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**Article**

## Best practices in the field of returnee entrepreneurship

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## BEST PRACTICES

**BEST PRACTICES IN THE FIELD OF RETURNEE ENTREPRENEURSHIP****Raluca Mariana Grosu\****Bucharest University of Economic Studies***Please cite this article as:**

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**Abstract**

Romania, an important provider of immigrants – especially for member states of the European Union – has remarkable potential for developing returnee entrepreneurship. Observing this context, through this paper I aim to highlight means of encouraging this phenomenon in Romania, one of the main objectives referring to the development of a best practice guide in order to promote and sustain returnee entrepreneurship. Based on an intensive process of literature review, following the experience of other countries with a high degree of experience in this field, I created a model that illustrates a series of specific features displayed by this phenomenon, as well as a best practice guide. This guide mainly outlines a series of directions regarding financial, legislative, institutional, and educational aspects.

Through this paper, I aim to bring a contribution to the development of the scientific literature in the field of returnee entrepreneurship and to raise awareness among policy makers on the complexity and importance of this phenomenon. Furthermore, by detailing the components of this model in Romania and by presenting the best practice guide, this paper may represent an important starting point in developing a national strategy for encouraging emigrants' return and the development of entrepreneurial activities among them.

**Keywords:** entrepreneurship, returnee entrepreneurship, best practices, Romania, international migration, emigration

**JEL Classification:** J60, M10

**Introduction**

A dynamic and complex phenomenon, entrepreneurship displays a high degree of interest for the scientific community, being studied intensively in the specialized literature. Concerns in the area of entrepreneurship, in relation with the international migration, are

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not new on the agenda of researchers. However, more recent efforts are oriented towards the study of immigrant entrepreneurship – often met in the specific scientific literature as ethnic entrepreneurship – transnational entrepreneurship, and returnee entrepreneurship. The latter is the least studied in literature, approaches in this field being relatively recent. (Bercovitz, Martens and Savage, 2013; Pruthi, 2014).

The globalization of markets and the free movement of persons, especially of qualified workforce, led to a shift in the scientific environment, towards the study of returnee entrepreneurship (Zhou et al., n.d.). Even though there are numerous questions regarding uncertainties whether returnee entrepreneurs have better results than local entrepreneurs, whether the knowledge and abilities accumulated while they were abroad can be capitalized in the country of origin and so on, one aspect is certain and proven. This aspect regards the positive results associated with entrepreneurship, such as economic growth, the creation of new jobs, the development of new and innovative products/services, etc.

People decide to migrate in order to accumulate different types of capital – knowledge, abilities, experience, savings, etc. – that will help them initiate activities that are more developed than the ones previously performed, once they return to their country of origin. According to Schultz (1980, p. 442), cited in Demurger and Xu, 2011, entrepreneurship represents the competence to face instability by making "decisions that are neither routine, nor repetitive", more than the ability to take risks – not only entrepreneurs face uncertain situations. Experience and education lead to an expansion in entrepreneurial abilities, while the development of these abilities might be achieved through migration (Demurger and Xu, 2011). Therefore, people with migratory experience have much better perspectives of starting a business when they return to their countries of origin, than those who do not have this type of experience (Marchetta, 2012).

Entrepreneurship has been intensely studied in developed countries. It is imperative to emphasize the investigation of this field in developing countries, highlighting the fact that entrepreneurship plays a crucial role in economic growth, the development of innovation, the increase in competitiveness and even the decrease/eradication of poverty (Wahba and Zenou, 2012).

In this context, starting from the belief that "the perspectives of development in a poorer country or region largely depend on its capacity to innovate" (Agrawal et al., 2011, p. 43) and the fact that entrepreneurship is based on innovation, it is essential to promote it – in all its forms – in Romania. Furthermore, considering the large number of emigrants from Romania, bringing them back and developing their entrepreneurial skills may represent a valuable means to build a strong and competitive country. Therefore, using the experience of other countries with tradition in this area, I considered useful to elaborate a best practice guide for Romania, in order to stimulate, encourage and develop returnee entrepreneurship.

