Previous Research on Returnee Entrepreneurship

Lisa Ahuis, Myra Louise Grewe, Franziska Otten & Helena Rolf

Abstract

Despite the growing research interest in the phenomena of diaspora entrepreneurship and its increasing importance for societies and economies, previous researchers also focused on a specific version of diaspora entrepreneurship – returnee entrepreneurship. Returnee entrepreneurs refer to individuals, who start a new business in their home country after spending many years in a host country that may offer a high level of skills. As a result, they are in a position to contribute to the economic success of the country of origin. This contribution may build on a transfer of knowledge, practices, and their international networks to their home country.

In order to address the key question: which aspects of returnee entrepreneurship have been studied so far and why, the study exposes some research gaps in the field. An inductive approach with a systematic literature analysis was chosen. Therefore, the paper investigates the selected studies by using different criteria: discipline, methodology, country of origin and industry. Half of the articles focus on China, especially the Chinese Science Park Zhongguancun in Beijing. Due to this fact, the articles address the high-tech industry, supposing the IT and service sectors are low-barrier-to-entry markets with huge growing potential. Further studies could focus on countries outside Asia, e.g. Eastern Europe or Africa, ‘rich-to-rich’ returnees or determine the necessary time for a returnee starting a business. Additionally, generations as well as age groups can be compared or the educational background and the macro and micro levels could be examined in future research.

Keywords: Returnee entrepreneurship, Diaspora entrepreneurship, Returnee entrepreneurs, Returnees, Returnee experience, Asian returnees

1. Introduction

The role of returnee entrepreneurs has gained in importance, especially within the development of emerging countries. Notably advancing globalization and rising migration flows have led to an intensification of this effect, e.g. due to simpler communication and more flexibility, which can be traced back to new technological developments like internet or air travel (Drori, Honig and Wright, 2009: 1001). Triggered by the fundamental social transformation of recent years the matter evolved into something significant. The topic returnee entrepreneurship should be distinguished from similar concepts like descending and ascending diaspora entrepreneurship. In contrast to returnees, both concepts merely refer to one direction of migration.

Accordingly, we define returnee entrepreneurs as individuals, who start a new business in their home country after spending many years in a host country that may offers a high level of skills (Drori, Honig and Wright, 2009: 1005; Filatotchev et al., 2009: 1006; Kenney, Breznitz and Murphree, 2013: 391; Wright et al., 2008: 132). As a result of their good education and the advanced technology from industrialised countries, they are in a position to contribute to the economic success of the COO. Consequently arises through returning, a transfer of knowledge, practices, and their international networks to their home nation (Zhou and Hsu, 2011: 398-299). The most important reasons for returning to their COO are economic opportunities, access to local markets and family integration. Furthermore, their mixed embeddedness leads to varied networks in home country as well as in host country, which encourages entrepreneurial success (Kuznetsov, 2006).

Investigations into this topic started with the phenomenon called brain drain which refers to the emigration of highly trained people from developing countries to developed countries. Brain drain was seen since the 1970s as a negative process for already poor countries (Kenny, Breznitz and Murphee, 2012: 1). However, the opinion about this phenomenon has changed in recent years. There is an increasing number of studies, which bring to light, that a few intelligent immigrants are re-turning to their COO to establish a new business (Drori, Honig and Wright, 2009: 1005; Filatotchev et al., 2009: 1006; Kenney, Breznitz and Murphree, 2013: 391; Wright et al., 2008: 132). As a result of this the cornerstone for the investigations concerning returnee entrepreneurship was placed. Previous research is mainly focused on specific ethnic groups such as

