

Returnee Entrepreneurs – Characteristics and Success Factors

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Abstract

The role of returnee entrepreneurs in the development of emerging countries has recently received much attention. Returnee entrepreneurs refer to highly skilled people who start their business after spending significant time in the residence country for education and work. Returnee entrepreneurs may make significant contributions to the economic development of their host countries in unique manners, since they bring back advanced technology and human capital from developed countries. Despite of their potential economic impact, the previous research is mainly focused on specific ethnic groups such as Chinese returnee entrepreneurs. In order to explore the key question: what aspects would influence the success of returnee entrepreneurs' business in original countries, the study highlights a new perspective of returnee entrepreneurship. By examining the characteristics of diaspora entrepreneurs, returnee entrepreneurs and transnational entrepreneurs, the study emphasizes their success factors in the country of origin. A single case of a successful ethnic Turkish returnee entrepreneur who used to live in Germany was conducted for this study. The study explored some crucial success factors such as gaining the supports from the local government as well as having an indigenous partner to set up his venture in the original country. Furthermore, the ability to adapt and have good knowledge in business and management were identified as further success factors of returnee entrepreneurs.

Keywords: Diaspora entrepreneurship, Returnee entrepreneurs, Transnational entrepreneurs, Success factors, Turkey

1 Introduction

1.1 Statement of the Problem

While international business activities were traditionally characterized by multinational firms, more and more SMEs are involved in international business activities and they are playing a bigger role in international markets (Knight, 2001: 155). Growing migration flows, globalization of international business, and the key aspects that supported and still support globalization in general, which include email, fax, the internet, cheap telephone services, air travel, and the dominance of the English language are forcing diaspora entrepreneurship and enabling young firms to be involved in international business (Drori, Honig and Wright, 2009: 1001; Dutia, 2012: 66; Knight, 2001: 155; Light, 2007: 7-11; Riddle, 2008: 28; Yeung, 2002: 52-54; Zahra and George, 2002: 256-285).

High-skilled immigrants from developing countries brought important contributions to developed countries, especially to the economy of the United States of America. This phenomenon of a "brain drain" for developing countries has been known for years and their effects were largely discussed (Bhagwati and Hamada, 1974: 19-41). More recently, researchers and policy makers have recognized that this brain drain has turned into a "brain drain circulation", due to an increasing

In India, received remittances cover more than their trade deficits (Kapoor, 2001: 280). In China, for example, a hefty two-thirds of the \$105 billion of

number of returnees (Kenney, Breznitz and Murphree, 2013: 391; Luo and Wang, 2002: 253-254; Saxenian, 2005: 58). However, migration flows have changed. In 2006, over 275,000 Chinese graduates and students returned to China, of which 5,000 founded 2,000 new ventures in China's biggest science park, the Zhongguancun Science Park (Dai and Liu, 2009: 373; Liu et al., 2010: 1184).

In Germany, where a large ethnic Turkish community is resident, 36% of the ethnic Turkish graduates and students intend to emigrate to Turkey, 69% of which within the next ten years (Sezer and Daglar, 2009: 16; Sirkeci, Cohen and Yazgan, 2012: 36).

This is of high importance for Germany, especially because of the declared shortage of skilled labor (Sezer and Daglar, 2009: 4). Shortage of skilled labor is not a Germany-specific problem. Moreover, it is a phenomenon appearing in many developed countries, especially those in Europe (Zimmermann, 2005: 427; Zimmermann, 2009: 2). Another important aspect showing why diaspora research deserves more attention from scholars is that the amount of remittances is increasing. Developing countries received an estimated \$325 billion of remittances (of a total of \$440 billion) in 2010, which is an increase of six percent compared to 2009. The amount of remittances to developing countries in 2009 was as high as FDI flows (World Bank, 2011: 21).

FDI in 2010 were investments from ethnic Chinese (The Economist, 2011: n. pag.). Moreover, 90% of the ten biggest investors in China were ethnic

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Chinese investors living overseas and investing in their homeland with the help of their diaspora network (Dutia, 2012: 69).

Furthermore, previous research claims that higher entrepreneurial activities are correlated with high rates of economic growth (Ács, 2006: 102-103).

For these reasons, it is very important to focus on diaspora entrepreneurship and specifically on returnee entrepreneurs because even non-returnee firms can benefit from the presence of returnee entrepreneurs and returnee firms (Liu et al., 2010: 1193). They have key functions in the global transfer of knowledge, experience and innovation and are able to turn a brain drain into brain drain circulation (Drori, Honig and Wright, 2009: 5; Liu et al., 2010: 1192; Saxenian, 2005: 56; Saxenian, 2006: 19-20).

1.2 Research Gap and Aim of the Thesis

First, previous research largely focused on the macroeconomic effects of returnee entrepreneurs. Because this thesis sets its focus on the micro level and therefore on the returnee entrepreneur as an individual, this thesis has a great importance in extending the previous research.

Second, almost all of the research on returnee entrepreneurs is based on Chinese returnee entrepreneurs. Moreover, it focuses only on the Zhongguancun Science Park in Beijing (Dai and Liu, 2009: 373-386; Filatotchev et al., 2009: 1005-1019; Liu et al., 2010: 1183-1195; Wright et al., 2008: 131-155). Even though the Zhongguancun Science Park is the biggest science park in China and can be seen as a generic example of where returnee entrepreneurs settle, it is helpful to gain new insights from other returnee entrepreneurs. For this reason, this thesis includes a single case study with a non-Chinese returnee entrepreneur and thereby extends the previous literature on returnee entrepreneurship. More specifically, the single case study consists of an interview with a Turkish returnee entrepreneur from Germany. This example is illustrative of a rich-to-poor returnee entrepreneur. Because of its high GDP per capita, Germany is a typical developed country, whereas Turkey is a typical emerging country, due to its mid-level GDP per capita and high economic growth rates. These definitions of developed and emerging countries are used in this thesis for simplification.

Furthermore, there are strong linkages between Germany and Turkey because of the large Turkish community in Germany (Sirkeci, Cohen and Yazgan, 2012: 36).