The paper is structured into three parts. In the first part I highlighted a series of methodological aspects, while in the second part I put forward the most important information obtained from the literature review, with a high degree of impact on drawing up the best practice guide. In the last part of the paper, I outlined a conceptual model that reflects the development of returnee entrepreneurship and I elaborated a best practice guide for the encouragement of this phenomenon in Romania.

## 1. Methodology

I elaborated this paper based on a desk research that took part in the second half of 2014, starting with the following fundamental question: How can returnee entrepreneurship be developed and promoted in Romania?

Based on this question, I expressed a series of secondary questions, as follows:

- What are the most researched topics in returnee entrepreneurship, highlighted in the scientific literature?
- What practices can be drawn from the experience of countries where the investigated phenomenon is more developed?

Therefore, the purpose of this research was to highlight a series of means of promoting returnee entrepreneurship in Romania, and its objectives are:

- in-depth analysis, from an interdisciplinary perspective, of the main approaches representative for the studied phenomenon, highlighted in the scientific literature;
- development of a best practice guide for the support and promotion of this phenomenon in Romania.

For this research, I gathered scientific information based on a complex and comprehensive theoretical documentation and I developed a laborious literature review process. I searched for different scientific documents within the research area, such as articles published in journals indexed in prestigious international databases, books, chapters from edited books, papers submitted to different scientific events, reports, etc. I accessed mainly Thomson Reuters, ScienceDirect, Emerald, SpringerLink, ProQuest, and Google Scholar databases, using the following keywords: returnee entrepreneurship, return migrant entrepreneurship, returnee entrepreneur, return migrant entrepreneur. This process was followed by the selection of documents, keeping only the ones useful for the research. The selection process included reading the abstracts and covering the literature review, methodology, results and conclusions parts, in order to identify aspects that would answer research questions and would be useful in reaching its goals and objectives. Subsequently, I studied the selected documents, using a critical and comparative analysis regarding the main identified approaches. I developed a series of reading sheets and their synthesis, highlighting only the relevant information for the research. Based on this process, I built a conceptual model that reflects the development of returnee entrepreneurship and a best practice guide in order to promote and support this phenomenon in Romania.

## 2. Results of literature review

In this section of the paper I present the main results gathered from the literature review process, with an important contribution towards the development of the model and the best practice guide.

However, before reaching this aspect, I consider essential to determine the conceptual boundaries of the phrase 'returnee entrepreneur'. The information gathered from the scientific literature shows different approaches on this matter, as seen in Table no. 1.

**Table no. 1: Approaches regarding the phrase 'returnee entrepreneur'**

Source	Definition
Dai and Liu, 2009a	Scientists and engineers, or students who were prepared or have studied/worked in an OECD country and returned to their country of origin in order to initiate a new business.
Saxenian, 2002 cited in Wright, Liu and Filatotchev, 2012	Scientists or engineers returning home after a few years of experience in business and/or education in an OECD country.
Liu et al., 2010 cited in Wright, Liu and Filatotchev, 2012	A person hired by a subsidiary in another country of a multinational company from the country of origin.
Pruthi, 2014	Qualified personnel that has lived in a developed country in order to work or study and has returned to the country of origin with the purpose of establishing a business, after a few years of experience in business and/or education in the country of destination.
Obukhova, Wang and Li, n.d.	Persons initiating new businesses in their countries of origin – developing countries – after studying or working in developed countries.
Zhou et al., n.d.	Persons that have studied and/or worked in developed countries (eg. the United States of America - U.S.A.) and have returned to their country of origin (usually developing countries) in order to initiate or lead a new business.

We can infer that there is no unanimously accepted definition in scientific literature regarding returnee entrepreneurs. However, several definitions involve a series of common features, such as persons with a higher educational level, migratory experience in a developed country with work/educational purposes, provenance from a developing country, business initiation in the country of origin following return.