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Chinese returnee Entrepreneurs and focus-es solely on the Zhongguancun Science Park in Beijing (Dai and Liu, 2009: 373-386; Filatotchev et al., 2009: 10051019; Liu et al., 2010: 1183-1195; Wright et al., 2008: 131-155). Correspondingly, it can be said: What was once a brain drain which benefited the economy of developed countries is now reversed, to the long-term benefit of China. Today, in this case one speaks of brain gain or brain circula-tion. According to the Chinese Ministry of Education the number of Chinese overseas talents from 1978 to 2009 amount to 1.62 million people. By the end of 2009, 497,000 students from abroad returned to China. This resulted in 2,000 new ventures in the hightech sector of Zhongguancun Science Park (Liu, Wright and Filatotchev, 2015: 2). Chinese returnees are mainly specialized in sectors such as IT, telecommunications, media, computers and biotechnology (Wang, Zweig and Lin, 2011: 414). The increasing numbers of Chinese returnees show e.g. the relevance of this research topic.

For this reason the main focus is on the returnee entrepreneurship of the Chinese sector. The objective of this report is to introduce the reader to the topic returnee entrepreneur-ship an inductive approach was chosen. This could be traced back to the fact that this literature analysis is not for testing an existing theory. The aim of the inductive strategy is the orientation from specific to more general, so the other way round. It also has to be mentioned that the returnee entrepreneurship phenomenon is in its early stage and a wide theory is missing. The inductive approach helps in building an overview and theories (Elo and Kyngäs, 2008: 109) and is connected with a qualitative method (Neumann, 2011: 174-175).

With this inductive approach a systematic literature analysis came along. Thereby already published as well as appropriate articles could be chosen in the first step and then evaluated and summarized in the next step. Finally, it is possible to respond to the research questions (Petticrew and Roberts 2006: 9).

The benefits of this approach are the restriction of bias, a more dependable outcome and so on. Based on this, conclusions and decisions could be derived (Becheikh, Landry and Amara 2006: 645).

In the first step of planning the literature review an overview of the available articles was provided. These criteria refer to the time, language, database, journal, plus other reasons for excluded articles. In case of the time only articles published between 2000 and 2016 were considered. This selected space of time depends first on the majority of articles which were published after 2000. Secondly a more specific reason for this period of time based on the fact that the movement of skilled human beings who resettled from poor countries to developed countries was named by the initial literature the brain drain phenomenon. For the developing nations this brain drain motion was negatively afflicted. However, from the 1990s, this negative opinion began to change to a positive one, called brain gain, referring to migrants who came back upskilled to their home countries (Kenney, Breznitz and Murphee, 2013: 391). These two points led to the chosen period of time. Furthermore the focus lay on English written articles, because the majority of topic specific articles provided by the databases is written in English. In addition to articles from the national and university library Bremen, EBSCO and Google Scholar were included to ensure finding the most important and a huge number of high-quality articles. Another criterion refers to the publication medium. The conducted analysis only included journals whereby books were counted out. One the basis of the limited pool of data all journals were taken into consideration even grey literature. Finally, articles were excluded due to the fact, that they were unobtainable on electronic way. Besides transnational and immigrant entrepreneurship related studies were not considered for the different meaning in comparison with returnee

2. Methods

For answering the research questions concerning the topic returnee entrepreneur-ship an inductive approach was chosen. This could be traced back to the fact that this literature analysis is not for testing an existing theory. The aim of the inductive strategy is the orientation from specific to more general, so the other way round. It also has to be mentioned that the returnee entrepreneurship phenomenon is in its early stage and a wide theory is missing. The inductive approach helps in building an overview and theories (Elo and Kyngäs, 2008: 109) and is connected with a qualitative method (Neumann, 2011: 174-175).

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entrepreneurship. In a nutshell, these inclusion and exclusion criteria are crucial, because they provided strong evidences that only the relevant aspects were included to respond to the research questions.

For the search of literature we determined by means of thesaurus method a couple of keywords to the topic returnee entrepreneurship (see fig. 1). This based on the fact that the researchers usually use different words relating to the same term. Thereby it is guaranteed that important articles were included (Crossan and Apaydin 2010: 1158).

