operation for a while, and the questions need them to recall their considerations in the past. Indeed, during the interviews, the author found that sometimes the interviewees' focus will diverge from the past context to the current situation of the destination country. Therefore, the author tried several ways to guarantee the most accurate answers, such as reminding before questions, correcting in time, and asking questions for confirmation.

There may be other interesting possible topics, such as discovering the relationships between different dimensions, expanding the selection model, focusing on the commonalities of certain category of foreign entrepreneurs, and identifying the gap between foreign entrepreneurs' perception and the reality in the host country. All in all, this thesis has paved the way for future avenues of research.

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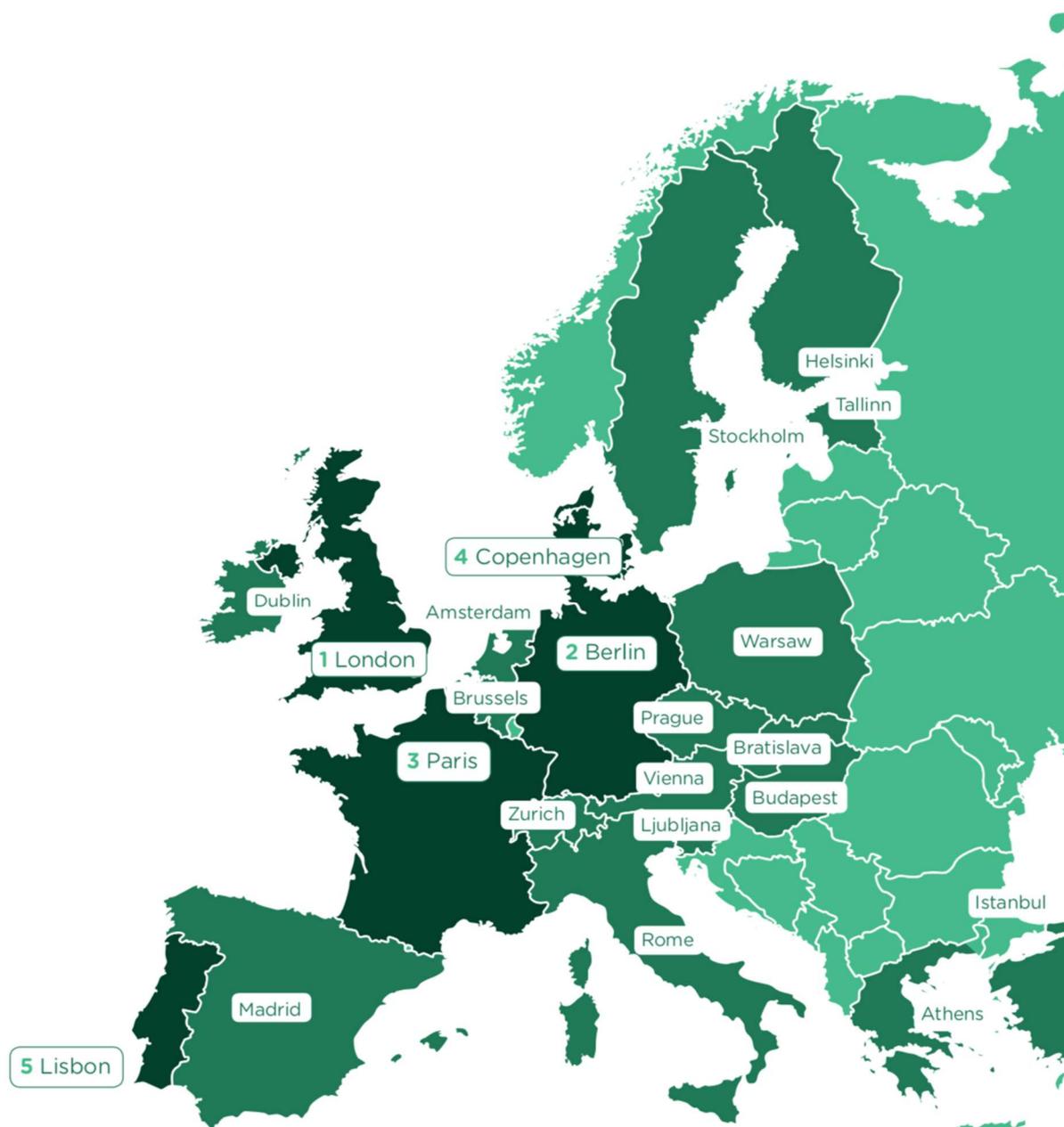
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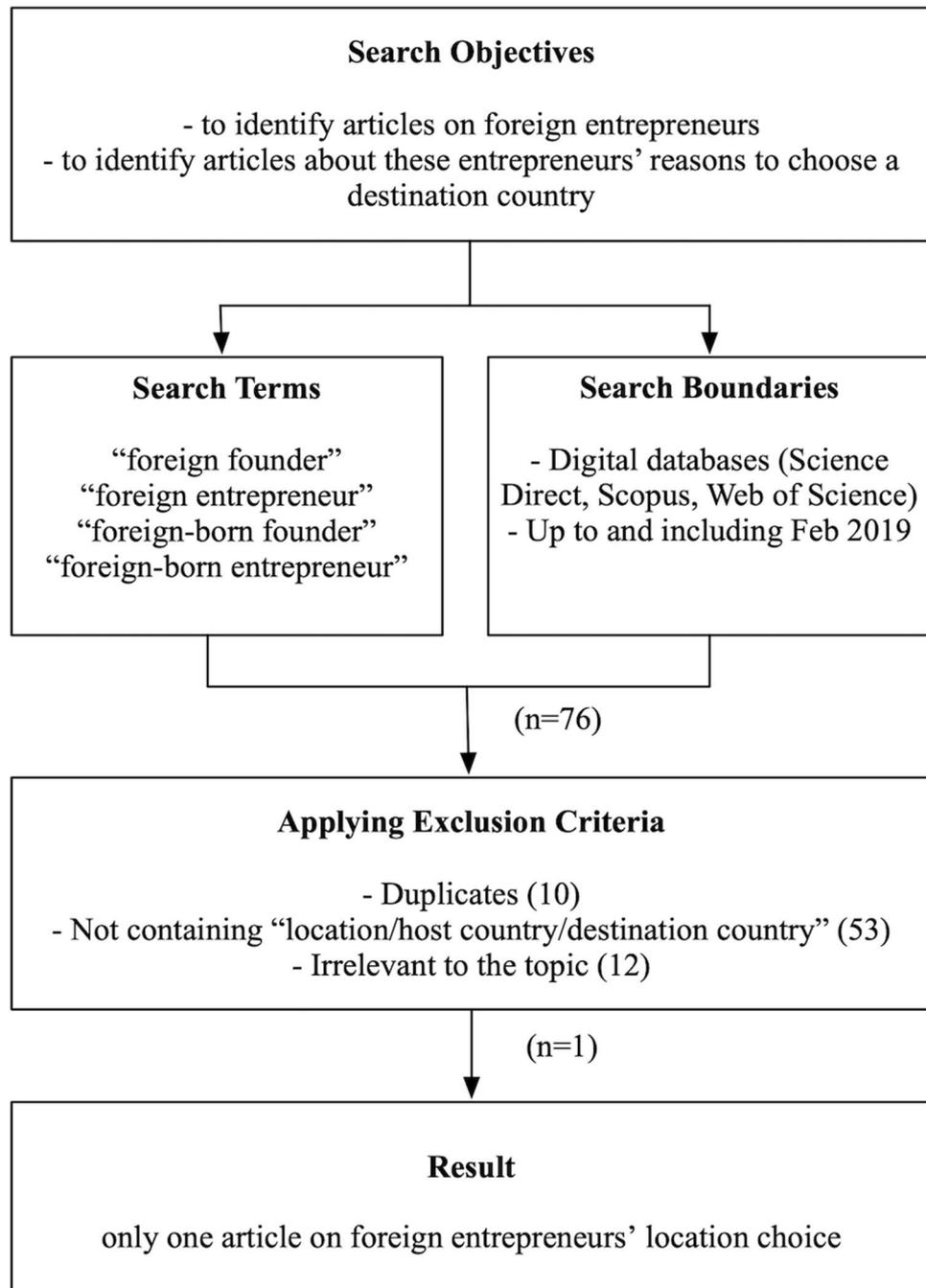
APPENDICES

Appendix 1. European start-up hubs



Source: Figure from 2018 Report - EU Start-up Monitor (Steigertahl et al., 2018)

Appendix 2. Procedure of systematic literature review (1)