The analysis of scientific literature in this field highlights a series of more elaborate and applied studies on returnee entrepreneurship in countries such as China, India, Egypt, Mexico, Albania, and Senegal. Among these countries, China is the most studied. This aspect is in no way surprising, given the fact that this phenomenon is flourishing in China. For example, in 2007 there were 1.21 million Chinese students studying abroad. Out of these, 0.32 million returned home. At the end of 2006, there were 115 high-tech parks for returnee immigrants, with 5,176 companies initiated and developed by them (Wright, Liu and Filatotchev, 2012).

The studies I have analyzed show an intense orientation in the scientific literature on returnee entrepreneurship towards the effects of this phenomenon, the characteristics of returnee entrepreneurs, the location choice for start-up, the companies' performance, the factors influencing the entrepreneurial manifestations, the obstacles in the entrepreneurial demarche, policies implications, comparisons with local entrepreneurs or with locals without migratory experience, the role of social networks.

Next, I outline the most relevant information obtained from the literature review process, divided by country, in order to emphasize the manifestation of this phenomenon and its effects and implications.

In **China**, returnee entrepreneurs contribute to the diversification of livelihood in rural communities, to the infusion of capital in local markets and to the economic development

of these markets. However, generated jobs tend to be acquired by other returnees and to a lesser extent by locals (Murphy, 1999).

Obukhova, Wang and Li (n.d.) highlight the fact that returnee entrepreneurs do not perform better than local entrepreneurs. The results of their study carried out on high-tech companies from Beijing, China (a fourth of them owned by returnees) are surprising, because the advantage represented by human and social capital accumulated by immigrants during migration is remarkable. During migration, they can identify various business opportunities that a local entrepreneur cannot identify. Also, during migration they gain know-how, especially in the field of advanced technology and management practice; this type of know-how cannot be attained in developing countries. Likewise, immigrants may develop personal relationships that might help them obtain the required resources to start a business once they return home.

Vanhonacker, Zweig and Chung (2005) show that Chinese returnee entrepreneurs collaborate closely with local authorities, even more than local entrepreneurs. Local authorities support returnee entrepreneurs with funding, office space and/or equipment, and import/export procedures, while local entrepreneurs receive office space, equipment, financial resources, and support in their relationship with suppliers. Returnees need this collaboration to gain easier access to funding, office space and workforce, and for an easier and better readjustment to market conditions. Also, for a successful integration and for the initiation and development of a prosperous business, social capital is extremely important.

Wright et al. (2008) analyze the decision to choose science park location to establish a business by returnee entrepreneurs, and the performance of their business. Based on the study carried out on enterprises in the Zhongguancun Science Park in China, it has been shown that returnee entrepreneurs pursue complementary assets – commercial and academic – in their location decision.

Dai and Liu (2009a; 2009b) highlight the fact that in China, active SMEs in the high-tech industry owned by returnee entrepreneurs have a more prolific activity compared to those owned by local entrepreneurs, especially due to their advanced know-how in the field of commerce and technology, as well as their international entrepreneurial orientation. International networks influence the performance of high-tech enterprises in a positive way. Returnee entrepreneurs gain competitive advantages by using their intangible assets and international networks, in order to exploit business opportunities and to ensure the development of ventures initiated in developing economies. Furthermore, governmental policies related to the field of migration play an important role in attracting back emigrants and developing their entrepreneurial abilities. Some of these are meant to create an adequate scientific, technological, and business framework, which can offer returnees who have developed their abilities and knowledge in the country of destination a series of rewarding opportunities.

Ouyang et al. (2010) study the entrepreneurial activity of returnees in Jiangxi Province, China, in the aftermath of the financial crisis. In their entrepreneurial process, they face a series of obstacles, such as funding problems, a high level of bureaucracy in their steps to initiate a business, difficulties to protect their rights and interests, low quality of returnees, inefficient implementation of governmental policies, restrictions in land usage, high levels of taxation and others. In order to overcome these obstacles, returnees consider the involvement of local authorities as essential in the following aspects: to improve services

and management in order to stimulate entrepreneurial activities among returnees, to offer financial aid policies, to improve preferential fiscal and taxation policies, to offer educational programs in the field of entrepreneurship, and preferential requirements for land use by returnees.