In the first step we defined more general keywords because of less background knowledge. This is exemplified by returnee entrepreneurs, returnee experience and diaspora. After getting a rough overview we could expand our list in a next step by more specific catchwords such as brain drain, brain circulation and country-specific keywords like Chinese and Indian returnee.

After determining the inclusion and exclusion criteria and several issue-specific keywords the search for appropriate articles in the three mentioned databases would be conducted. In the next step founded articles were screened using the PRISMA flow diagram (see fig. 2). Initially under reviewing the title 50 articles were discovered, which are maybe suitably. Analyzing these 50 articles in respect of the abstract led to an exclusion of eight articles. The content of the remaining 42 articles then was studying exactly. In the end 30 articles left, which fitted with the defined inclusion criteria.

Referring to this, an initially generated Excel file helped us to summarize all these articles and represent the important facts (see fig. 7-23). Ingredients are, for instance general information such as the authors, year, titles and focused aspects of the articles. Moreover, specific columns were added to draw conclusions and show up research gaps later on. These columns include the following areas: re-search approach, COO, industry and discipline.

3. Results

3.1 Criteria for Analysis

The objective of the following part is to analyse the selected literature regarding to four criteria: research approach, COO, industry and discipline. First, we considered the dimension “Discipline” which mainly concerns the perspective of the article. In this dimension, we analysed the common field in research on returnee entrepreneurship. For example, the author who specializes in International Business and Entrepreneurship is classified to the category “Economy”. If the author specializes in Social Science, he is assigned to “Sociology”, and if the author is a researcher on the field Geography, he is classified to “Geography”.

A few authors have some other research fields (e.g. Biotechnology) were assigned to the category “Others”.

The second dimension being determined is “Methodology”. This dimension concerns the study content and the way the research was conducted. In this case, we examined research methodology applied by the authors. The articles were categorized to “Quantitative”, if the author used mainly big samples as well as randomly selected focus groups and studied specific variables in terms of quantitative data based on data-collection instruments. If the author did in-depth interviews with a limited number of interviewees and intentionally selected group, e.g. the conducting of three case studies, the article was categorized as belonging to the category “Qualitative” (Neumann, 2011: 165-193, 200-201). Some authors conducted a literature review of the topic returnee entrepreneurship, these articles were categorized as “literature review”.

To get a more in-depth insight on the aspects, which have been studied and to compare as well as interpret them in the end, two more dimensions, which are more content related, are determined. “COO” is determined as the third and “Industry” as the fourth dimension with these dimensions, the study could get an overview of which countries and industries have been focused on.

3.2 Analysis and interpretation of results

Basically, the findings from the literature analysis show the main focus of the current literature. Considering the analysis of the first dimension “Discipline” it can be identified that mainly economists with 64 % are researching on the topic returnee entrepreneurship. The second bigger group with 17 % are sociologists, followed by the geographers with 11 % (see fig. 3). As a result of the high number of economists, it can be interpreted that the scientific research mainly focuses on economic aspects like the performance of the ventures. Due to the low number of sociologists and geographers, aspects of the sociology such as social behavior, the impact of social class and age are neglected, as well as the aspects of geography like the conducting of space-oriented data.
Looking to the second dimension “Methodology”, most of the authors (57 %) used qualitative research methods. A share of 33 % belongs to quantitative research methods and the remaining 10% utilized literature reviews (see fig. 4). By mainly using qualitative research methods, these results can be interpreted that the focus is more on the interpretation of social interactions and less on testing hypotheses and making predictions. Another point is that the outcomes of qualitative research are less generalizable, because of the main focus on only a few case studies (Neumann, 2011: 165-193).