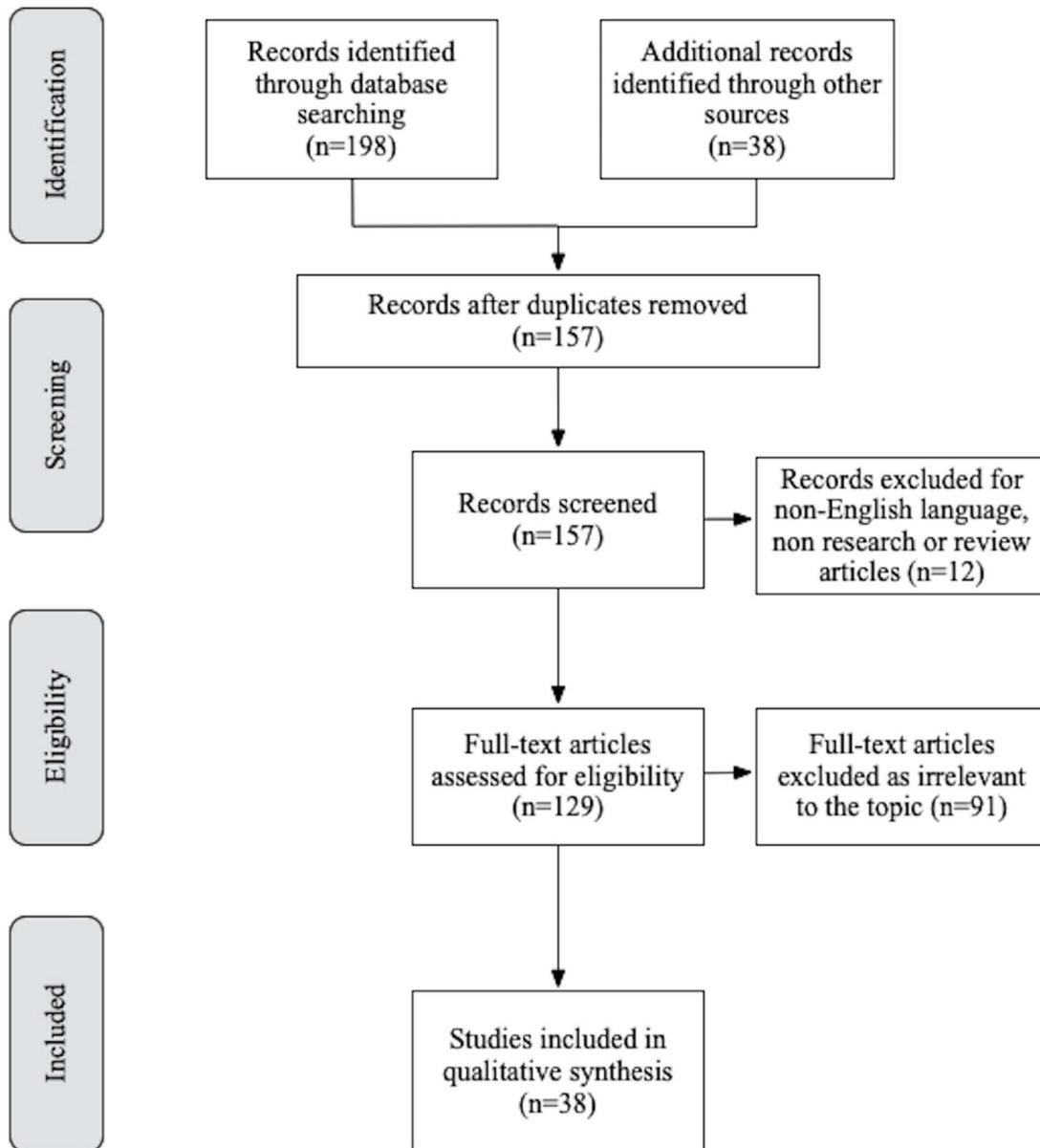
Source: Author's organization based on the literature review.

Appendix 3. Topics of 12 excluded articles

Source	Topic
Almor & Yeheske (2013)	The ability to be success of International entrepreneurs from Israel moving to China to do business
Khosa & Kalitanyi (2014)	Challenges met by African entrepreneurs in South Africa
Khosa & Kalitanyi (2015)	Migration reasons, traits and entrepreneurial motivation of African entrepreneurs in South Africa
Kolejka et al., (2015)	Evaluation of Czech-Polish border permeability
Kulchina (2014)	Impact of media coverage on FDI in Russia
Kulchina (2016a)	Performance evaluation of foreign entrepreneurs as owner-managers
Kulchina (2017)	How foreign entrepreneurs bring value to their firms as owner-managers
Mauro (1998)	Causes and consequences of corruption
Mhone (1995)	Limits analysis of structural adjustment programmes in African countries
Rahman & Rahman (2011)	Entrepreneurship needs and achievement motivations of descendant Latin entrepreneurs in Japan
Sonderegger (2010)	Effect of centralized/decentralized public information observed by entrepreneurs on improving investment
Spilková (2007)	Regional image analysis to understand the spatial perceptions of foreign investment in Czech Republic

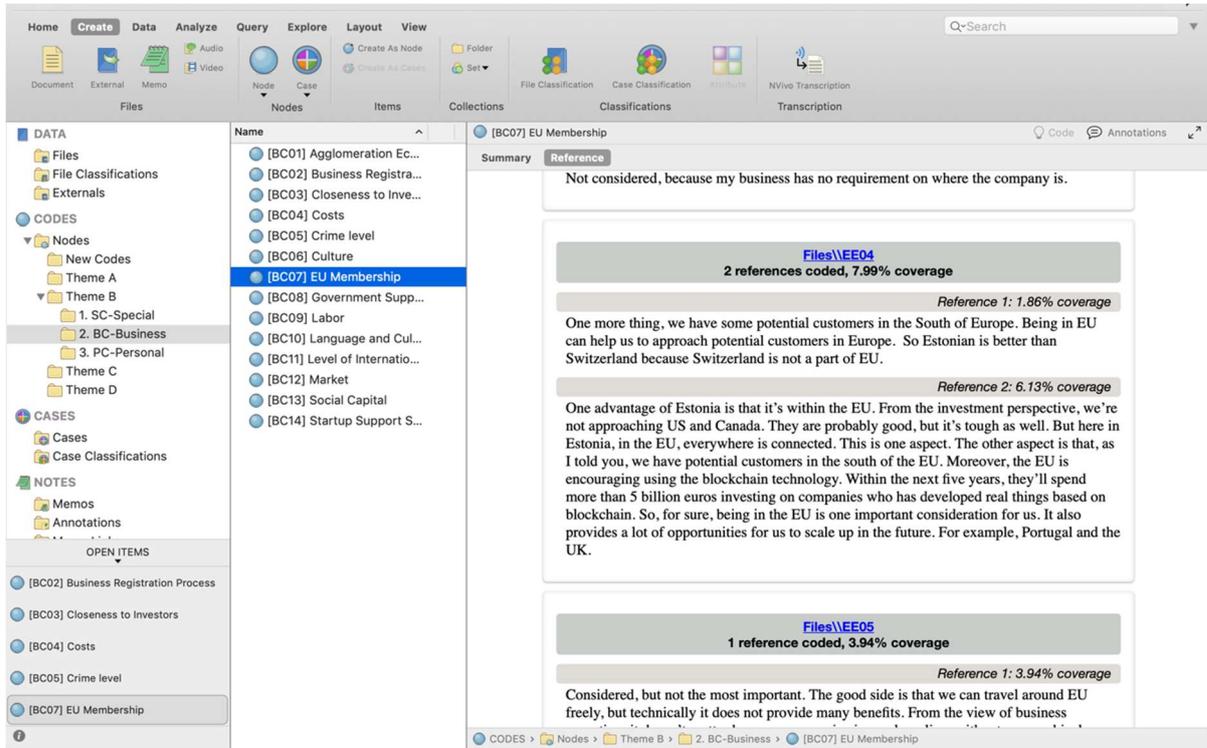
Source: Author's organization based on the literature review.

Appendix 4. Procedure of systematic literature review (2)



Source: Author's organization based on the literature review.

Appendix 5. NVivo 12 - program for data analysis



Source: Screenshot of author's own data analysis

Appendix 6. Basic information of interviewees

ID	Gender	Nationality	Industry	Role
EE01	Male	Georgia	Software	CEO & Founder
EE02	Male	Morocco	Virtual reality	COO & Founder
EE03	Male	Chinese French	Bitcoin	CEO & Founder
EE04	Male	Brazil	Blockchain	CEO & Founder
EE05	Male	China	Internet	CMO & Co-founder
EE06	Female	Ukraine	Augmented reality	CEO & Co-founder

Appendix 7. Location map of interviewees



Remarks:

1.  Destination country - Estonia
2.  Interviewees' home countries
3.  Comparison countries (being considered by one interviewee)
4.  Comparison countries (being considered by two interviewees)

Appendix 8. Interview guide

Background information

- Interviewee's Name
- Nationality
- Year of Entering
- Company Name
- Industry
- Year of Establishment

Theme A: categories of interviewees

- (A1) Were you a newcomer to Estonia when you came to start your business?
(A1.1) If no, what was the reason of residing here before setting up your business and for how long?
- (A2) Do you need a visa to enter the country and start your business?
(A2.1) If yes, which visa scheme?
- (A3) Did you choose the destination purely for business purpose or together with personal purpose?
(A3.1) If with personal purpose, did you choose the country directly because of the reason, or did you see it as one aspect together with other considerations?

Theme B: location considerations

- (B1) Why did you choose Estonia as the destination to start your business?
Probing questions:
 - What other considerations did you make?
 - Tell me more about that.
- (B2) What was your consideration relating to [listed dimensions that not mentioned by the interviewee]
Probing questions:
 - Did you take [dimension] into consideration?
 - Was [dimension] one of your considerations?

Theme C: positive, negative, and driving dimensions

- (C1) Which dimensions relating to Estonia did you consider as positive/negative?
- (C2) Which dimensions did you consider as crucial driving forces? (top 3)

Theme D: rule-out reasons

- (D1) Have you considered other countries as your destination?
(D1.1) If yes, what was the reason to rule them out?

Appendix 9. Organized interview transcripts

Appendix 9.1. Interview EE01

-- Interview Info --

Date: April 04, 2019

Tool: Facebook Messenger

Duration: 41 minutes

Language: English

-- Personal Info --

Citizenship: Georgia

Time entering destination country: Sept. 2016

-- Start-up Info --

Industry: Software

Time establishing the company: Expected in 2019

Background: Studied in Tallinn University of Technology for nearly 3 years. Had part-time job experience in start-up incubators. Now is in his final year and is preparing to set a software company after graduation.

Theme A: categories of interviewees

(A1) Were you a newcomer to Estonia when you came to start your business?

No. Study bachelor's degree in TalTech. Almost 3 years.

(A2) Do you need a visa to enter the country and start your business?

Yes, but already got TRP, so no new visa needed for starting up a business.

(A3) Did you choose the destination purely for business purpose or together with personal purpose?

Purely for business purpose.

Theme B: considerations made by interviewees to select the destination country

(B1) Why did you choose Estonia as the destination to start your business?

First consideration will be how **international** the community is. Questions like: how do people understand International, how is the variety of people, how many possibilities are there, and what organizations do they have to support entrepreneurs? The support here does not mean financial support but how they can give people support.