Demurger and Xu (2011) support the fact that returnees have much better chances to become entrepreneurs, compared to non-migratory persons. This decision is favored by the funds acquired during migration and used upon return, and by the frequency of job changes during migration. On regional or even macro level, the results of the study show the fact that the return of migrants may help revitalize rural economies, and diminish or even eradicate poverty in less developed areas in China. Furthermore, repatriated capital is a stimulating factor for the promotion of entrepreneurial activities in rural areas. Migrants accumulate social, human, and financial capital during migration, which may be used upon return, particularly in order to develop a business.

Filatotchev et al. (2011) investigate the impact of returnee entrepreneurs and their knowledge spillovers on innovation within high-tech companies. Based on the analysis conducted on a panel data set that included 1,318 high-tech companies active in Beijing, they concluded that returnee entrepreneurs create a remarkable spillover effect, contributing to the promotion of innovation within local companies active in this sector.

Wang, Zweig and Lin (2011) outline the fact that returnee entrepreneurs are an important value-generating source for Chinese economy. They have studied at the best universities in the world, they were actively involved in the New Economy, they have work experience in important listed companies or in big corporations, and/or hold venture capital.

Based on qualitative case studies on local entrepreneurs and returnee entrepreneurs active in the high-tech industry in China, Liu, Isaak and Xing (2012) bring an innovative contribution to the scientific literature in the field of entrepreneurial decision making, by incorporating individual players and institutional development level. One of the differences between the analyzed entrepreneurs is represented by the perceived ambiguity level. Local entrepreneurs are more familiarized with informal institutions and with the local business environment, while returnee entrepreneurs tend to adopt western society models and are oriented towards collaboration with formal institutions that in developing countries are still transforming. The institutional framework is perceived in a different way, which leads to different decision-making processes, and different attitudes toward risk. Over the past period of time, China has been promoting a policy to attract back emigrants who would initiate ventures in the Chinese high-tech sector. The authors have proposed an orientation of policy makers and of local authorities towards the improvement of the institutional framework, in order to promote and protect the entrepreneurial phenomenon on the long run; special care must be taken in order to protect property rights.

Peng (2012) approaches returnee entrepreneurship in China from the perspective of business choice location. Based on an econometrical analysis, the author studies the impact of location and personal characteristics of the entrepreneur, on the probability of location choice for the new business. The impact factors ensued from the analysis refer to the size and dynamics of the market, the potential of high-tech technologies and social networks.

Li and Xia (2014) investigate the role of returnee entrepreneurs in promoting entrepreneurship in developing countries (China) – focusing on venture capital investments. One of the results refers to the fact that attracting returnee entrepreneurs may contribute to a

decrease in financial challenges faced by local entrepreneurs. China has developed a policy of attracting back emigrants with special talents. The paths promoted by this policy include: preferential taxes and benefits for returnees that initiate and develop a business, such as exemption from lease payment; the development of business incubators made explicitly for returnees; personal benefits such as subsidized housing, tax-free imports for automobiles and computers, local rewards, etc.

Liu and Almor (in press) approach aspects regarding uncertainty, by comparing four cases of returnee entrepreneurs and local entrepreneurs in China. Observing information acquired from in-depth interviews, the authors concluded that cultural influences play an important role in the way that entrepreneurs perceive, analyze and face uncertainty in inter-organizational situations. Experienced entrepreneurs in the field of migration perceive aspects associated with uncertainty in a different way than those who did not migrate, the culture of the host nation being extremely relevant.

