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Reference: (2019). Transnational entrepreneurship : an interview with Carlos Arevalo, CEO of Trilegis in el Salvador. In: Journal of economics and political economy 6 (2), S. 193 - 200.
doi:10.1453/jepe.v6i2.1902.

This Version is available at:
<http://hdl.handle.net/11159/4198>

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Journal of
Economics and Political Economy

www.kspjournals.org

Volume 6

June 2019

Issue 2

Transnational entrepreneurship: An interview with
Carlos Arevalo, CEO of Trilegis in el Salvador

By J. Mark MUNOZ †

Abstract. Interest in transnational entrepreneurship has expanded in recent years. However, there are limited qualitative surveys that shed light on the mindset of the contemporary transnational entrepreneur. This article contributes to academic and business literature by presenting the views of an El Salvador born executive Carlos Arevalo. Carlos Arevalo is CEO of Trilegis, a transportation company in El Salvador that is operating in several international locations. Through an interview conducted by Dr. J. Mark Munoz of Millikin University, with the assistance of business student Kimberly Tejada, Arevalo shares his viewpoints on transnational entrepreneurship and its business implications.

Keywords. Transnational entrepreneurship, Entrepreneurship, International business.

JEL. L26, M16.

1. Introduction

In a fast paced global environment, migration of people has accelerated worldwide in recent years. The UN International Migration Report (2017) indicated that in that year there were 258 million international migrants. It is estimated that immigrants constitute approximately 10% of people living in developed nations (Riddle, 2008).

Many immigrants become entrepreneurs. They leverage their skills, abilities and resources to accomplish entrepreneurial goals. These entrepreneurs are known as transnational entrepreneurs or migrants with business relationships with their country of origin, adopted country and communities (Drori, Benson & Wright, 2009). They engage in innovative business pursuits through the leveraging of connections and opportunities in their home and host country (Saxenian & Li, 2003).

In the practice of transnational entrepreneurship, it is important to weigh in on international factors and forces where opportunity for cross-border entrepreneurial activities is in existence (Portes, Haller & Guarnizo, 2002). The process is multi-dimensional and is anchored on discovery and action (Chen & Tan, 2009). Success is largely attributed to factors such as knowledge, resources, culture, social position and lineage (Light & Gold, 2000). In addition, the social aspect of transnational entrepreneurship

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provides the foundation for gaining tangible and intangible assets essential for venture success (Davidson & Honig, 2003).

Research suggests that immigrant entrepreneurs tend to participate in transnational business pursuits (Chen & Tan, 2008) which eventually have an impact on the economic prosperity of the countries where they do business in. The economic and business impact of migrants are extensive and include the addressing of labor shortages, enhancement of competitiveness, economic vitalization, new businesses creation, as well as the transfer and enhancement of skills and knowledge (International Business Leaders Forum, 2010).

The United States has attracted multitudes of transnational entrepreneurs. These entrepreneurs originate from vast geographic locations and bring with them unique skills, talent and cultural attributes which enrich the country. Approximately 60% of immigrant entrepreneurs of Hispanic origin are categorized as transnational entrepreneurs (Portes, Haller & Guarnizo, 2002) and they have the propensity to pursue cross border business initiatives. In the USA, Indian and Chinese entrepreneurs in Silicon Valley have established subsidiaries, joint ventures and other countless entrepreneurial activities in their country of origin (Saxenian, Mtoyama & Quan, 2002).

Migrants pursue transnational entrepreneurship using different modalities. Landolt *et al.*, (1999) noted strategic and innovative approaches such as: circuit (cross-country transfer of goods), cultural (built on immigrant desire to purchase cultural products), ethnic (retail firms directed at migrant communities), and return-migrant (built by returnees through a strong overseas connection).

There has been a growing amount of interest on the topic of transnational entrepreneurship. Yet, despite this high level of interest, qualitative studies that capture the business mindset of these entrepreneurs have been scarce.

In an effort to better understand how transnational entrepreneurs think and operate in the real world, Dr. J. Mark Munoz of Millikin University and business student Kimberly Tejadainterviewed Carlos Arevalo, CEO of Trilogis in El Salvador.

The interview transcript and conversation is shown below.

2. Interview

1. J. Mark Munoz (J.M.M.): Can you provide an overview of your family history. For example, was there an entrepreneur in your family? Did your family history influence your decision to start a business?

Carlos Arevalo (C.A.): *Yes, being the youngest of the family, I was able to learn a lot from my family. My two older sisters had their own business, and whenever I got off school, I would help them out. Ever since I was little I was able to get involved in the business world, not only through school but also in outside organizations.*

J.M. Munoz. JEPE, 6(2), 2019, p.193-200.