Therefore, one aim of the thesis is to show a new non-Chinese perspective on returnee entrepreneurship. The thesis makes a contribution to subject matter with an European background.

This thesis focuses on the characteristics and success factors of the entrepreneur himself, not on characteristics and success factors of the founded venture, due to the fact that the entrepreneur is a key resource of the firm (Filatotchev et al., 2009: 1009). The characteristics of the entrepreneur and the human and social capital he brings is described as well as the effect that he has on his firm's performance. Therefore, the aim of the thesis is to analyze different kinds of literature on diaspora entrepreneurship, transnational entrepreneurship, returnee entrepreneurship, and other relevant literature to combine the findings with a single case with a non-Chinese returnee entrepreneur. This will provide a broader view of the characteristics and success factors of returnee entrepreneurs and help to derive implications for practitioners or future practitioners. This should help them to make more rational decisions on whether to become a returnee entrepreneur or not. Furthermore, returnee entrepreneurs should be aware of personal aspects that are affecting their success. For this reason, recommendations for action concerning current and potential returnee entrepreneurs are given.

All in all, this thesis extends the previous literature on returnee entrepreneurship in two ways. It focuses on the micro level of returnee entrepreneurs and views them as individuals. Moreover, with the help of the case study, this thesis goes beyond Chinese returnee entrepreneurs and considers a Turkish returnee entrepreneur. This thesis is the first to combine these two new dimensions on returnee entrepreneurship research. The overall research question is, therefore, what characteristics and success factors of rich-to-poor returnee entrepreneurs are. Chinese returnee entrepreneurs, a single case study in the form of a semi-structured and semi-explorative interview with a Turkish returnee entrepreneur is conducted in order to gain new insights beyond the Chinese returnee entrepreneur literature. The semi-structured interview is ideal to

Religion:

“The paradigmatic case was, of course, the Jewish diaspora; some dictionary definitions of diaspora, until recently, did not simply illustrate but defined the word with reference to that case.” (Brubaker, 2005: 2)

Homeland Orientation:

“Diasporans [...] continue in various ways to relate to that homeland and their ethno-communal consciousness and solidarity are in an important way defined by the existence of such a relationship.” (Cohen, 2008: 6)

General Migration:

“Recently, however, a growing body of literature succeeded in reformulating the definition, framing diaspora as almost any population on the move and no longer referring to the specific context of their existence.” (Weinar, 2010: 75)

Professional Diaspora:

“[...] networks having an explicit purpose of connecting the expatriates amongst themselves and with the country of origin and of promoting the exchange of skills and knowledge.” (Meyer and Brown, 1999: 5)

Table 1: The Development and Usage of the Term "diaspora"

gain new insights because the interviewee is allowed to speak freely and a lot. He is therefore not constrained in his answer possibilities even though he is expected to give an answer to a specific problem (Mayring, 2002: 67). The findings from analysis of the literature and the single case study are merged and interpreted. From the results, implications for practitioners and policy makers are generated. Lastly, limitations of the thesis are shown and future research directions for scholars are given.

2 Previous Research on Diaspora Entrepreneurship

2.1 Rich-to-poor Diaspora Entrepreneurship

Most of the previous research is based on general research on diaspora entrepreneurship with a strong focus on poor-to-rich diaspora entrepreneurs, who emigrate from poor countries to richer ones, mostly out of necessity and in search of better living conditions (Ballard, 2003: 27-37; Lin and Tao, 2012: 50; Portes, Guarnizo and Haller, 2002: 278-296). The poor-to-rich perspective of diaspora entrepreneurship has been known for decades and many scholars have focused on it.

The firms and entrepreneurs in such emerging states as the BRIC or MINT countries are growing in importance and attractiveness, since they are fast developing markets, so the focus of this research lies on rich-to-poor diaspora entrepreneurship (Subramanian, 2012: n. pag.).

However, almost all of the previous research focused on the macro level and the effects of diaspora entrepreneurs on macroeconomic factors. There is a distinction between migration and international migration. While migration can take place within a country, international migration is the relocation of people from one country to another (Castles, 2000: 269; OECD, 2006: 17). For the purposes of this thesis, only international migration is relevant, and in the upcoming discussion, the term “migration” will mean “international migration.”

There is no consensus on a specific definition of the term “diaspora” because of different usage when talking about religion, homeland orientation, general migration or professional diaspora. Even though diaspora is a term that has its roots in the life of Jews in exile, the term has experienced a development in its usage and an expansion of its meaning (Brubaker, 2005: 2). Meyer and Brown (1999) define diaspora as “[...] networks having an explicit purpose of connecting the expatriates amongst themselves and with the country of origin and of promoting the exchange of skills and knowledge.” (Meyer and Brown, 1999: 5).

Therefore, in terms of diaspora entrepreneurship, the entrepreneurs are not only migrants but also natives with an ethnic background, for example an ethnic Turk born in Germany. It is important to take note of this relationship to the country of origin, the so-called “homeland orientation” (Cohen, 2008: 6). Hence, diaspora entrepreneurs can be defined as entrepreneurs that move from one country to

DIASPORA ENTREPRENEURS

Returnee Entrepreneurs

Return from their country of residence to their country of origin in order to be an entrepreneur. Settlement in their country of origin is obligatory to be a returnee entrepreneur.

Transnational Entrepreneurs

Are embedded in entrepreneurial activities and business in both their country of residence and their country of origin. The location of transnational entrepreneurs can be in the country of residence, country of origin, or both.

Figure 1: Distinction between Diaspora Entrepreneurs, Returnee Entrepreneurs, and Transnational Entrepreneurs

another and have business-related linkages in at least two countries, their country of origin and their country of residence (Drori, Honig and Wright, 2009: 1001).

As mentioned before, diaspora entrepreneurship is forced by growing migration flows, globalization of international business, and the key aspects that also supported and still support globalization in general, which are email, fax, internet, cheap telephone services, air travel, and the dominance of the English language (Drori, Honig and Wright, 2009: 1001; Dutia, 2012: 66; Knight, 2001: 155; Light, 2007: 7-11; Riddle, 2008: 28; Yeung, 2002: 52-54; Zahra and George, 2002: 256-285).