The results of the dimension “COO” show, that 50 % of the viewed articles focused on China as the home country of returnee entrepreneurs. Further, 14 % of the articles are about India, 8 % about Taiwan and 22 % about different countries like Ghana, Greece, Philippines, Romania, Egypt or Bangladesh (see fig. 5). These results led to the interpretation that the authors mainly focus on Asian countries, especially on China based on the high number of successful returnee entrepreneurs. A reason for this purpose could be that the Chinese government has designed various preferential policies for returnees (OECD Observer: 2002) and many returnees want to encourage their COO. The Chinese Science Park Zhongguancun in Beijing, which is often mentioned in articles, is also a hotspot for many Chinese entrepreneurs for establishing their business in the COO (Dai and Liu, 2009: 373-386; Filatotchev et al., 2009: 1005-1019; Liu et al., 2010: 1183-1195; Wright et al., 2008: 131-155). Returnee entrepreneurs, who go abroad to study or work, may have enjoyed university education or gained business knowledge and experience, which they can use for the establishment of their own business in the COO (Dai and Liu, 2009: 374; Kenney, Breznitz and Murphree, 2013: 395).

In the last dimension “Industry”, the results show that 47 % of the articles are not about the industry at all. Around 33 % of the viewed literature refers to the high-tech-industry, 7 % concerns to information and communication industry, 3 % relates to the biotechnology industry and the remaining 10 % is about different industries in general (see fig. 6). These facts show that the main focus is on the high-tech industry or technological industries in general. The reason could be, that the IT and service sectors are low-barrier-to-entry markets, which are leading to fast-growing businesses. Furthermore to gain access to the domestic markets within the IT and service sector, is seen as a business opportunity for the majority of Chinese returnees (Wadhwa, et al., 2011: 7). According to Laroche et al. (2011) the area of biotechnology is adding to the diversity of the Chinese markets and plays an important role in the technological development to catch up with the US standards (Laroche, et al., 2011: 58).

4. Reflections and Conclusions

On the basis of a possible interpretation bias of the reviewed articles, we might have perceived the author’s message different from its original intent. Another explanation could be that we have prejudged the topic or individual articles.

Furthermore, we did not pay much attention to the citation frequency or to the level of the journals, which were included in our investigation. Consequently, the criteria for exclusion were not clear enough because of the limited range of literature on returnee entrepreneurs. A negative effect can be a ‘grey’ literature bias which means the reviewed articles were not only academic papers, but also reports or working papers.

An additional limitation could be the inclusion of irrelevant articles and the exclusion of relevant literature.

Concerning the content of the literature review, it might also be a limitation that the focus lies on Asian countries, especially China and India, which can be explained by the scope of available data on those countries and limited information of other returnees, which will be discussed later on.