Some countries are very expensive to stay, Because I am not from the EU, the **cost** is one important that consideration. Although some country has greater opportunities, its cost is higher, so I have to think of both.

For me, I have a lot of contacts and some strong **networks** here in Tallinn, e.g., voluntary working in Garage48, working in European Innovation Academy, member of Tech Community of Georgia.

Most people would consider if there is a **market** of what you're doing, then it's good for you. You'll know people there are interested in your products or services. But this is not for me. The market in Tallinn is too small. But it's not a problem either, because there are no physical boundaries for software companies.

(B2) What was your consideration relating to [listed dimensions that not mentioned by the interviewee]

[SC01] Visa Possibility

It's a prerequisite for me because I'm not from the EU. Because I've already got TRP in Estonia, it's much more convenient for me to start here.

[SC02] Personal Purpose

Not applicable.

[BC01] Agglomeration Economies

Not considered. But yeah, if the industry is bigger, it will be good for your business.

[BC02] Business Registration Process

If the process is too long, it might be a problem. For tech start-ups, things can change in seconds. When you want to start your business, you have some pictures in your mind, but if the process takes too long, the situation may be different when you finally get registered.

[BC03] Investment environment

This is the most important factor for a start-up. Most of the entrepreneurs don't invest their start-ups, in some cases maybe they do, but then when it comes to expanding market, they need to find investors. There are many opportunities in Estonia.

[BC04] Costs

[See B1]

[BC05] Crime Level

Some simple thoughts. I think it depends on your business type. If you do social businesses or you open the restaurant then it might be the case. For tech businesses you know we work in the offices, so I don't think it really matters. I have never had the experience with crime in Estonia.

[BC06] Culture

The culture is not a problem for me at all. Because Estonia and Georgia have very similar way due to recent history. We are very similar because we both were part of the Soviet Union. We both got independence in 1991. It's kind of we worked together. Our cultures are very similar.

[BC07] EU Membership

Not really matters, because for me, the IT business is open to the whole world through the internet.

[BC08] Government Support

Important. For example, the taxes. In some countries, you have to pay very high taxes. For start-ups, this point is very important. It may even ruin your opportunities. Estonia has a relatively lower taxes, which is better.

[BC09] Human capital

This is also one of my considerations because there are some VC programs, angel investments, and the Start-up incubators that always support you to find suitable talents. Here in Estonia, because the government supports IT development, many IT professionals come from around the world, maybe for better salaries or for a better quality of living. It's easier to find the talents you need.

[BC10] Language

English is very popular here, so I don't think it's a problem. Neither for business or daily life. In some countries it may be a problem, like Spain – I stayed there for Erasmus exchange for one semester. I think the English level is not good there, so it will be a problem for doing business.

[BC11] International diversity

It's important for both business and daily life. I think Estonia has a good international diversity, though much lower than Amsterdam, which I like very much. It's good for doing business.

[BC13] Market

[See B1, "small"]

[BC13] Social Capital

[See B1, "lots of contacts"] Network is a very important consideration. You know many people. There are many business connections between each other. They might know each other. They might not know each other, but they actually had the chance to meet each other. Through such kind of connections, it will finally help your business.

[BC14] Start-up Support System

As I've mentioned many times, I think this is actually the most important consideration because that's where you can meet mentors. For example, you've got an idea, but you don't have a team around you. You'll need to do many things, to make a demo, to test it, just to name a few. Then you can meet people that are valuable to your team. You can start to cooperate with them. You can meet mentors, investors or some other important people that can help your business. I think

it's more important to work with people from the Start-up circle that you can offer shares to them, not with your friends because you're likely to fail when friends involved.

[PC01] Consideration for Families

Not relevant.

[PC02] Crime Level

As I have never had the experience with crime in Estonia, so didn't think about this aspect.

[PC03] Culture

[See BC06, "similar"]

[PC04] Language

[See BC10, "popular"]

[PC05] International diversity

[See BC11, PC07]

[PC06] Local Embeddedness

In my case I don't have family members here in Estonia or other countries. I think it's a psychological thing. If you think about it a lot, you will think "I miss my family". But if you don't think about it and focus on your business, then it's not a problem.

[PC07] Quality of Life

I just mentioned international diversity. It's not only for business but also for life because you don't just want to do business, you also want to live an interesting life right? I think Tallinn is a very internationalized city life here is very interesting. This is an important consideration but it's not that important compared with the business considerations I mentioned.

Theme C: positive, negative, and driving dimensions

(C1) Which dimensions relating to Estonia did you consider as positive/negative?

Really can't complain.

Not applicable or considered: SC02, BC07, PC01-02, PC06

Positive (+): SC01, BC02-06, BC08-11, BC13-14, PC03-05, PC07

Negative (-): BC12

Containing both positive and negative sides (+)(-): (none)

(C2) Which dimensions did you consider as crucial driving forces? (top 3)

Start-up support system, social capital, and low costs including low tax.

BC14, BC13, BC04

Theme D: rule-out reasons

(D1) Have you considered other countries as your destination?

(D1.1) If yes, what was the reason to rule them out?

The Netherlands. In my opinion the Netherlands and Estonia share many common points like they both have the Start-up support systems and investors. But the living and business expenses in the Netherlands are too high.

Spain. I did exchange study there for one semester and I really liked the people and culture there. So, I listed it as one option. But the biggest problem are not many international tech founders there. The support system is not good enough as what we have in Estonia. As I said, the start up support system is the most important aspect.

Appendix 9.2. Interview EE02

-- Interview Info --

Date: April 04, 2019

Tool: Skype

Duration: 61 minutes

Language: English

-- Personal Info --

Citizenship: Morocco

Time entering destination country: Sept. 2018

-- Start-up Info --

Industry: Virtual Reality

Time establishing the company: Sept. 2018

Background: was born in Morocco and lived there for 20 years. Then moved France to do his bachelor's and master's study in IT before working in a mobile telecommunication company for a couple of years. Then moved to Germany to work for a few years. Finally established his company in virtual reality in Estonia.

Theme A: categories of interviewees

(A1) Were you a newcomer to Estonia when you came to start your business?

Yes. I first heard about Estonia when I was working in Germany. I heard a lot of things about this country. In March 2018, I came to stay in Estonia for 3 days just to experience the country. I met with some people in the start-up community. After 3 days I felt like I really enjoyed everything. After I returned to Germany, I started the process to move to Estonia. So technically, that's my first-time visiting Estonia just to get a feel how things are done here, to see if it's really the country that I want to set my business and for living.

(A2) Do you need a visa to enter the country and start your business?

Yes, the start-up visa. The start-up visa program is actually one of the unique attractiveness of Estonia. There are two processes. The first step is online. You answer some questions about your

company, what your business is about, who are your customers, who are your competitors, what's the difference of your product from others. It's like an in-depth analysis of your start-up and your business plan. Basically, once you submit that part, it's not like someone from the government or the office will look into your application, but it's actually people from the start-up community, people who have created the start-ups and people who are successful start-up founders, to actually read your application and vote on it. Usually, there are 7 to 8 people who vote, and you need the majority to be accepted. Once your application is accepted, you can apply for the Start-up visa, which has very low requirements. Because I've lived in France and Germany, every time I apply for a visa or residence permit, it's like 10 times harder, compared with here in Estonia. Basically, here in Estonia if they believe you are a start-up which is a first step, they will make the visa the easiest thing to get. In about 10 days I got my visa and I got ready to work on my company.

The visa is for one year, but you can extend it for half a year. There is also another way. After you have the Visa and you have started established to your company, apply for a temporary residence permit, which is 5 years.

(A3) Did you choose the destination purely for business purpose or together with personal purpose?

Purely for business purpose. Because I was looking for a country that has the potential for my company and will give me the whole environment that will help me to succeed.

Theme B: considerations made by interviewees to select the destination country

(B1) Why did you choose Estonia as the destination to start your business?

For me, the important aspect is how we can **register our business**. In Estonia, it is very straightforward and easy. There is even a joke that every Estonian owns at least one company. It shows how easy it is to create a business here, even for me (as a foreigner). I like the idea of digital signature and I can also do the processes online. I just went to a notary and I did everything with her. She files at documents on Monday morning and the morning after I got an email telling me that my company is registered. Even if I did it in the traditional old-school way, it's possible to finish it in one day. It's incredibly fast.

Another important factor is the existence of **Estonian start-up organizations** that are always helping. For example, if you need to do an introduction to someone who is interested in your business or if you need to organize some kind of events, they are always helpful. For example, I got tickets to attend an investment event. The tickets were sold like €150 or something. I asked them ‘I’m a little bit tight of money can you give me a free ticket?’ And they’re like ‘Yeah, sure. Here, have it.’ They even organized free buses for entrepreneurs who don’t live in the event city. They do this kind of things a lot to help entrepreneurs.

One thing I want to talk about is **taxes**. Estonia government did something to make it a lot of sense. As an example, in Germany, you start paying tax right away. It does not matter if you are making money or not making money. At the end of the year, you’ll have to pay the government thousands of euros as taxes. Actually, I knew people who were struggling, who were burning a lot of money, but at the end of the year they still have to pay the taxes. But here in Estonia, they have a very unique system, a start-up does not have to pay taxes until money comes into the company. So basically, it means when you are paying or dividends or something like that. If the money stays in the company to grow the company, you don’t need to pay any taxes. For start-ups this is very important because usually cash is very low and what you do is just burning your money. This is actually super helpful.

(B2) What was your consideration relating to [listed dimensions that not mentioned by the interviewee]

[SC01] Visa Possibility

This was the first thing to check because I’m from outside EU. Not only the possibility is necessary, but also how fast you can get the visa.

[See also A2.1, “easiest”]

[SC02] Personal Purpose

Not the case.

[BC01] Agglomeration Economies

First time to hear the term. Never considered.