Before talking about returnee entrepreneurship, a clear distinction between the terms “diaspora entrepreneur”, “returnee entrepreneur”, and “transnational entrepreneur” is made in figure 1.

2.2 Returnee Entrepreneurship

Returnee entrepreneurs, as a specific group of diaspora entrepreneurs, are commonly highly-skilled individuals, who spend a period of time in their country of residence for study or work before they return to their country of origin to start a business (Drori, Honig and Wright, 2009: 1005; Filatotchev et al., 2009: 1006; Kenney, Breznitz and Murphree, 2013: 391; Wright et al., 2008: 132). Because returnee entrepreneurship in this thesis is viewed as part of diaspora entrepreneurship, and therefore seen from a diaspora point of view, returnee entrepreneurs are defined as one who may have spent all of his life in his country of residence and then returned to his country of origin to start a company. This definition is valid as long as he has an ethnic background, and therefore linkages to his country of origin – even though he may have never lived there.

Furthermore, this thesis has a rich-to-poor focus, which means that the country of residence of a returnee entrepreneur here is a developed country while his country of origin is an emerging country. Through their stay abroad, returnee entrepreneurs may have enjoyed university education or acquired commercial business knowledge and experience, which they can use for the foundation and establishment of their business (Dai and Liu, 2009: 374; Kenney, Breznitz and Murphree, 2013: 395). Previous research on returnee entrepreneurship largely focused on Chinese returnee entrepreneurs in the Zhongguancun Science Park in Beijing and very occasionally on Taiwanese and Indian returnee entrepreneurs. However, all of them dealt with returnee entrepreneurship in terms of the development and formation of high-tech firms and science parks (Dai and Liu, 2009: 373-386; Filatotchev et al.: 2009: 1005-1021; Kenney, Breznitz and Murphree, 2013: 391-407; Liu et al., 2010: 1183-1197; Wright et al., 2008: 131-155).

3 Characteristics of Returnee Entrepreneurs

3.1 Literary Criticism

Because there is a lack of literature explicitly focusing on returnee entrepreneurs' characteristics, the following characteristics of returnee entrepreneurs are mainly inferred from Lin and Tao (2012) and Portes, Guarnizo and Haller (2002). Even though Lin and Tao (2012) and Portes, Guarnizo and Haller (2002) focused on transnational entrepreneurs, it can be assumed that there are many similarities in the characteristics of returnee entrepreneurs and transnational entrepreneurs.

However, the transferability of the similarities will be discussed and the distinctions in the

characteristics between these two groups of entrepreneurs will be highlighted.

3.2 Characteristics

3.2.1 Family Status

One finding of Lin and Tao's survey is that transnational entrepreneurs are mostly married males (Lin and Tao, 2012: 59). Portes, Guarnizo and Haller (2002) are stating the same (Portes, Guarnizo and Haller, 2002: 288). Furthermore, Lin and Tao argue that households with more than three persons have a lower probability of having a transnational entrepreneur in its household (Lin and Tao, 2012: 59).

It is at least questionable that these characteristics can be applied to returnee entrepreneurs, since they are generally younger than transnational entrepreneurs (Lin and Tao, 2012: 61; Wang, 2007: 180). Moreover, returnee entrepreneurs are not involved in transnational business as strongly as transnational entrepreneurs, which involves less travel. Therefore, it can be assumed that family status plays an important role for transnational entrepreneurs, but plays a less important role for returnee entrepreneurs.

Nevertheless, it can be assumed that unmarried returnees or returnees without children have a greater probability to become returnee entrepreneurs because they could be more willing to relocate due to non-existing family obligations.

3.2.2 Form of Employment

According to Lin and Tao's findings, 35.6% of transnational entrepreneurs have a full-time job, compared to 61.3% in the group of non-transnational entrepreneurs. Moreover, 28.8% of transnational entrepreneurs are self-employed, compared to 14.4% in the non-transnational entrepreneurs group (Lin and Tao, 2012: 59).

It can be concluded that one is more likely to become a transnational entrepreneur if he is not employed full-time, but instead is self-employed. Because this conclusion is logical for all types of entrepreneurs, the same can be assumed for returnee entrepreneurs.

3.2.3 Educational Level

The survey of Lin and Tao (2012) shows another phenomenon and characteristic of this group. The higher the educational level, the higher is the probability of becoming a transnational entrepreneur rather than a local entrepreneur. According to Lin and Tao's findings, 9.6% of transnational entrepreneurs have their PhD, while only 4.5% of non-transnational entrepreneurs have

that degree. In contrast to that, only 2.7% of transnational entrepreneurs have a diploma or a lower educational level, compared to 9.0% in the non-transnational group (Lin and Tao, 2012: 60-61).

This finding is again consistent with Portes, Guarnizo and Haller (2002), who have come to the same conclusion (Portes, Guarnizo and Haller, 2002: 288-290).

The finding is also compatible with returnee entrepreneurs because it can be assumed that many returnee enterprises have a transnational focus, keeping the tie to the former country of residence. Sezer and Daglar (2009) found that especially highly educated ethnic Turkish graduates and students in Germany intend to return to Turkey for an opportunity-based reason (Sezer and Daglar, 2009: 8). Bates (1990) and Arenius and De Clerq (2005) go further by concluding that higher levels of education are positively correlated with the probability of identifying opportunities and starting up new ventures (Arenius and De Clerq, 2005: 261; Bates, 1990: 555).

3.2.4 Age

A last characteristic influencing the probability of becoming a transnational or returnee entrepreneur is age. Unfortunately, the findings of Lin and Tao's survey are not that clear. The percentage of transnational entrepreneurs 34-years-old or younger is 20.5%, compared to 15.3% of the non-transnational entrepreneurs.

In contrast, 21.9% of transnational entrepreneurs are 45-54 years old, compared to only 13.5% in the non-transnational group (Lin and Tao, 2012: 60-61). A clear trend is not observable.