2. J.M.M.: What was your educational background? Do you have specific views on formal versus informal education? What are your views on transnational entrepreneurship?

C.A.: I was very involved in school. I knew what I wanted to study because of the exposure I had when I was little. I do believe that formal education really gives you a strong base in knowledge on how to run a business. It gives you a more structural outlook, as compared to informal education, which kind of teaches you to deal with the problems as they come. With formal education, there is more strategy to it, how to take care of inventory, and accounting. When working with other people I got to realize how important working with a certain order and structure is.

3. J.M.M.: Everyone has at least one role model, someone they aspire to be like. Do you have one that is an entrepreneur? How did they influence your decision to start a business?

C.A.: Honesty, the person that influenced my decision to become an entrepreneur would be my older sister. She started her own business in a very rural area in El Salvador at first. It became harder and harder for her to expand it, but she was able to do so, and being there since I was young I saw the process she went through and I thought it was admirable and wanted to do the same. Also, there was an organization called "Empresarios Juveniles" and it was a group of students who developed ideas and created business plans and then sold them. I was part of that and wanted to further my education outside of it too.

4. J.M.M.: Starting a new business isn't something people take lightly. Why did you start yours? What steps did you take to start the business?

C.A.: I saw the necessity El Salvador had in this type of business. I saw that businesses in the country needed a way to transport products from one side of the country to the other, but there really wasn't any. Companies would have their own way of transportation, but my business took care of those costs for them. I wanted to establish that kind of business in El Salvador and later expand it in Central America.

5. J.M.M.: What challenges did you face when building your business, and how did you overcome them? Did you come across any unique circumstances as a result of your race?

C.A.: Some of the challenges I faced because of the location of my business was the delinquency in El Salvador. We would have trucks full of merchandise from companies that trusted us, and delinquents would follow the trucks and rob all the merchandise we would have. This continued on fairly frequently, and it got to the point where they knew every route the drivers would take. This created conflict between the businesses we had allied with, since they were the ones losing money as well. The solution was to hire security guards for every truck. For some time, it was very expensive, since it was an extra cost added to the financing of a startup. With time, that cost turned into a good investment, since the drivers weren't being

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followed anymore. We didn't really have any issues pertaining race, but it was more culture-wise. If there weren't so many gangs in the rural areas of El Salvador, the problem could have been eradicated easily, or there wouldn't have been a problem to begin with.

6. J.M.M.: What types of support were most helpful to you when you were building your business? For example, did your local community play a role in shaping your business interests and development, or maybe it was a mentor? What or who was that one thing that made you believe, "Yes, I can do this!"

C.A.: It all began with the money I won at a business competition. I won \$15,000 that I could use towards the start-up costs of the business. I believe that that was one of the major forces I had when it came to launch it and work on my idea. After that, once the paperwork was done, it was a matter of gaining momentum and keep adding to the plan. My parents and my siblings were probably the biggest supporters. They were the ones who had the patience and the appreciation for my work that became one of my biggest inspirations.

7. J.M.M.: What do you think are the essential skills needed for transnational entrepreneurs to succeed in America? Also, what personal attitudes do you think are essential?

C.A.: I believe there are three qualities that you have to have in order for a business to succeed globally. One is vision. Someone has to have a clear vision of what they want to do and where the business is going. Have established goals and it is important to start small and then develop a plan to reach those goals. The second would be courage. It is not easy to start a business, and it is even harder to take it overseas. A lot of people don't really think in expanding a business because they don't want to deal with the troubles of doing so. There are many extra costs when it comes to expansion, and even success isn't guaranteed. But the extra effort put into opening a business overseas is ultimately worth it. The most important part is probably determination and the want to keep moving forward, even if it seems like the business is not developing the way you want it to be. There are many problems that arise during the process of creating a business, and someone that gives up easily will not make it as an entrepreneur.

8. J.M.M.: If you had the chance to start over again, would you do anything differently? More to the point, if you would, what's the reason?

C.A.: I would maybe change the fact that when starting, I wanted the business to develop and expand quickly. I would have moderated growth better, but I obviously thought that that didn't matter. I wanted everything now. Because of that mentality, at the beginning I would rush into some steps, I would not consider some the importance of a full process in creating a business plan. Y would have taken it slower and organized. I believe that that is one of the reasons why previous businesses had failed, but when starting the one I manage right now, I took what I knew before, what had failed and I decided to have more patience.