[BC02] Business Registration Process

[See B1]

[BC03] Investment environment

For me, I'm trying to go as far as possible to find the investments. Even though there is that image that it's hard to find investments, there are actually a lot of VCs and people who are ready to invest. It's also open to the whole Europe because it's part of EU. Estonia is also close to Finland. And there are investors coming from Finland, Stockholm and even from Japan and China. Estonia has great opportunities, which is an important aspect.

[BC04] Costs

Very important consideration. First of all, the cost to register your business is a very small fee. It was €170, I think, which is nothing. Taxes on salaries are actually quite high here, for employees, you need to pay not only 20% taxes, but also the social security which is like 40%. The salaries themselves are not as high as those in France or Germany, although they are getting higher and higher because of the competition on talents.

[BC05] Crime Level

Not worried about this because Estonia is a safe country.

[BC06] Culture

In my opinion, culture is very important for both business and personal life. Before my short visit, I was a bit worried because people say Estonians are cold. But I found in the start-up community, Estonian people are very nice and helpful. It's not much better than in Germany – I used to be in the start-up community there as well, but when I said hello to others, no one answered.

Also, Estonians are very straightforward, if they don't like something, they will let you know. For me, this is also a good thing. Sometimes you need to talk with them first. They're actually very open to talk about anything, but you have to talk first.

[BC07] EU Membership

An important consideration. I like the aspect that within EU, everything is connected. As an outsider, I had lived in two other EU countries for a long time. And I hoped to start up my own business also in an EU country. It would be helpful in the future for expanding the business.

[BC08] Government Support

Very important. And it's very interesting to know how the government in Estonia operates. They don't support the company directly with money, but for each company they provide like several thousands of euros per year and create events like our Hackathons, workshops and all kinds of stuff. These events are sponsored by the government. If you want to participate in the events you just put your name on. It will use the money provided by the government. It's like you have the money in your bank account but you can't withdraw them. Basically, the government puts lot of money to organizations to make the start-up community successful.

[BC09] Human capital

Before I came to Estonia, I had already heard that it was kind of hard to find talents. It's not because there aren't talents, there are, but the problem is that there aren't enough. There is a rumor that two-thirds of the tech students in Estonia dropped out not because they couldn't finish school but because they were hired during school. That's how hard it is. It's not that easy to find suitable talents in Estonia. That's why many companies go towards working with international teams or working remotely. This seems to be one popular solution right now.

[BC10] Language

That's actually one of the things I wanted it to discover during the three-day trip in Estonia. Here everyone speaks English. Even someone can speak only basic English they will still try to speak English with you. This was compared with my experience in Germany where not many people speak English it was tough. And there are cases that even they speak English, they tell you they don't want to speak English with you, they will only use German. I'd like to give my sister's example, she lives in Germany and she is an architect there, he is obliged to learn German if she wants to live there permanently. This makes her hate German because she felt forced to learn the language. But here in Estonia it's not the case. If you done the speakers still name you will still be able to live here, and this actually makes you want to learn some Estonian. Because you feel

being respected by local people and you think you should respect them as well, then you start to learn their language. I think this is the right approach.

[BC11] International diversity

This is an important consideration I made. As a foreigner to a new country, I like to live and work in a community where there are people from many backgrounds. This is not only good to inspire new ideas, but also helpful to shape a stronger community. In Tallinn, you can meet with many different people, which is good.

[BC12] Market

I considered this together with costs and many other aspects. It's obvious that Estonia has a very small market, but we can sell to other countries in the EU, as mentioned.

[BC13] Social Capital

I have friends and families in France and Germany, but not in Estonia. I made new friends here in Estonia. For me I always find an easy way to meet friends and talk to people, so it didn't worry me too much. The only thing I was very worried before coming to Estonia was that people here were said to be cold, but I found them to be one of the easiest people to get along with. I'm here in a start-up community so people here are more open. Compare to France and Germany, I had way easier time to make friends here.

[BC14] Start-up Support System

For me, I didn't really use the accelerators or incubators. What I care more is networking with people, just normal people. But as I said, the Start-up Estonia is very supportive in many aspects. The feeling of friendliness and welcoming is more important than the real support.

[See also B1]

[PC01] Consideration for Families

Not in my case. But from what I heard, especially guys, there is kind of stereotype, when you see a foreigner come to Estonia, you'll ask "Are you here for business, or are you here for business wife?". It's said that when Estonian women go abroad and get married, they always bring their

husbands back to Estonia. This is common. I've seen many people in this situation, including entrepreneurs.

[PC02] Crime Level

I didn't really worry about this aspect because I heard it's a really safe place to be. The reality is that even if I go out for a 3-day trip in the deep forest with no one around I still feel very safe but it's not the case if you are in France or Germany. Safety is a big concern in those places.

[PC03] Culture

[See BC06]

[PC04] Language

[See BC10]

[PC05] International diversity

Yeah, this is one important aspect. For me, I had been living in European countries for many years and had experienced different kinds of societies before coming to Estonia. If a society has more international people, life will be much easier for every foreigner involved.

[PC06] Local Embeddedness

No families or friends in Estonia before coming.

[PC07] Quality of Life

For me, this is the aspect that I look a lot into, e.g., the quality of environment. Estonia has the purest air in the whole world. That's actually super important to me. Being close to wild nature, it's like part of sole in the culture of hiking.

I care about how the environment of the country is. I really enjoy Estonia because I like hiking, can paint and that kind of stuff. Estonia is full of forests. Actually, I live 5 minutes from one forest, and I do like to walk there every morning. This is rarely seen in capitals. It's very luxury for you if you live in other capitals like Paris. Estonia has very clean air. People here are down to Earth. Those are the personal aspects that matter to me.

Weather is actually the biggest problem people have with Estonia because it's cold. But funny enough, although I'm from Morocco, I don't like warm weather. When it's snowing in Estonia, I can go camping. This is actually what I do. For me, the cold weather doesn't bother me that much. But one thing that I was not expecting is the lack of light in winter. It's the first time I got vitamin D supplement in my life. I heard about this before I came, but I underestimate the effects.

Theme C: positive, negative, and driving dimensions

(C1) Which dimensions relating to Estonia did you consider as positive/negative?

One of the biggest positive is it's hard to find negative. I think the cold weather with darkness is one weakness. Another thing It's a pretty chill country where people like to relax and enjoy their life. If someone coming from London or New York, they'll find it's moving too slow here. For me this is ok.

The bank account problem was a negative side, but it was fixed. Last year when I came, it was a bit of hard that because of money laundry issues happened several months before. They make it harder for foreign founders to create business bank accounts. I had to go through the whole process by myself. They asked everything about your business, checked your LinkedIn profile, Facebook profile and everything. It took about two weeks. It was harder at that time, but recently they've made it easier. Right now you can even use online bank services like Transferwise or Revolut. You can use them as business bank accounts, which makes things even more simple.

Not applicable or considered: SC02, BC01, BC13, PC01, PC06

Positive (+): SC01, BC02-BC03, BC05-08, BC10-11, BC14, PC02-05,

Negative (-): BC12

Containing both positive and negative sides (+)(-): BC04, BC09, PC07

(C2) Which dimensions did you consider as crucial driving forces? (top 3)

The first thing is the ease to establish a business. The second thing is the community, how everyone helps everyone here. Third is the natural environments.

BC02, BC14, PC07

Theme D: rule-out reasons

(D1) Have you considered other countries as your destination?

(D1.1) If yes, what was the reason to rule them out?

I checked a lot of places across Europe actually. For example, in France and Germany, the visa application process takes a very long time, and it requires a lot of deposit which is very difficult for many start-ups because they don't have investment at the beginning. Also, the northern European countries like Finland and Norway, they all require too much funding as visa application requirement.

In comparison, the requirement in Tallinn is only €150 a month. That's less than €2,000 a year, not so much. They even changed the policy for us. You don't need to show that you have those finances, only upon signing you have the required minimum number in your bank account. If they have any doubts, they'll call you.

The common thing in all these places is that it takes a long process for a foreigner to establish a company. It's impossible to start working on your business right away without so much paperwork. Estonia is much easier on that ground. For me, working in the tech world, especially in virtual reality, so many things are happening in just one month. Therefore, you don't have time to worry about paperwork and bureaucracy.

Appendix 9.3. Interview EE03

-- Interview Info --

Date: April 05, 2019

Tool: Skype

Duration: 62 minutes

Language: Mandarin, translated into English

-- Personal Info --

Citizenship: Chinese French

Time entering destination country: March. 2017

-- Start-up Info --

Industry: Bitcoin

Time establishing the company: Dec. 2017

Background: Originally from China, got French nationality and lived in Paris for many years. Moved to Tallinn, Estonia in March 2017 for the purpose of living in a more comfortable way. Started his own business in the end of the same year in Estonia.

Theme A: categories of interviewees

(A1) Were you a newcomer to Estonia when you came to start your business?

No, having stayed in Tallinn, Estonia for a few months.

(A2) Do you need a visa to enter the country and start your business?

No, because of French nationality.

(A3) Did you choose the destination purely for business purpose or together with personal purpose?

A combination of business purpose and living purpose. In other words, I considered the business environment and social environment at the same time.

Theme B: considerations made by interviewees to select the destination country

(B1) Why did you choose Estonia as the destination to start your business?

Before coming to Estonia, I was living in Paris, France. I moved to Estonia because I wanted to live in a smaller country where **life** is more enjoyable. Life in big cities like Paris and Berlin are less enjoyable, for example, the **government-related procedures** like the process to pay the utility bills are too complicated and renting a place takes too long. As a comparison, I found everything in Estonia is made easy. I got to know this because once I traveled here. This is very important for me. Also, the living costs here is cheaper than other big capitals. Plus, among all the cities I'd lived, there were rarely forests. I like the **natural environment** in Estonia very much. Another motivation for me to choose Estonia is that I was very interested in **its digital environment** and wanted to come and know more.