The conclusion of Lin and Tao that transnational entrepreneurs are older than non-transnational entrepreneurs is questionable.

However, it might be true that the majority of transnational entrepreneurs are between 45 and 54 years old, and in contrast to this, returnee entrepreneurs, at least in China, are around 35 years old (Lin and Tao, 2012: 60-61; Wang, 2007: 180). This sounds logical, assuming that younger entrepreneurs are more willing to relocate to another country to start a business than older entrepreneurs who have already settled in their country of residence and built up their businesses.

3.3 Résumé

In general, many characteristics of transnational entrepreneurs can be transferred to returnee entrepreneurs, due to the fact there is only a small

distinction between these two types of entrepreneurs.

Because the research on rich-to-poor diaspora entrepreneurship, especially on returnee entrepreneurs, is still in the beginning stages, there is to date no literature on specific characteristics of returnee entrepreneurs in English.

For this reason, the findings of this empirical research are compared with a single case study with a Turkish returnee entrepreneur (in chapter six) in order to identify similarities and contradictions and gain new theoretical insights.

4 Success Factors

The characteristics mentioned above can also be factors leading to success. Lin and Tao (2012) have prioritized the characteristics of transnational entrepreneurs in regard to their influence on success. In addition to demographical characteristics that can affect success, there are also success factors based on the knowledge-based view and the social capital theory. For this reason, before discussing the specific success factors from the literature analysis in chapter 4.2 and 4.3, a theoretical introduction to the knowledge-based view and social capital theory is given below in chapter 4.1.

4.1 Knowledge-Based View and Social Capital Theory

The knowledge-based view describes the creation of knowledge and knowledge acquisition that is done internally within an organization, while the social capital theory focuses on external knowledge acquisition through networks (Dai and Liu, 2009: 374). Because one approach focuses on internal aspects while the other focuses on external ones, these two approaches complement each other.

4.1.1 The Knowledge-Based View

The knowledge-based view claims that knowledge is stored within individuals and is an organization's most important strategic resource for competitive advantages. The firm's purpose in the knowledge-based view is to apply the stored knowledge in individuals to the firm's products and services (Grant, 1996: 120; Kogut and Zander, 1992: 384; Nonaka, 1994: 34; Spender, 1996: 46; Teece, 1998: 75). The knowledge-based view is based on the resource-based view, which proposes that competitive advantages are created through unique and complex resources. These unique resources also affect the firm's performance because the resource-based view argues, due to the uniqueness and complexity of resources, that these resources

cannot be easily acquired or replicated, and this leads to the competitive advantages that are relevant in strategic management practice and theory (Barney, 1991: 115-117; Teece, 1998: 75-76; Wernerfelt, 1984: 178-180).

There are two types of knowledge and they can be divided into explicit knowledge and tacit knowledge. Explicit knowledge is easy to describe and articulate, and is therefore explicit; it can be easily transferred between individuals and organizations. Tacit knowledge is difficult to articulate and communicate and is therefore hard to transfer and integrate within an organization or from one individual to another (Kogut and Zander, 1992: 384; Nonaka, 1994: 16).

Thus, experience and learning-by-doing are the only possible ways of acquiring tacit knowledge (Song, Almeida and Wu, 2003: 361-362).

Because tacit knowledge is so hard to transfer, it is also difficult to acquire or replicate, and can therefore be an important resource in creating competitive advantages.

For this reason, knowledge brought by the entrepreneur to the firm is a key aspect in a firm's performance. The different types of knowledge the entrepreneur brings to the firm are discussed below as success factors in chapter 4.3.

4.1.2 The Social Capital Theory

As mentioned before, the knowledge-based view and the social capital theory complement each other. The social capital theory has its focus on knowledge acquisition and value creation externally through networks (Dai and Liu, 2009: 374).

Social capital, especially in the form of social networks, is, as tacit knowledge, hard to replicate. For this reason, specifically for young and small firms, social capital is an essential resource that is providing these firms with competitive advantages (Burt, 1992: 58-59).

At this point, the complementarity of tacit knowledge and social capital is obvious. While tacit knowledge leads to competitive advantages with the help of internal resources, social capital is providing firms with competitive advantages through external networks.

Social capital-related success factors based on the previous experience and network of the entrepreneur are discussed in chapter 4.3.

4.2 Demographical Characteristics

4.2.1 Employment Status

According to Lin and Tao (2012), the most influential criteria determining the success of

transnational entrepreneurs, and therefore the success of the transnational businesses, is the employment status of the entrepreneur. The businesses, which did not have an entrepreneur with a full-time job were much more likely to be profitable than businesses with a full-time employed entrepreneur. 53.1% of businesses with a not full-time employed entrepreneur were profitable, compared to 19.5% of business with a full-time employed entrepreneur (Lin and Tao, 2012: 63).

This finding for transnational entrepreneurs and transnational businesses are fully applicable to returnee entrepreneurs because it can be assumed that every business foundation requires commitment.

4.2.2 *Family Status and Gender*

Lin and Tao (2012) have stated that gender itself is an important success factor, the second most important one after employment status. The findings declare that transnational businesses founded by males are more successful than transnational businesses founded by females. This phenomenon is explained by the high amount of travelling required and that it is easier for males to be involved in transnational activities than females, because of family obligations (Lin and Tao, 2012: 63).

So even in Lin and Tao (2012), gender is not a success factor by itself. It is more a characteristic that affects family status. A woman without children could have the same probability of being successful as a man without children.

In this understanding, family status in combination with gender is the factor that affects the success of the transnational business.

Due to the fact that returnee entrepreneurs are not involved in transnational activities as much as transnational entrepreneurs, it can be concluded that family status and gender are less important and influential success factors for returnee entrepreneurs than for transnational entrepreneurs.