The aim of our literature review was to discover the main aspects of previous studies and the reason, why these facets were examined. Moreover, we wanted to define the current research gaps on the topic “returnee entrepreneurs”. In this paper, we created an overview of the present research status on returnee entrepreneurs in regard to the chosen dimensions. Concerning the dimension “Discipline” our results show, that economists were the largest group among the researchers conducting studies on this subject. Therefore, economic aspects, such as ventures, were mainly considered. Since more than half of the review articles implemented the qualitative approach, the analysis of research propositions on social interactions were prioritized. Our reviewed literature was almost exclusively about Asian countries, which led to the impression of a high number of successful returnee entrepreneurs in this area. Possible explanations can be stimulating incentives set by the governments or booming hotspots, such as the Chinese Science Park.
Zhongguancun in Beijing, to start a business. We discovered that almost half of the chosen articles were not about any specific industry the investigated returnees were working in. Regarding the remaining articles, the high-tech industry was examined more than others. One reason for this might be that the IT and service sectors belong to markets, that can easily be entered and possess huge growing potential. To answer our second research proposition, we derived current research trends and gaps of the topic returnee entrepreneurs. We focused on future research opportunities, therefore we want to mention the top recent research developments in this field of study. One aspect is the comparison of domestic entrepreneurs to returnee entrepreneurs, e.g. concerning their business success. As we have already referred to several times during this paper the Chinese Zhongguancun Science Park in Beijing, a hotspot in the high-technology industry is a popular topic of articles, which could be due to the available data and rapid growth of this science park. The term related to this is the issue of the impact on firm performance, the political and social development in China. In recent studies, this has been considered to be relevant. An ascending research trend was female entrepreneurship among returnees. China, India and Taiwan are starting to pay closer attention to the gender, referring to differences and opportunities. The topic returneeentrepreneurs emerged from the brain drain approach, the issue of brain circulation is quite common and investigated from different perspectives. Furthermore, researchers are trying to find out why returnees return to their COO and start a business there. During this literature review, we identified several research gaps. For further studies, it might be interesting to focus on other countries. As we have already mentioned the existing literature viewed mainly Asian returnee entrepreneurs. So our suggestion would be to focus on countries in Eastern Europe or Africa, if the general framework, e.g. developing economies, should not be changed to be able to compare the findings and show differences between these countries by dealing with returnee entrepreneurs. Another interesting approach for future researches is the return of Diasporan entrepreneurs, who have lived in a rich COR and returning to their rich COO. It can be relevant for policy makers to be aware of possible problems and opportunities, because of their gathered knowledge and experience. It might be also interesting for the returnees to know, if their network can help or hinder to develop a business and if the legal situation is the same or even more complicated. The necessary time for a returnee to start a business has not also been investigated yet. This consideration is intriguing because of several issues. Firstly, policy makers can set ideal incentives for such entrepreneurs to be successful in their business, which can lead to advantages in a sector towards other countries. Secondly, problems of returning to the COO to start a business can be discovered. Are there any social or economic barriers for returnee entrepreneurs? Moreover the first and second generation can be focused on future studies. We tried to find literature regarding this topic, but unfortunately there was not much conducted yet. The importance of examining the generations is, that the second generation of returnee entrepreneurs might still be benefit of the first generation networks or maybe establish new alternative ones with the support of the old ones. Different age groups were also not considered in any researches. Maybe there are some differences in the development or the management of their businesses. The type of networks can also be viewed. Are the networks of young returnee entrepreneurs more casual? Regarding the educational background of returnees, there is a research gap in literature. Further research can focus on it as it might show a different picture than we expect to see. The relevance of the education can be investigated or may be the level of education. This might be important to provide the right support for each kind of entrepreneur to be successful in the business. The macro and micro level are not observed explicitly concerning returnee entrepreneurs. Getting an excellent perspective on this topic might be relevant to draw conclusions about changes in the social environment that might occur when entrepreneurs return. Is the family structure affected by the return? Do business networks change because of returnee entrepreneurs? Such questions may be answered by sociological studies, if they focus on the network theory within this topic. Another research gap is to consider the influence of returnee entrepreneurs with a more critical view. Mostly authors comment positively on returnees, this suggests that there cannot be a negative influence on the COO economy. Therefore the impact on the local markets of such entrepreneurs could be investigated in regard with a critical reflection on this issue.
The success factors of returnee entrepreneurs in general might be crucial to know. Returnees can discover, if they possess beneficial characteristics, useful knowledge or experience and supporting resources, such as business or family networks.

In this paper, we have provided a broader view of the topic returnee entrepreneurs regarding previous research on this field of study and future research opportunities.

The impact of returnee entrepreneurs on several aspects of the micro and macro level has a high relevance for the country’s economy. Therefore policy makers should pay more attention to them. Governmental incentives can be created using use their knowledge and experiences, since they can be seen as valuable resources. Policy makers can also draw conclusions concerning the industry to support. Unfortunately, this might be relevant primarily for Asian countries. Furthermore, especially Asian returnees can take appropriate measure regarding the business they want start or the industry they want to enter. For researchers this paper can be helpful to identify countries, which might have not been considered for an in-depth analysis of returnee entrepreneurs yet. Overall, researchers might take other approaches to analysis this topic into account. They could view a more critical perspective.

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