A mixed of considerations. For example, one story I heard, if you go to the Silcom Valley to set your business, you get a certain amount of money, and you can last for 6 months, but if you go to Vietnam and get the same amount of money, you can survive for over 1 year. This means that you have to consider many factors when choosing the destination. So, the first consideration is how long your company can last with existing money. The other consideration is that it doesn't mean you're easier to success if you last for longer time.

Costs are important, but on the other hand, if you choose a cheap place where the business environment is poor, it's not a good selection. Especially for the initial stage, a good team is very important. Also, business relationship (e.g., the entrepreneurial vibe, good social capitals, potential customers, markets) is a key.

For me, the most important thing is business environment, which is a whole system not only including cost aspects, but also human resources, local policies and so on. Among them, the vital one is "**density**", in my own word. For example, let's say one country having 10,000 start-ups, this is a big number, but the country also has a large population and area and the start-ups are scattered in many different places. So, this is not a good case. Let's see the example in China. Light or appliance manufactures all concentrate in the Pearl River Delta. The reason is that they have to form an industry scale, where these companies can cooperate with each other and have an advantage in attracting talents. It's like a magnet, the bigger the scale is, the more relevant people will come. Eventually, the good results will show. One good aspect of Estonia is that it has a high "density" of IT industry. For example, in Lift99, you can see all kinds of start-ups,

investors, and other relevant people. Then it's easier to promote your business because these people are all in the same circle.

(B2) What was your consideration relating to [listed dimensions that not mentioned by the interviewee]

[SC01] Visa Possibility

Not applicable.

[SC02] Personal Purpose

Had a personal wish to live in a more comfortable country. Put it as one dimension of considerations.

[BC01] Agglomeration Economies

Not considered. [See B1, "density"]

[BC02] Business Registration Process

The registration process in Estonia is super easy, as I mentioned above, everything made easy. This is a huge advantage because no start-ups would want to waste time in bureaucratic procedures.

[BC03] Investment environment

I've considered this aspect. The amount of investments in Estonia is not very big, but it's quite ok for such a small country, though not comparable to big countries.

I'd say this is still the problem related to "density", as I mentioned before. For example, after Skype was acquired, many people became rich. The money they got were re-invested to the same circle. So, Pipedrive, Skype, and other companies began to emerge in that environment. Once they grew big enough, they will invest to lower level, e.g., founder of Lift99 was a co-founder of Pipedrive. After he invested in Lift99, Lift99 invested some small companies as well. This is a very good circulation.

On the other hand, because the start-up community in Estonia is small, basically everyone knows everyone. One can reach an investor very easily, and an investor can know about one founder or one project very easily. This is very helpful for foreign founders who usually don't have much social capitals to use in the host country, because it's very difficult for them to get trust from investors. This is a beneficiary point.

[BC04] Costs

[See B1, "costs"]

[BC05] Crime Level

An important consideration. Estonia is doing pretty good in this aspect. Generally speaking, it's very safe, physically, with low criminal rate. Moreover, it's a very transparent society. You don't need to worry about business fraud because it's very easy to check each other's business information. Plus, racial discrimination is a big consideration for us foreign founders, not only for the founders themselves but also for foreign employees to be hired. I didn't see this as a big problem in Estonia.

[BC06] Culture

Speaking of culture, people in Estonia are more trustworthy than people in eastern Europe in terms of working attitudes. For our company, because our market is not within Estonia and B-2-B model, the same as the majority of other foreign founders, as long as there are not strong cultural conflicts during work, then it's not a problem. However, if a foreign entrepreneur wants to sell things or services to the locals, I think the language and cultural difference will be a problem, but that's not the case for us.

[BC07] EU Membership

Not considered, because my business has no requirement on where the company is.

[BC08] Government Support

Important. First of all, the simplification of relative processes is important. For example, if you want to hire an employee from outside EU, the time and energy wasted will be huge. But in

Estonia, it's a very easy process as long as you're a recognized start-up. This is rarely seen in other EU countries, which is completely decided by the government. Second, the decreased taxes.

[BC09] Human capital

Important because I need to find partners and employees. This is still about the "density" I talked. Estonia as a small country, you cannot expect sufficient human resources from the local market. But because the trend that the country is focusing on IT development, and because of the 'density', more and more foreign talents are coming.

[BC10] Language

Because English is the language in use in the start-up community, no problem at all.

[BC11] International diversity

[See C2, "international diversity"]

[BC12] Market

This is one comparison factor. The market size in Estonia is too small to think. Because our service is online, so it doesn't hurt that much.

[BC13] Social Capital

Rare. In this aspect, every country in the EU is the same for me.

[BC14] Start-up Support System

Key to consider, because starting up a business is already a difficult job and it is even harder for foreign founders. Though the ecosystem in Estonia is small, it has basically everything. The most precious thing is that the tight connection between the members and the responsive help you can get immediately. Sometimes the support mentally is even more useful than real physical help.

[PC01] Consideration for Families

No special considerations. Just that we wanted to live in an easier place, me and my wife.

[PC02] Crime Level

The considerations were about personal safety and racial discrimination problem. Estonia is a safe place in my view. And discrimination exists everywhere, not typical in Estonia.

[PC03] Culture

And I didn't see obvious cultural conflicts. So it's ok. Though if only think from this aspect, I prefer people in Southern Europe, easier to communicate and make friends.

[PC04] Language

Considered. The English level in Estonia is good.

[PC05] International diversity

This is important because when speaking of daily living, it is very hard for us as foreigners to integrate into local communities. In higher internationalized places, it's easier to make more friends. Also, the level of discrimination may be less when the society is more open.

[PC06] Local Embeddedness

No relation here. In my opinion, starting a business is different from finding a job. For most foreign founders, they have the attitude of adventure. So, the consideration for themselves or families can be left behind. It's of course good that you can set a business where your families and friends are, but I don't think it will be the first consideration.

[PC07] Quality of Life

[See B1, "environment"]

Theme C: positive, negative, and driving dimensions

(C1) Which dimensions relating to Estonia did you consider as positive/negative?

Not applicable or considered: SC01, BC13, PC01, PC06

Positive (+): SC02, BC01-06, BC08, BC10, BC14, PC02-04, PC07

Negative (-): BC09, BC11, BC12, PC05

Containing both positive and negative sides (+)(-): BC07

Some employees in start-up support organization (e.g., Enterprise Estonia) have no experience in entrepreneurship or business. They may only have experience working in the governmental offices and no practical industrial background. So sometimes their recommendations are not useful and may even be misleading, like marketing channel suggestions.

The limitation of human resources. Once your business grows bigger and you need to hire more people, it's very hard to find excellent professionals here.

Another one is in its digital environment. Although Estonia is known to its e-governance technology, its usage of digital technology is very slow in other aspects relating to business. For example, they don't have digital payment.

The impacts caused by the fact that it is a very small country. This affects many different things. For example, some companies may seem doing very great in Estonia, but if we bring it to the internationally level, it's actually not that significant. Also, people's horizon may be a little bit limited. The inclusiveness is not enough. To illustrate, New York is open to everyone, including foreigners. But here, foreign founders are hard to get included in the local communities. This might not be a problem for those founders who use Estonia as the first stop to start the business and planned to relocate to bigger cities in the future. But for foreign founders like me who also want to settle down here, maybe not permanently, but at least for a very long time, it's a downside.

Yes, this is indeed the problem of internationalized level. It's not very high here in Estonia. The first importance is reflected in the inclusiveness of the country, which can help in attracting foreigners to the country. Then the second benefit is that with the coming of people from different background, there can be many new ideas. These two aspects are very important for business development. Because it's not strong in Estonia, people from "opposite" cultures, like South Africa, normally feel that Estonians are too "cold". The result is that they will feel very uncomfortable, which will worsen the effects of other downsides or neutral sides like the weather. Then they will leave. For business, it's hard to find talents – not enough in local markets, hard to hire from abroad.

(C2) Which dimensions did you consider as crucial driving forces? (top 3)

1. BC01, “density” of IT industry which represent a developing trend;
2. PC07, lower costs and higher comfort;
3. BC14, helpful start-up support system.

Theme D: rule-out reasons

(D1) Have you considered other countries as your destination?

(D1.1) If yes, what was the reason to rule them out?

1. France. It’s a very bureaucratic country, so all the processes, no matter big or small, are not easy. For start-ups, we want to grow as fast as possible, but it’s hard to implement here in France.
2. The Netherlands. I even stayed there for three months to experience the start-up vibe and living style. But the main reason to rule out is its costs are too high.
3. Portugal. Tax-friendly for start-ups. Language problem. And weather, I don’t like hot places.
4. Bulgaria. Personal safety concern, governmental efficiency, and language barrier in doing business.

Appendix 9.4. Interview EE04

-- Interview Info --

Date: April 12, 2019

Tool: Skype

Duration: 55 minutes

Language: English

-- Personal Info --

Citizenship: Brazilian

Time entering destination country: Dec. 2018

-- Start-up Info --

Industry: Blockchain

Time establishing the company: Mar. 2018

Background: had a business in blockchain technology in Brazil before relocating to Estonia. The business didn't grow well in the home country because of legal regulations. Started a new company in Estonia to do the same business.

Theme A: categories of interviewees

(A1) Were you a newcomer to Estonia when you came to start your business?

Yes.

(A2) Do you need a visa to enter the country and start your business?

Yes. I applied for E-residence first to establish the company. Then after I personally moved here, I applied for the Temporary Residence Permit.

(A3) Did you choose the destination purely for business purpose or together with personal purpose?

Purely for business purpose.

Theme B: considerations made by interviewees to select the destination country

(B1) Why did you choose Estonia as the destination to start your business?