4.3 *Entrepreneurial Resources*

4.3.1 *Network*

Social relationships are essential resources and a form of social capital, which are acquired by persons with the help of a network of social links (Adler and Kwon, 2002: 18). Diaspora entrepreneurs, as well as returnee entrepreneurs, can build social relationships with the help of linguistic and cultural commonalities. With this ability and through their social links, diaspora entrepreneurs in general are able to identify and

pursue opportunities other entrepreneurs cannot (Dutia, 2012: 68). Diaspora entrepreneurs are therefore able to build partnerships in their country of residence as well as in their country of origin. With the help of these partnerships and social links, there are possibilities available for investment, trade, and outsourcing (Dutia, 2012: 69). Especially for small firms, such social capital is crucial, as small firms can get information and resources through their social relationships, which are unavailable internally (Davidsson and Honig, 2003: 324).

Returnee entrepreneurs can exploit business opportunities, for example, by exploiting foreign markets with the help of their social capital (Coviello and Munro, 1997: 379; Wright et al., 2008: 134). For that reason, it may be easier for returnee entrepreneurs to expand with their ventures abroad. In emerging countries where infrastructure and institutions are weak, especially in East Asia, scholars emphasize the importance of international social linkages (Chung, 2006: 481; Elango and Pattnaik, 2007: 551-552; Lee, Lee and Pennings, 2001: 634-635; Zhou, Wu and Luo, 2007: 685-687).

These findings are compatible for all kinds of diaspora entrepreneurs because every diaspora entrepreneur, based on the above definition of diaspora entrepreneurs, has international social relationships and linkages, due to their social embedding in at least two countries.

The social capital of diaspora entrepreneurs is linked with their previous education and commercial work experience. Especially through their commercial work experience, diaspora entrepreneurs acquire business-related knowledge and social capital.

4.3.2 *Work Experience*

The commercial work experience leads to the development of knowledge and social capital and is therefore a success factor by itself. Additionally, previous work experience can enable entrepreneurs to identify and exploit opportunities (Wright et al., 2008: 137). Past work experience can also help entrepreneurs to adapt to new situations and therefore perform in a more productive way (Davidsson and Honig, 2003: 321).

Access to financial institutions, management experience, and business networks are essential resources associated with previous work experience and these are helpful in starting up a new business. It can be concluded that the entrepreneur's previous work experience is an essential internal resource and therefore an

important success factor (Westhead and Wright, 1998: 181-182, Wright et al., 2008: 137).

4.3.3 Satisfaction

Another important success factor is the satisfaction of the entrepreneur. Satisfaction determines decisions of the entrepreneur, which are strategically relevant and essential for survival. Based on an entrepreneur's satisfaction, the entrepreneur decides whether to continue the business or to sell, or alternatively, to close it (Cooper and Artz, 1995: 453).

All in all, satisfaction is a success factor, that does not affect higher or lower firm performance in the first place, but determines survival-relevant decisions of the entrepreneur.

4.4 Summary

Davidsson and Honig (2003) conclude that social capital is affecting success and firm performance in a stronger way than human capital (Davidsson and Honig, 2003: 324).

Returnee entrepreneurs also can exploit local and international markets with the help of social capital, which provides them access to relevant information (Coviello and Munro, 1997: 379). Local entrepreneurs without that strong social capital as returnee entrepreneurs may not be able to do so. The findings of Dai and Liu (2009) show that firms founded by returnee entrepreneurs have a much stronger export performance than firms founded by local entrepreneurs (Dai and Liu, 2009: 379).

An export orientation and a global mindset are identified as a competitive advantage in some studies (Carpenter, Pollock and Leary, 2003: 804; Nadkarni and Perez, 2007: 171; Sapienza et al., 2006: 920). Serving international markets with the help of exports is a possibility to increase the sales of a firm. Filatochev's et al. (2009) findings indicate that entrepreneurs with work experience in multinational companies as well as international social networks have a greater probability of becoming exporters. Moreover, the findings show that, in terms of the export performance of the returnee firm, past work experience in a multinational company and international social networks of the entrepreneur complement each other (Filatochev et al., 2009: 1014-1016). This is complementary to the statement made above that the knowledge-based view and the social capital theory complement each other.

All in all, the literature suggests that university education and work experience in general are

success factors that complement each other (Wright et al., 2008: 137).

5 Methodology of the Single Case Study

5.1 Aim of the Study

In order to gain new and other insights apart from Chinese returnee entrepreneurs, a semi-structured interview with a Turkish returnee entrepreneur was conducted. The full transcript can be found in the appendix (Appendix II). As stated before, the research on returnee entrepreneurs, especially on rich-to-poor returnee entrepreneurship, is very young and relevant literature is rare and based on the example of the Zhongguancun Science Park in Beijing, China. This circumstance makes a single case study meaningful and necessary.

5.2 Research Design

Because it is very hard to find returnee entrepreneurs who are willing to take the time for an interview, only one single case study in interview form was conducted. The case study was set on the sample of an ethnic Turkish returnee entrepreneur who used to live in Germany. This sample is illustrative for many other rich-to-poor returnee entrepreneurs because Germany represents the rich and developed countries whereas Turkey represents a poorer but emerging country. Germany is a typical developed country and could be substituted by many other countries such as France, the United Kingdom, the USA, Japan or Switzerland, whereas Turkey is a typical emerging country like other BRIC or MINT countries. The criterion in this thesis for identifying developed countries is a high GDP per capita. The criteria for identifying emerging countries are a mid-level GDP per capita and a high rate of economic growth. These definitions of developed and emerging countries in this research serve, of course, for simplification. The constellation of Germany-Turkey is ideal because Germany has got a large ethnic Turkish community. Thus, it was possible to find the interview partner through personal contacts. The interview partner was predestinated because he was born in Turkey, lived and studied for many years in Germany and returned to Turkey to start a company. He had been a returnee entrepreneur for eleven years before he decided to sell his company and accept a full-time job in Turkey. After 17 years in Turkey, he again migrated to Germany.

Following the principle of grounded theory, and because of lack of relevant literature, new insights were expected to be gleaned from the interview.