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9. J.M.M.: How would you characterize the state of transnational entrepreneurship in the USA? For instance, is it in the early stages, is it growing, or is it mature? Do you think it is open to all, or limited to certain individuals? Is it viable from anywhere in the country, or more favorable in certain states?

C.A.: It is clear that the way of living in the United States is way different than anywhere else. There are far much more people that are middle class, and that helps with the type of businesses that are not so big. I believe transnational entrepreneurship in the USA is still growing for sure, but compared to other countries in the world, it is in a very advanced stage. There is so much potential to elevate growth and sell more. There is also the opportunity of having resources that other countries don't, from knowledge and education, to having big machinery. USA is one of the countries that has the most advantage, but it also depends greatly of other countries like China to manufacture and deliver the goods and services created in the US. Also, economically speaking, the US is in a far more developed stage then for example Haiti. This gives the opportunity of business owners to sell more, given the fact that people are more able to spend their money. In perspective, anyone could open a business anywhere. Maybe having someone who is American start it in the US would be ideal, since there is so much paperwork involved into creating and developing a business from outside the country.

10. J.M.M.: Are you a member of any business organization? Are these organizations unique to international entrepreneurs or open to all races? Did they contribute to your business success?

C.A.: I'm currently just part of organizations within my job, since I don't have much time outside of it. I do however believe that connections are really important in the business world, so because of that I tend to always be part of groups, even temporary, because you never know when you'll need people around you. You can join either sports groups or political ones, it doesn't really matter, it matters your contribution and what you get out of it.

11. J.M.M.: Do you think social networks and personal connections are important to business? Did you use networking when building your business, and are your social networks race based?

C.A.: Yes, huge yes. There were many times I needed help from other people, and it was the fact that I was good friends with them that I got help from them. Connections in the business world go hand by hand. It is necessary to have a good relationship with everyone you meet, because you really never know when you'll need something from them. Get along with everyone, from your gardener to the CEO of another company, it doesn't matter what the position is. There were times when starting my business where I not only needed help financially, but tips and advice, and people around me were a huge help.

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12. J.M.M.: If you could give advice to young transnational entrepreneurs or other young people thinking about starting a business, what would be the most important thing, and why?

C.A.: I would start off by saying that it is never too late to start. It might be scary at first, because nothing that is worthwhile it is easy. If not everyone would be doing it. I would tell them to have a plan of action and a very well put business plan. I cannot stress that enough. Details are so crucial when creating a business, and by doing a complete business plan you can acknowledge that through it. Also, market research is so important. Do it. You need to know whether your clients will be interested in your business, don't base yourself in what you think you know, but actually do research on it. Don't start a business when you are in a huge debt or if you don't have a base of what you want to do.

13. J.M.M.: Have you been involved in socio-civic organizations or philanthropic work? If so, in which organizations, and what role did you play?

C.A.: Yes, El Salvador is a country that needs a lot of help. Communities struggle every day to survive, and it is sad to see such a beautiful country go to ruins because of the delinquency and poor administration of money by the government. Because of that I make some contributions to Habitat for Humanity, Turtle rescues and natural disasters help. Living in a country where you can pass a big house with people with two drivers, and then a block away live people in shelters by a cardboard box. It is easy to know who needs help. It is hard though, to make huge donations to big organizations because of the level of corruption El Salvador has, so I trust more international organizations than the ones within the country. Sad, but true.

14. J.M.M.: What do you see happening to your business in the future? Do you have succession plans in place? Do you see your business being run by family members or professional managers, and why?

C.A.: I see myself expanding the business to Central America, potentially starting in Guatemala. When it comes to hiring, if it's a small business, I would hire family members, since they can be more trusted, and the cost is much less than hiring an expert, but whenever the business starts to grow, it is better to hire someone who has been in the business before.

15. J.M.M.: Where do you see yourself ten years from now?

C.A.: I want to keep working on my business right now, and potentially start a new one. A lot can happen in one year, and hopefully my children can help me out on the future plans that I have. I want to travel around the world too, because I know that that helps you build perspective, and hopefully my business can make it internationally.

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16. J.M.M.: What do you think is your legacy to the business community?

C.A.: I believe that if you don't get out of your comfort zone you will never develop as a person. I believe I have had to get out of that comfort zone multiple times, and I can see how that has helped me. I believe that here in El Salvador, by helping others realize that is a great contribution, since many Salvadorians don't really have that mentality. I guess the sharing of my knowledge is something I am very proud of.

End of Interview

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