I developed a matrix comparing 3 things, trying to figure out which country is the best to do my business. Here is my background. My company in Brazil was established in 2015. I was the first person in Brazil to talk about blockchain. I talked to all the governments, all the regulators, the banks. I created a blockchain academy. We organized many workshops. And a lot of other things. In 2017 I tried to do the first blockchain ICO in Brazil, but it was blocked by our regulator for 3 times. The problem was not the ICO per se, but related to the pace dealing with letters. Letters should be sent to lawyers, and they need time for answering. If we could not answer on time, there could be fines. It took us six months. It was difficult. We answered the first letter, and it took 2.5 month and they were totally in silence. So I was thinking: “Ok, they’re in silence, we can’t know if we can or we cannot, so probably we can, let’s try again.” We tried to launch the ICO again. And it happened three times. After the third time which took us 6 months, my cash was running. Because at that time, I was on Google for Start-ups Residency program in Brazil, I had a mentor who was the Head of Legal at Google Brazil. He recommended the best lawyers in the financial field in Brazil to me. They arranged a meeting with CEO of the regulator, who brought me two news, one good, one bad. The bad one was we couldn’t run an ICO in Brazil. They would not forbid, but they would block you for using the ways to do that. The good news was we could move the company out of Brazil. What? It was a shock at that time. Then we had this congressman trying to criminalize encrypted currency in Brazil. In the congress, he tried. So you see the thing was very shadowed. We couldn’t predict how the future of the companies like mine would be. What do we do? We do authentication of identities, signatures, and documents using the technology of blockchain. It’s like a full notarizing system. In Brazil we have 15000 notaries and they don’t like our idea because they see us as competitors. But we are not. We are trying to improve the services, not competing with their services. The banks told us that they don’t like using the currencies of blockchain. The regulators tried to understand what we are doing at the time. Then after talking to lawyers, the lawyers said: “It’s probably better to move out, because here we don’t know what will happen tomorrow in Brazil, and you have potential customers outside Brazil. So, let’s do a research to see how and where to move.”

Then we did the research and considered 3 important things - **taxes, costs, and regulation**. We found the first, the better place to go is Switzerland because of the Crypto Valley. They understand a lot about blockchain. They have a good reputation to understand these things. But

(Appendix 9.4. continued)

they're very expensive. We took consideration of Singapore. But it's also more expensive than Estonia. Estonia was not the first country in terms of regulations but the first in other two aspects.

Considering everything, we chose Estonia Because it has better taxes, better costs and they're involved with technology and they can understand these things. They have regulation for bitcoin but not for blockchain. It's friendlier here. One more thing, we have some potential customers in the South of Europe. Being in EU can help us to approach potential customers in Europe. So Estonian is better than Switzerland because Switzerland is not a part of EU. We chose Estonia and last year we moved the company here. I travelled 4 times to Estonia and now I am living here since December to develop our businesses.

We are trying to do the correct thing since the beginning, that's why we chose Estonia, instead of those tax paradises. We are a real company trying to do the real things.

Regulation is very important for us because I had a problem with regulations in Brazil. So I have to take regulation into consideration. It's of the same importance as taxes and the costs for me. The country must be friendly o blockchain, to technology and to encryption. If they are conservative, I might have problem in expanding the company.

It's very important to think thoroughly because this location decision is highly strategic. Moreover, if I did the wrong selection, it would cost a huge amount of money, which is not reversible. It's a huge step, and I had to do a lot of research.

(B2) What was your consideration relating to [listed dimensions that not mentioned by the interviewee]

[SC01] Visa Possibility

Yeah, before I started to compare different options using the matrix, I checked the visa requirements for me in each destination country. It's the precondition for my relocation.

[SC02] Personal Purpose

Not applicable.

[BC01] Agglomeration Economies

Not considered. Not familiar with the concept.

[BC02] Business Registration Process

It's very important because we had no time to waste. I applied Friday afternoon, and on Monday morning I was told the company was ready to start. Surprising!

[BC03] Investment environment

It's a very important aspect to consider. Before I came here, I knew it's a better place for investments. But after I came here, I found main early-stage investments here. But in our case, we are a little bit between the later stage and the early-stage. So, a bit difficult to find investments here in Estonia.

[BC04] Costs

[See B1, "costs"]

[BC05] Crime Level

Considered, but not that serious. Just that the country is stable and not notorious in crime, then it's enough.

[BC06] Culture

Considered, but I don't think it will cause a big problem. Though in Estonia it's not like what we do in Brazil, we say hi to each other all the time, it's ok here. I have experience working with many Europeans, so I understand how they are.

[BC07] EU Membership

One advantage of Estonia is that it's within the EU. From the investment perspective, we're not approaching US and Canada. They are probably good, but it's tough as well. But here in Estonia, in the EU, everywhere is connected. This is one aspect. The other aspect is that, as I told you, we have potential customers in the south of the EU. Moreover, the EU is encouraging using the blockchain technology. Within the next five years, they'll spend more than 5 billion euros investing on companies who has developed real things based on blockchain. So, for sure, being

in the EU is one important consideration for us. It also provides a lot of opportunities for us to scale up in the future. For example, Portugal and the UK.

[BC08] Government Support

Didn't expect such support before I came. Only got to know that the governments here are very supportive until I moved here. In Brazil, I tried to contact someone government officers, but they are like gods and they don't treat you like you call human beings. But here in Estonia, it's very easy to get help from Start-up Estonia, governments, and the regulators. You can connect them on LinkedIn and they answer. Everything I needed from the government, they helped me. Everything and all the time.

[BC09] Human capital

I was expecting that finding IT talents here would be easy. I imagined that Estonia, as a center of technology and start-ups, would have many suitable tech talents. But the reality is not that because there are a lot of big companies now and they are hiring a lot. For example, Veriff hired about 70 people last month. For us start-ups, our offers are not comparative. Also because of the massive hiring, the salaries are going up. The good thing is there are some tech universities here in Estonia like Tallinn University of Technology and Tartu University, so I can try to find graduates there.

[BC10] Language

I didn't worry about the language problem because it's said that the English level is very high in Estonia.

[BC11] International diversity

Didn't think about it too much before I came. But the diversity of people here in Tallinn is very rich. Everyday I'm surrounded by people from different cultures and different places, sharing different kinds of opinions to each other. I love this. I like the atmosphere here in the start-up community in Tallinn, but I'm told that many Estonians are conservative, if you travel alone to the south of the country, people tend to be more conservative and not very friendly to foreigners because they think we steal their jobs.

[BC12] Market

My consideration was that, because we have some potential customers in southern Europe, setting in Estonia is better than Switzerland. I don't see potential customers in Estonia because its market is really small.

[BC13] Social Capital

Before I came to Estonia, I had no friends or any other contacts here at all. I was alone by myself and I had to discover everything.

[BC14] Start-up Support System

It is obvious important because as a foreigner, I had no contacts and resources to use here. I cannot grow my business without the support system. The system in Estonia was not the best among the options, but it's growing very fast.

[PC01] Consideration for Families

Not considered.

[PC02] Crime Level

A few thoughts on this. Because in my home country Brazil, some places are not very safe. But here in Estonia, it is very safe, so I have nothing to worry about.

[PC03] Culture

Didn't worry about these aspects too much.

[PC04] Language

Same as culture, because my main focus is on business.

[PC05] International diversity

Didn't think about this.

[PC06] Local Embeddedness

None in any of the comparing countries, so never considered.

[PC07] Quality of Life

From personal view, I'd like to live here forever, because Tallinn is not a big city and the comfort of living here is important for me.

Theme C: positive, negative, and driving dimensions

(C1) Which dimensions relating to Estonia did you consider as positive/negative?

Not applicable or considered: SC02, BC01, BC05, BC08, BC11, BC13, PC01, PC03-06

Positive: SC01, BC02, BC04, BC06-07, BC10, BC14, PC02, PC07

Negative: BC09 (reality different from expectation), BC12

Containing both positive and negative sides: BC03

Only the regulation related to my business was not that great compared to Switzerland and Singapore, which cannot be treated as negative also, other aspects in my considerations before I came were positive in my opinion.

From the living considerations, perhaps one negative side is that there is no good pizza like I had in Sao Paulo.

(C2) Which dimensions did you consider as crucial driving forces? (top 3)

Taxes and Costs (BC04), and Regulations (*new)

Theme D: rule-out reasons

(D1) Have you considered other countries as your destination?

(D1.1) If yes, what was the reason to rule them out?

Switzerland and Singapore. They have very higher cost than Estonia. For Switzerland, as mentioned, it's not an EU country. Another thing for Singapore is that I have to stay there to prepare establishing the company. But here in Estonia it's very easy. I did anything electronically and at very cheap prices. We spent a lot of money during the six months doing the ICO in Brazil and we burnt all of our cash flow. For start-ups, 6 months is a lot of time so after that we nearly had no money. When we started to raise money, it took two to four months to get the first round of investment, two to four months to get the money in the bank account. So, when we started at ICU we didn't expect it will take so long.

Appendix 9.5. Interview EE05

-- Interview Info --

Date: April 14, 2019

Tool: WeChat

Duration: 65 minutes

Language: Mandarin, translated into English

-- Personal Info --

Citizenship: Chinese

Time entering destination country: Sept. 2014

-- Start-up Info --

Industry: Big Data and Marketing

Time establishing the company: Nov. 2017

Back ground: got full scholarship in Tallinn University, so came to study – the initial reason to enter Estonia. After graduation, started working with Ericsson for one year, traveling in Sweden and Estonia. Then joined a start-up in Estonia for a few months and later worked as a freelancer for a few months, before having the idea to start own company.

Theme A: categories of interviewees

(A1) Were you a newcomer to Estonia when you came to start your business?

No. Studied master's degree in Tallinn University for two years. Then worked for over one year.

(A2) Do you need a visa to enter the country and start your business?

No because I have TRP.

(A3) Did you choose the destination purely for business purpose or together with personal purpose?

Purely for business purpose.

Theme B: considerations made by interviewees to select the destination country

(B1) Why did you choose Estonia as the destination to start your business?

One aspect that I care a lot is if there is a good **supporting system** in the destination country, like the support from governmental departments. For example, Start-up Estonia gives certain support, e.g., to organize events. Foreign founders at least can social network with others through such events. Although the ecosystem in Estonia is not as strong as other big cities in the EU, like Berlin, and the US, it's growing very fast. Because of the benefits coming with foreign talents, advanced countries started very early to build the ecosystem, Estonia is at the beginning phase.