For the conduction of a semi-explorative research, the questionnaire was designed in a semi-structured fashion. The semi-structured interview is used in qualitative research when the interviewer is in knowledge of a specific problem, which he wants to explore with the help of this focused but explorative qualitative research method. The semi-structured interview is ideal in terms of gaining new insights because it gives the interviewee the freedom to talk freely and a lot (Mayring, 2002: 67). The questionnaire is divided into three sections: an explorative first part, where the returnee entrepreneur should give an answer to his background and story of his founding a venture, a structured second part where especially demographic characteristics are enquired about, and an explorative third part where the interviewee should talk about success factors. The questionnaire can also be found in the appendix (Appendix I).

5.3 Data Collection & Analysis

Before conducting the interview, the interviewee was instructed based on the questionnaire, which is a usual procedure before conducting semi-structured interviews (Mayring, 2002: 71). The interview was conducted face-to-face with the help of a dictation machine. Further questions that arose after the interview, especially related to the personal profile of the interviewee (Appendix III), were clarified through email or telephone. The full transcript of the interview can be found in Appendix II.

Of course, the validities of the findings in a single case study are always limited. However, the transcript of the interview was compared to the findings from the literature to identify similarities or contradictions. Other aspects were viewed as new insights. In doing so, the validities of the findings are discussed in chapter 7.2.

6 Findings of the Single Case Study

6.1 Characteristics

The returnee entrepreneur was born in Turkey in 1971. At the age of seven he migrated to Germany, meaning he completed his educational training in that country. After his educational training, he started his apprenticeship as a clerk in public administration and worked as a clerk in that field

even after he finished his apprenticeship. Besides having this full-time job, he studied economics, but did not finish. Furthermore, he worked as a self-employed interpreter and translator parallel to his full-time job and studies. Up until that point, he was not married nor had he any children. The returnee entrepreneur had, though, earned an "Abitur", which is similar to a high school diploma, due to the fact he did not finish his bachelor degree studies in economics.

Looking at the interviewee's educational background and his answers in the interview, he did not have any business or management knowledge. In 1993, the interviewee returned to his country of origin, Turkey, where he established a trading firm in Istanbul with a strong export orientation to Germany, his former country of residence. Until then, he had lived for about 15 years in Germany and had seven years of professional experience. Besides his job as an entrepreneur in Turkey, he did not have a full-time or part-time job, but was self-employed as a returnee entrepreneur.

At the time of the company's founding in Istanbul, the interviewee was 22 years old.

In 1996, at the age of 25, the interviewee sold his shares in the company to his founding partner and founded a second firm in the industry sector. During his time as an entrepreneur, he did not have a full-time or part-time job at all.

6.2 Success Factors

Personal and business networks are here identified as theoretical success factors. The interviewee emphasized the difficulty of making profitable usage of one's networks and highlighted different understandings and functionalities of the term "network" in different cultures and countries. He especially pointed out the importance of linkages and networks with political institutions and individuals in emerging countries with weak institutions such as Turkey.

Furthermore, the interviewee claimed that social relationships in Turkey are less rational and more emotional than in developed countries and cultures, for example Germany. The social and even business relationships are on a more personal level. This was a success factor for the interviewee. He stated that if an entrepreneur saw his business-related linkages and social relationships only rationally and objectively, he would have less success. In conclusion, the more personal an entrepreneur interacts with his business-related linkages and social relationships, the more success this entrepreneur will have.

A further important success factor for the interviewee involved keeping ties to the former country of residence, Germany, in this case. For the interviewee, the relationship to the former country of residence was a source of energy because of the difficulties in everyday life in Turkey, particularly related to the different culture and habits.

This leads us to another success-related aspect, namely, the ability to adapt to a completely different culture. The interviewee gave examples of problems in cultural understanding, the concept of time, and the relationships of an entrepreneur or executive to his employees – this, even though the interviewee was born a Turk.

The interviewee claimed that he was forced to adapt to his new situation in Turkey and that the know-how and habits from the former country of residence, in particular organizational habits and time management know-how, were worthless. The interviewee specifically had problems with scheduling business meetings because he claimed that it is nearly impossible to fix exact appointments. Hence, his time management know-how was worthless because his self-organization was highly dependent on external factors.

However, due to his vocational and educational background, the interviewee pointed out that business and management knowledge would have helped him, as these are factors affecting success.

Satisfaction is another important success factor. Satisfaction here is not only related to the satisfaction with the business's performance. Many of the aspects discussed above, in particular the need to culturally adapt, but also including differences in the functionality of networks and social relationships, the difference in the relationship between executives and employees along with a different concept of time all influence the entrepreneur's satisfaction. In this case, even though the entrepreneur's business was growing, with its over 400 employees, and he had an almost monopolistic position and was very successful, personal dissatisfaction made the entrepreneur sell his business.

For this reason, the interviewee advises every entrepreneur who wants to found and establish a firm abroad, whether the entrepreneur is a returnee or not, to look for an indigenous partner who is familiar with the local structures and infrastructure. Even though the experiences of the interviewee are specific to Turkey, it can be assumed that the results are transferable to other emerging or developing countries and economies. The interviewee here especially emphasized his similar

business-related experiences in Syria, Iran, Greece, Russia, and China, which were also not developed countries in the 1990's and early 2000's.

7 Results

7.1 Merge of the Results

The findings from the analysis of the literature and the single case study strongly show the characteristics of returnee entrepreneurs; these findings are not contradictory.

The interviewee was at the time of the founding of the firm a young unmarried male without children who had a high educational level, even though he did not finish his studies of economics. Furthermore, he had no full-time or part-time job during his time as a returnee entrepreneur. For these reasons, the characteristics-related findings of the single case study are completely in line with the findings from the analysis of the literature. This is an important aspect when noticing the lack of literature making the characteristics of returnee entrepreneurs the subject of discussion.

Looking to the success factors, the findings from literature analysis and single case study in many aspects are similar to or complement each other. It can be assumed that the success factors of mostly Chinese returnee entrepreneurs, as identified in the literature, can be transferred to returnee entrepreneurs with other ethnical backgrounds.

However, the single case study indicates potentially new success factors. Only in the case of work experience are the findings not clear in the single case study. The following table gives an overview of the results concerning success factors: As shown in Table 2, employment status as a success factor is not identifiable in the single case study even though the case study shows that the interviewee had no parallel jobs to his entrepreneurial activities and was very successful with his firms. The same applies to family status and gender. Even though the interviewee was not married, had no children, and was successful, family status and gender cannot be identified as success indicators affecting the demographical factors in the case study.

The interviewee had acquired significant work experience in Germany at the time of founding his business in Turkey. However, there is no indicator in the case study for previous work experience as a success factor.

Networking is a success factor identified in both the literature and case study. The case study showed that networking is an important success

Identified Success Factors in Literature	Identified or Indicated Success Factors through Case Study
<ul style="list-style-type: none"> • Employment Status • Family Status and Gender • Network • Work Experience • Satisfaction 	<ul style="list-style-type: none"> • Network • Ability to Adapt • Business and Management Knowledge • Satisfaction

Table 2: Success Factors in Literature and Case Study

factor but also pointed out different dimensions when talking about networking as a success factor. The case study emphasized the different understandings and functionalities of networks in different cultures and countries. According to the findings of the case study, social relationships, even business-related ones, are far more personal and emotional in Turkey than in Germany. The findings distinguish between rational and emotional relationships.

Satisfaction is also identified as a success-related aspect in the literature and in the case study. The literature claims that satisfaction is a success factor that influences essential decisions of the entrepreneur, for example whether to continue a business or not (Cooper and Artz, 1995: 453). In the case study, the interviewee sold both of his firms because of dissatisfaction. However, the literature focuses on the entrepreneur's satisfaction with the business's performance. In the case study, the interviewee decided to sell his businesses due to personal dissatisfaction.

There are also indicators for success factors not mentioned or identified in literature. The ability to adapt to a new culture and new business habits are two of these factors. The case study shows that with the need to adapt, certain know-how and skills such as time management skills become irrelevant. Business and management knowledge are also assumed to be success factors, as indicated in the case study. The interviewee lacked business and management knowledge. Even though his firms were successful, the interviewee claims that business and management knowledge would have helped him to become more successful.

7.2 Interpretations

This thesis transfers some of the characteristics of transnational entrepreneurs identified in the literature to returnee entrepreneurs. No other research published in English gave insights into the specific characteristics of returnee entrepreneurs. Specific questions to the returnee entrepreneur's

characteristics asked in the interview with the help of its semi-structured construction show that the findings in the literature analysis are not contradictory and therefore indicate their validity. This thesis also indicates two new success factors, which can be the subject of discussion in future research. Moreover, previously identified success factors in the literature also have other dimensions that can affect the returnee entrepreneur's success. These new dimensions are new insights that could be gained in this thesis through the single case study. Especially the ability to make use of ones networks in different cultures and countries, the ability to understand the different functionality of networks in different cultures and countries, and the entrepreneur's general and personal satisfaction in his country of origin are the new dimensions that were identified in the single case study.

Of course, one might claim that the findings in the single case study lack in validity because only one Turkish returnee entrepreneur was interviewed. As a result of the many overlaps in the findings of literature analysis and case study, it can be assumed that the experiences of the interviewee are transferable to other returnee entrepreneurs, especially to those with an ethnic Turkish background. In order to validate these findings, future research should focus on Turkish returnee entrepreneurs.

The ability to adapt to a new culture and to new habits, especially habits in everyday business, and the entrepreneur's business and management knowledge are success factors identified in this thesis. Future research should focus on these newly identified potential success factors.

The identified success factors can in a way be seen as aspects that influence whether the returnee entrepreneur is a successful entrepreneur, a successful returnee, or both. While the ability to adapt is a factor determining whether a returnee will be a successful returnee or not, business and management knowledge is an aspect that influences the entrepreneur's entrepreneurial

success. Decisions coming with satisfaction or dissatisfaction, for example to leave the country of origin and return to the former country of residence, influence both the fact of being a successful returnee and the fact of being a successful entrepreneur because the return implies the sale or closure of the returnee firm.

However, when it comes to the influence of the returnee firm's performance, it can be assumed that all identified success factors in this thesis can influence the success of returnee's firm.

8 Conclusion

8.1 Implications to Practitioners and Policy Makers

With the help of the findings, implications to practitioners and policy makers can be derived. Practitioners and future practitioners can use the findings in order to make themselves aware of the success factors influencing their venture's success. As a result, they can analyze each success factor individually and apply them to themselves.

Aside from the given demographical success factor of family status, practitioners should not have a job parallel to their entrepreneurial activities.

The findings suggest that future practitioners should also acquire work experience, which also leads to more business and management knowledge and a broader network.

As recommended by the interviewee, returnee entrepreneurs should enter into a partnership with an indigenous partner to overcome difficulties with cultural adaptation. The indigenous partner could assist him in understanding the functionality of the local business networks, the different habits in business, and help him to build up a network and gain experience and knowledge of the local business scene. The role of the indigenous partner could also be to interact with local business partners and customers in order to avoid difficulties.

Gaining the support of the local government is another issue for returnee entrepreneurs. This is in line with Peng and Luo's (2000) finding that ties to officials highly affect firm performance in emerging economies (Peng and Luo, 2000: 497). For this reason, contact to local governmental and political institutions should be sought. These institutions could support the returnee entrepreneurs in many ways, for example by enabling them to broaden their network or supporting them with subsidies, which would increase the performance of the returnee's firm.

Policy makers should support returnee entrepreneurs and foster returnee entrepreneurship for many reasons. First, returnee entrepreneurs play a crucial role in knowledge transfer and innovation (Drori, Honig and Wright, 2009: 5; Liu et al., 2010: 1192). Second, with these competitive advantages and their export orientation, returnee entrepreneurs are able to push economic development. Liu et al. (2010) suggest that international human mobility, which includes returnee entrepreneurs, are important drivers of economic growth, especially in today's times of economic globalization (Liu et al., 2010: 1193).