One deeper consideration about start-up community is if there is enough **resource** - human resource. For example, we need talents in the field of data, so if Estonia has support for this – good technical universities. For us IT company, the most important consideration is about talents, not other resources.

An important reason for me to choose Estonia rather than those advanced countries having strong start-up ecosystem is on **costs**. The costs of running a business, as well as living, in Estonia is not high. So, it's a good place for us as the starting point. As a start-up, the investment in the early stage is very low, less than 100k for us, so it's impossible to go to a country where the expenses on human resources are three times higher than in Estonia.

Tax is also an important consideration. From this point of view, Estonia is not the best choice. But when considering all the other costs, I decided to choose Estonia.

I divided the considerations into “**soft**” and “**hard**” aspects. Soft ones including considerations for **human capital**. Hard ones are from the perspective of the government – the barriers – if it's easy for foreigner to come and work, if the bank is supportive for start-ups. For us, the soft parts are more important – the start-up **community** in Estonia is very good.

(B2) What was your consideration relating to [listed dimensions that not mentioned by the interviewee]

[SC01] Visa Possibility

Prerequisite. In my case, there is no problem for me in Estonia. But if I chose another EU country, I had to consider this possibility first.

[SC02] Personal Purpose

Not applicable.

[BC01] Agglomeration Economies

Not considered. I can understand the concept, but not considered in this way.

[BC02] Business Registration Process

Definitely important for foreign founders. This is one major “hard” aspect.

[BC03] Investment environment

This is one important factor but was not the reason for us to choose Estonia because the investment environment is very limited. First, the investments here are too small, compared to those in the US. Second, a decision usually takes a long time. So, Estonia was not the first option for us in this aspect.

[BC04] Costs

[See B1, “costs” and “taxes”]

[BC05] Crime Level

Not from business perspective.

[BC06] Culture

People in Estonia do things following plans – “I have a plan, I follow the plan, I realize the plan”, which is perfect for doing business. As a comparison, for people in Portugal or other Southern European countries, they prefer “I live in the moment”. But the tricky thing is that in the small start-up community, everything is ok. But for everyday living, it’s not that good.

[BC07] EU Membership

Considered, but not the most important. The good side is that we can travel around EU freely, but technically it does not provide many benefits. From the view of business operation, it doesn’t matter because our service is purely online, without geographical limitation. Customers find us

online, and we find customers via email. The only benefit is that when we attend conferences, the visa limitation is lower.

[BC08] Government Support

Government support is very important for us to hire people. As a start-up, we can fast and easily to find talents from abroad, with easy-to-apply visa for the talents and no additional finance requirement at all. The procedure for a non-start-up is very complicated and long. And once the big environment is ok, more and more talents will come.

I can give you a negative example. In Portugal, when you want to hire a foreign employee, the first barrier is visa permit for the foreigner. The government will ask you many questions like why not hire a local employee. What I'm talking about is the lack of the vibe that as a foreigner, whether as a normal worker or an entrepreneur, you will feel bad if you cannot see a supportive government.

Estonian government is doing great in that they initiate the Start-up Estonia. However, one negative side is that they are not doing so well in other supporting aspects. For example, it's true that the business registration process is fast and easy, but for foreign entrepreneurs, the follow-up things online are still in Estonian, e.g., tax declaration.

[BC09] Human capital

[See B1, "human capital"]

[BC10] Language

The language barrier in Estonia is very low, making it a good place to start a business. Very important. One negative side is some important government-related online services are in Estonian, which is hard for foreign founders [See BC08, "Estonian"].

[BC11] International diversity

It's very important. For example, if we set our business in New York, where there are people from everywhere of the world, I believe our growth would have been much faster.

[BC12] Market

Market is an important factor to select the location to set up a business. But in our case, the beginning step was to find the best possible start-up place with what we have. The main target of our service is in north America – Podcast is not popular even in the whole Europe, no mention Estonia as a small country.

[BC13] Social Capital

Yes, important. Because I've got to know some contacts during the three years. For me to start up the business, my consideration was that I should use all the possible connections that I had, in every possible way – like if my ex-coworkers can introduce me to some customers, or if my classmates can help me with partner companies.

[BC14] Start-up Support System

The mindset of people in Start-up Estonia is very positive and helpful. They even provide personal help for foreign founders. What's important here is not only the real help they provide, but also their willingness to offer help.

[PC01] Consideration for Families

Not relevant.

[PC02] Crime Level

Mainly considered safety for personal reason. Estonia is relatively safe. But I always see thieves in the supermarkets. And racial discrimination is critical.

[PC03] Culture

Didn't consider. It doesn't matter what the local culture is for me because I like to experience different cultures.

[PC04] Language

Mainly considered language part. I prefer English-speaking countries, or at least countries with high English popularity. Otherwise it is not convenient here and there.

[PC05] International diversity

I didn't think about it from personal perspective when I started the business. But if I would do it again, I would choose a country where is highly internationalized. I don't want to live in a place where the local would tell me to get out of their homeland. I had such experience for several times in Estonia. The people here are conservative and their self-protection attitude may trigger unfriendly behavior. Generally speaking, the discrimination problem in the whole Europe is big. I would prefer the North America.

[PC06] Local Embeddedness

Didn't think about it because, first of all, my families are in China, second, I like to make new friends. So, this is not the reason for me to choose a destination.

[PC07] Quality of Life

Important. Because big cities are always polluted to certain degree.

About Estonia, I like snow, but I don't like the darkness. But I can overcome this problem.

Theme C: positive, negative, and driving dimensions

(C1) Which dimensions relating to Estonia did you consider as positive/negative?

Not applicable or considered: SC02, BC01, BC05, PC01, PC03, PC05-06

Positive: SC01, BC02, BC06-07, BC13, BC14, PC04,

Negative: BC03, BC11, BC12

Containing both positive and negative sides: BC04, BC08-10, PC02, PC07

Human capital. The competition for talents is very high. The salary level is a double-edge sword. For us entrepreneurs, it's a good thing; however, for foreign workers, they will see it a downside because they would prefer countries paying higher salaries. Many people in the world still don't know much about this country. In their mind, Estonia is a former-Soviet country and not advanced. Then, if foreign talents don't come, it's negative for us.

(C2) Which dimensions did you consider as crucial driving forces? (top 3)

1. Human capital. (BC09)

2. Costs. (BC04)

3. Start-up support system. (BC14)

Theme D: rule-out reasons

(D1) Have you considered other countries as your destination?

(D1.1) If yes, what was the reason to rule them out?

Portugal and Spain. I really like the people, the environment, and the living pace there, which is an ideal place for living. But it's not good for entrepreneurship because the working attitude is very different from what we have in the North Europe. They care about individual emotion, so they focus on personal goals while working, rather than the goal of the company or the project. Second, the start-up support system is not strong enough in Portugal. And not enough talents. The country has a big problem in brain drain, not mention the talents needed for foreign start-ups. Third, the language is a big problem because most of locals speak Portuguese and not very good English, for foreigner founders, especially newcomers, it's hard to integrate into the community. Spain is in the same situation.

Appendix 9.6. Interview EE06

-- Interview Info --

Date: April 24, 2019

Tool: Skype

Duration: 48 minutes

Language: English

-- Personal Info --

Citizenship: Ukraine

Time entering destination country: August 2014

-- Start-up Info --

Industry: Augmented Reality

Time establishing the company: April 2016

Back ground: A big difference of this interviewee from others is - “The country chose me, not I chose the country.” She came to Tallinn, Estonia to study in 2014. After she moved here, she was very impressed by the start-up scene and how everything is developed with IT. That’s how she got the passion to start her own company. One character of her start-up is that they set two offices in Ukraine, where the developers are.

Theme A: categories of interviewees

(A1) Were you a newcomer to Estonia when you came to start your business?

No. I established my own company at the second year of my master’s study in TalTech.

(A2) Do you need a visa to enter the country and start your business?

Yes, but I had the student visa at that moment, so no need for new visa.

(A3) Did you choose the destination purely for business purpose or together with personal purpose?

Purely for business purpose.

Theme B: considerations made by interviewees to select the destination country

(B1) Why did you choose Estonia as the destination to start your business?

Back to 2016, when I was a student, I took part in the Skype **hackathon**. During that hackathon, our team came up with the idea, which was pretty successful, so we started to develop it. After about half a year, we participated in more hackathons. We also found the team, the developers, and team members. Yeah, the whole set.

(B2) What was your consideration relating to [listed dimensions that not mentioned by the interviewee]

[SC01] Visa Possibility

Prerequisite.

[SC02] Personal Purpose

Not applicable.

[BC01] Agglomeration Economies

No. When we started the company, we didn't. But now, we do. So that's why we set our office in Ukraine, because Ukraine has a mature industry. You can find many specialists and developers, and it's a bit more reliable, the whole development.

[BC02] Business Registration Process

This was one of my considerations. It was very fast. Actually, I finished it when I was in a trip in India. It's a great experience, how fast you can establish a company.

[BC03] Investment environment

An important consideration. If we need to find investment, we would go to the US. But through the investors we met in Estonia. We can have the opportunities to meet with many investors from different parts of the world.

[BC04] Costs

To be honest, we also didn't consider the costs in Estonia very much. The time we established company we did not know the cost of the development in Estonia, as we had developers onboard.

Estonia is not the cheapest place in the world for IT. Overall the cost is high and hard to find labour force. That is why we have two offices in Ukraine.

[BC05] Crime Level

Yes, considered, especially for business. Estonia is pretty safe, speaking to business, if compared to other post-Soviet countries. About discrimination, it's just like any other places. There are always some people like foreigners, some don't. So, yes, you can feel it here in Estonia. But in Estonia, I'd say the problem is discrimination against woman, which is another side. It affects both, business and daily living, especially if you're a woman.

But generally speaking, the discrimination level in Tallinn is acceptable. The crime rate is quite low, and I would say the discrimination is getting lower nowadays.