Because there seems to be no evidence that the Turkish government specifically tries to attract returnees, the following examples and suggestions are also addressed to the Turkish government and Turkish policy makers.

A growing number of governments and policy makers are already trying to attract returnees to their country of origin (Kenney, Breznitz and Murphree, 2013: 393).

The Chinese government, for example, supports high-technology firms in science parks, regardless of if they are returnee firms or not, with subsidies, by offering tax privileges (Wright et al., 2008: 132).

Further, governments and policy makers should try to develop and establish a pro-business climate, invest in infrastructure and institutions to attract more returnee entrepreneurs.

Based on the knowledge-based view and social capital theory, the knowledge, social capital, and skills acquired abroad by returnee entrepreneurs, are essential for their success in their home country. Therefore, governments, firms, and universities should develop more possibilities for their students and employees to get university education and work experience abroad.

Moreover, as Dutia (2012) suggests, initiatives and organizations should be established to offer potential returnee entrepreneurs mentoring and support in building networks. They also need help in gaining skills through knowledge-related trainings and getting access to financial institutions (Dutia, 2012: 70).

Governments could also provide returnee entrepreneurs with dual citizenships to facilitate their firm's internationalization and export orientation, in particular to their former country of residence.

All in all, governments and policy makers should guarantee that returnee entrepreneurs feel welcome.

Returnee Entrepreneurs: Some Future Research Questions

Context	Returnee entrepreneurs	Location
What is the relative importance of returnee entrepreneur ventures in high-tech and other sectors?	How many ventures founded by returnees are founded by teams or individuals?	What is the relative importance of location of returnee entrepreneur ventures on science parks vs. off-science parks?
What is the relative importance of returnee entrepreneur ventures in emerging economies, former centrally planned economies, and developed economies?	What is the extent of success vs. failure of returnee entrepreneur ventures?	To what extent do returnee entrepreneurs retain a business link with the foreign country [i.e., are transnational entrepreneurs] vs. those that make a clean break?
How do the ventures created by returnee entrepreneurs vary as between EE, former CPE, and DE?	What are the motives of returnee entrepreneurs in creating ventures in their home countries?	To what extent do returnee entrepreneurs remain in the same location or use it as an initial foothold only?
What is the influence of the country/institutional source of the returnee entrepreneur's experience abroad in the nature of their ventures and their behavior?	What are the human and social [local vs. foreign] capital attributes of the team members used by returnee entrepreneurs?	To what extent do returnee entrepreneurs exit from their home country and return abroad? What factors influence this process?
What is the relative importance of are tax credits and subsidies as drivers of returnee entrepreneurship compared to access to local technology, human capital, and social capital	To what extent do returnee entrepreneurs act as business angels?	
	What differences are there between returnee entrepreneurs and their ethnic counterparts who remain in the foreign country?	
	To what extent do human and social capital act as substitutes or complements?	

Note: EE, emerging economy; CPE, centrally planned economy; DE, developed economy.

Figure 2: Future Research Questions on Returnee Entrepreneurs (Source: Wright et al., 2008: 150)

8.2 Limitations and Future Research Directions

This thesis, just as every other research project, has, its limitations. As explained in chapter 3, there was no literature in English on the characteristics of returnee entrepreneurs. This thesis consciously set its focus on rich-to-poor diaspora entrepreneurship, of which rich-to-poor returnee entrepreneurship is a form. The literature dealt a lot with poor-to-rich diaspora entrepreneurship because it was a more common phenomenon in the past, especially after World War II.

The characteristics of returnee entrepreneurs were inferred from the characteristics of transnational entrepreneurs, due to the many similarities of these two groups of diaspora entrepreneurs. Future research should focus specifically on characteristics of returnee entrepreneurs, ideally in different emerging countries.

The literature on the success factors of returnee entrepreneurs focused mainly on high-skilled returnee entrepreneurs in the Zhongguancun Science Park in Beijing, China, who established only high-tech firms, due to their engineering and scientific background. The interviewee in the case study was also a high-skilled returnee entrepreneur, even though he was not Chinese. Hence, this thesis also focused on high-skilled returnee entrepreneurs with university education, even though the interviewee did not finish his studies. This gives

scholars the possibility of dealing with low-skilled returnee entrepreneurs or returnee entrepreneurs with vocational skills and specific work experience.

Furthermore, future research could consist of multiple case studies, with interviews with returnee entrepreneurs from different emerging countries. So, the research design of such a research project could be comparative in order to compare the characteristics and success factors of returnee entrepreneurs with diverse nationalities.

A special focus should be set on Turkish returnee entrepreneurs by scholars to universalize the specific experiences of the interviewee and to ensure the single case study's findings.

The focus on this thesis lies also in returnee entrepreneurs as individuals.

Employment status in this thesis is viewed as the employment status when being a returnee entrepreneur. This thesis does not concern the employment status of the returnee entrepreneur right before becoming a returnee entrepreneur. It is possible that the employment status before the foundation of the returnee firm is affecting its success, so scholars could take this aspect into consideration in future research.

The fact that the findings suggest that an indigenous partner may minimize intercultural difficulties and that many firms are founded by teams are also important considerations (Ucbasaran et al., 2003: 115). Taking this into

consideration, future research could focus on the success-affecting aspects when a returnee entrepreneur starts a business together with a local entrepreneur. Scholars could also try to identify the perfect founding-partner for a returnee entrepreneur, based on the combination of knowledge, skills, and experience.

The ability to adapt to a new culture and to new business habits as well as the entrepreneur's business and management knowledge are success factors indicated but not validated through the findings. Scholars could examine these two potential success factors of returnee entrepreneurs in their future research.

Apart from these suggestions, Wright et al. (2008) give a broad overview of possible future research questions on returnee entrepreneurs: Because there is a big gap in returnee entrepreneurship research, much more research areas and research questions could be developed here. Generally, scholars should focus on returnee entrepreneurship because ignoring this relevant group of entrepreneurs in terms of knowledge-transfer, innovation, and therefore economic development, cannot be in the interest of any government, policy maker or scholar.

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