[BC06] Culture

Considered, Estonia has a good selection of business events and governmental support as well as strong business culture.

[BC07] EU Membership

Considered. Usually, a company in EU countries has more opportunities than in Ukraine. More trust. There are also some additional benefits, like international sides, for example, taxation and everything, is about the same in EU.

[BC08] Government Support

We got both financial and non-financial support from the government. Especially when we worked on our first solution to implementation, we got great support from Start-up Estonia and money support. From the government, we got some useful connections and the first money to develop our project.

[BC09] Human capital

We couldn't find specialists we needed here in Estonia. But in Ukraine, there are many freelancers we need. So, we set an office there.

[BC10] Language

To be honest, luckily, we have Estonian team members. Because especially when you're working with government, according to Estonian schools, you must know Estonian. All those governmental procedures, documents are in Estonian. You need someone who speaks Estonian to help you. If you don't know, it will be a problem.

[BC11] International diversity

Never thought about it very deeply.

[BC12] Market

Estonia is too small, so we didn't really consider the market here. We selected here mainly because it's a good place for testing and launching something new. So normally, we also expanded to Finland. We've sent some solutions to Finland, and other language learning solution here. We usually working with customers from EU and US.

[BC13] Social Capital

Yes, because I knew some people here. And we got help because of hackathons. People are very open-minded in the start-up community, so we can discuss and share useful information.

[BC14] Start-up Support System

The biggest support for us was mentoring, from the first Hackathon. We were taught how to get money, how to develop the idea, and some support about the technologies we used.

Very supportive and helpful. They organize many events like the hackathons we took part, where you can meet different people and find new ideas. Start-up Estonia and Lift99 are the two most famous organization.

[PC01] Consideration for Families

Not relevant.

[PC02] Crime Level

[See BC05, "both"]

[PC03] Culture

Estonian culture is very different from what we have in Ukraine. Our culture is a bit warmer. You can make friends with Ukrainian people in one day, but 2 years with Estonian people. Another different is that in some places it's live 24/7, but in Tallinn, no activities after 12. I expected it to be more active. But still, I like it here, that's why I chose to stay.

[PC04] Language

It doesn't affect much if you're in the city centre. But if you go to hospital, or any governmental institution, you might have a problem.

[PC05] International diversity

Not considered. But there are some complaints about people here not very fond of foreigners.

[PC06] Local Embeddedness

Not the case.

[PC07] Quality of Life

The quality is quite high, especially the nature. There are forests in the middle of the city. I like it. About the weather, it's a bit hard for me in winter, but it's not so bad.

Theme C: positive, negative, and driving dimensions

(C1) Which dimensions relating to Estonia did you consider as positive/negative?

Not applicable or considered: SC02, BC01, BC11, PC01, PC05-06

Positive: SC01, BC02-03, BC06-08, BC13-14, PC03, PC07

Negative: BC04, BC09, BC12

Containing both positive and negative sides: BC05, BC10, PC02, PC04

Business registration system is quite simple. Also, everything is online, through internet, which is very convenient. The E-government is also very good. And it's a start-up country, very good to test new things. The support system. Everything is transparent.

Negative sides: very small market, shortage of talents, the language problem

(C2) Which dimensions did you consider as crucial driving forces? (top 3)

1st: E-Governance (NEW). Easy to submit company taxes, I can do all the registrations and required document online, no need to be physically present in Estonia all the time.

2nd: EU membership

3rd: Start-up support system

Theme D: rule-out reasons

(D1) Have you considered other countries as your destination?

No. Special case.

Appendix 10. Description of answers to C1

EE01

Except for the market dimension, the interviewee was generally satisfied with all other dimensions in Estonia when selecting the destination country.

EE02

The interviewee saw both positive and negative aspects relating to the considerations of costs and human capital in Estonia. As for costs, he stressed the taxes for employees are high, while speaking high of the unique tax system for start-ups and being satisfied with other cost rates. As for human capital, he agreed that many talents are coming to Estonia, but his concern was that the labour market was still not enough to face the high competition. He also regarded the market in Estonia as too small.

EE03

First, besides market size, the biggest insufficiency of Estonia for the interviewee lies in the international diversity, from both business and personal perspectives. He thinks it reflects the inclusiveness of the country and a low level cannot help to attract foreigners. Second, in the business-related aspects, the interviewee saw both weak and bright sides in Estonian human capital condition. He saw the shortage of human resources from the local market, but the promising trend is that more foreigners will come if the country continues to devote to IT industry.

EE04

One thing worth noticing is about “closeness to investor”. During the selection period, the interviewee thought Estonia would be a great place for investment, which added some positive credits to it. However, after he moved to Estonia, he found it is hard for him to find investment. About negative aspects, the interviewee saw both positive and negative sides in human capital, while saw the small market as negative.

EE05

The interviewee saw more weaknesses than other interviewed foreign founders. In his view, both the investment market and customer market in Estonia are very small. He had different attitudes towards the impact of level on international diversity for business purpose and personal purpose. The limited international diversity in Estonia would restrict the growth of the business, while it did not bother him during the selection process. However, he did express the willingness to consider this aspect very important if he had the chance to do it again, due to discrimination problems.

The interviewee's considerations containing double sides lie in five dimensions, i.e., costs, language, and the international diversity at the business view; crime level and quality of life at the personal view.

EE06

On the one hand, the interviewee benefited from the easy visa requirement and business registration process, being close to investors and within EU, the nice business culture, the support from government and start-up community, and her own social capitals in Estonia. From personal perspective, she was happy with the local culture and the quality of life. On the other hand, the three basic elements in operating a business - costs, human capital, and market – are considered negative by the interviewee. First, unlike other interviewed foreign founders, the interviewee saw the expenses in doing business in Estonia as high, compared with her homeland Ukraine. Second, the abundant IT talent pool in her homeland again attracted her to set offices there. Finally, the small market pushed her to look for customers from other EU countries.

The interviewee saw both sides in two aspects, affecting both work and life. One is discrimination for foreigners and women, despite the personal safety in Estonia has nothing to worry about, the other is language barriers in certain occasions, such as hospitals, governmental institutions, and some official webpages.

Appendix 11. Description of answers to C2

EE01

The interviewee paid attention to the start-up support system in Estonia, the social capital he could use, and the low costs.

EE02

The fast and easy business registration process and the start-up support system came first and second respectively, followed by the quality of life in Estonia (natural environment in particular) which also played a significant role in his selection.

EE03

The interviewee cared about the “density” of the IT industry in Estonia, which represents the future developing trend and will create more opportunities, and then the personal aspect – the quality of life based on lower costs and higher comfort, and finally the help from the start-up support system.

EE04

The top three dimensions were low taxes, low other costs in general, and regulation, with the former two aspects, fall within the costs dimension and the last one being new.

EE05

The interviewee thinks talents as the most important factor in running a successful business; therefore, the human capital dimension was the first in his considerations. Estonia offered two advantages in this aspect: first, he met his partner and other founding members, and second, he could hire developers easily from abroad. Costs and start-up support system were in the second and third places.

EE06

The interviewee stressed the importance of all the benefits brought by E-Governance, which brings almost everything online and no longer requires physical presence. The second one is Estonia being an EU member state, and the third is the start-up support system.

Appendix 12. Description of answers to D1

The following part clarifies the reason to exclude each country, listed in the alphabetical order, with two exceptions – Finland and Norway were put together because they were considered by the same foreign entrepreneur and ruled out for the same reasons, so were Singapore and Switzerland.

Bulgaria

Because of “personal safety concern, governmental efficiency, and a language barrier in doing business”, Bulgaria was ruled out by EE03.

Finland & Norway

These two North European countries were ruled out by EE02 due to high costs. Not only the total fees of running the business there are expensive, but also the high amount of money they required for visa application. By contrast, Estonia has much lower expenses and considerably friend visa requirements.

France

EE02 was unsatisfied with the visa application process in France, which takes a very long time and requires a huge amount of deposit that is very difficult for many start-ups. He did not want to waste time or have the time on paperwork and bureaucracy.

“A very bureaucratic country”, commented by EE03. He said all the processes, no matter big or small, are not easy. Start-ups normally want to grow as fast as possible, but it’s hard to implement in France.

Germany

According to EE02, Germany shares similar downsides as France. The common thing is the long process for a foreigner to establish a company, which is against the need of start-ups. Especially in his industry, virtual reality, so many things are happening in just one month. Another thing is that discrimination in Germany is high, it is very difficult to fit in.

Portugal

EE03 considered Portugal because of its tax-friendliness for start-ups. However, the language barrier would be a big problem for doing business. Moreover, from a personal perspective, the founder does not like hot places. EE05 regards Portugal as “an ideal place for living” but “not good for entrepreneurship”. On the one hand, the working attitude is very different from what we have in the North Europe -Portuguese usually focus on personal goals while working, rather than the goal of the company or the project. On the other hand, the start-up support system is not strong enough in Portugal, with a big problem in brain drain and the shortage of talents for foreign start-ups. Moreover, language is a big problem because most locals speak Portuguese and not very good English.

Singapore & Switzerland

By the comparison matrix made by EE04, Singapore and Switzerland have much higher costs than Estonia. Another reason for Singapore is the difficulty in establishing the company because it requires personal presence. And for Switzerland is that it is not an EU country, which will cause trouble for the founder in finding customers from EU countries.

Spain

Though EE01 stressed that he had considered Spain due to personal preference in the local people and culture, he had to rule it out based on two reasons: first, there are not many international tech founders; second, the support system, which is the most important aspect in his opinion, is not good enough as in Estonia. For EE05, Spain has similar issues to Portugal.

The Netherlands

In the view of EE01, the Netherlands and Estonia share many common points, e.g., Start-up Visa policy, start-up support systems, but he ruled the former out because the expenses of in whichever aspect in the Netherlands are “too high”. The same situation for EE03, who considered the costs of doing business and living in Amsterdam is “too high”.