Wadhwa et al. (2011) highlight a series of aspects related to the characteristics of companies initiated in the country of origin, the reasons behind the return to the country of origin and the advantages of initiating and developing businesses in the country of origin. The approached variables in various cases refer to: the reasons for returning (availability of economic opportunities in the country of origin, family ties, access to local markets, pride to contribute to the economic development of the country of origin, lower business costs, incentives offered by the government/local authorities); the advantages of initiating and developing businesses in the country of origin, namely China and India (operational costs, wages, access to local markets, availability of qualified workers, mood in the country – economical, social, political climate, support from the government); personal comparisons between the country of origin and the country of destination (opportunities for initiating entrepreneurial ventures, rate of professional development, quality of life, professional recognition); advantages presented by the country of destination – U.S.A. – particularly wages; the importance of networks in the country of origin (business networks, personal/family networks, alumni networks, ties with government officials); ties with the country of destination (connections between returnees and colleagues, friends, family, and organizations in the country of destination, professional information exchanges between returnees and people/organizations in the country of destination). The distribution of initial finance sources – quite similar in the case of India and China – is represented by personal savings, loans from friends/family, venture capital firms based outside the U.S.), bank loans, loans from friends/family who remained in the U.S., venture capital firms based in the U.S., government funding.

Kenney, Breznitz and Murphree (2013) emphasize the fact that emigrants intensely studied in the scientific literature in correlation with the 'brain drain' phenomenon can be investigated from a different perspective. Respectively, that of returning to the country of origin after studying and/or working in the country of destination, while accumulating technical experience and managerial/entrepreneurial knowledge and abilities. This approach is relevant in the case of IT&C companies initiated in Taiwan, China, and India. The conclusion drawn by the study is opposed by theories intensely promoted in the scientific literature, who claim that returnees hold a critical role in the initial forming of the IT&C industry in the country of origin. The results of the study show that returnees played an important part in the second development phase of the IT&C industry in the three countries



of origin, after the local entrepreneurs, supported by policy makers, practically built the industry.

In **India**, Pruthi (2014) investigates the role of social ties in the process of business creation by returnee entrepreneurs. Case studies show that local connections are mandatory for the initiation and expansion of entrepreneurial ventures. Although personal ties, family or friends may facilitate the return of emigrants and may help returnee entrepreneurs establish a series of connections with the local community, after a period of absence (Drori, Honig and Wright, 2009 cited in Pruthi, 2014) there is a need for reconstructing previous ties with family, in order to transform business ideas into opportunities (Bagwell, 2007 cited in Pruthi, 2014). According to the theory of social capital, personal and professional networks of entrepreneurs grants them social capital (Davidsson and Honig, 2003 cited in Pruthi, 2014) and have an impact on the perceived business opportunities (Bandura, 2001 cited in Pruthi, 2014). Social networks – considered ‘the current set of ties, connections of any kind between a group of individuals or organizations’ (Jack, 2005; Kontinen and Ojala, 2011 cited in Pruthi, 2014) – lead to sources of information and ideas that generate opportunities and offer resources for new ventures (Aldrich and Zimmer, 1986; Sullivan and Ford, 2014 cited in Pruthi, 2014). Furthermore, they supply information regarding the local market, business contacts, local sales channels or local distribution channels in foreign markets, reducing the risk associated with accessing a new market (Coviello, 2006 cited in Pruthi, 2014).

In **Egypt**, McCormick and Wahba (2001) suggest that the duration of migration and the savings accumulated during migration contribute to a raise in the probability of becoming an entrepreneur among educated immigrants/scientists. New abilities acquired during migration play an important role. Also, the savings made during migration contribute to better chances to start a business by returnees with lower educational levels in Egypt.

Based on a set of data from Egypt, Marchetta (2012) analyzed the chances of survival shown by companies initiated and developed by returnee entrepreneurs. A complex econometrical analysis revealed that the migratory experience of the entrepreneur contributes significantly to a better chance of survival of his/her business. Furthermore, it certified the fact that returnees have a much better chance to lead time resistant ventures, in comparison with less experienced entrepreneurs in the field of migration. An important role in ensuring the success rate is held by the abilities and financial resources accumulated during migration.

Wahba and Zenou (2012) highlight the fact that a person with experience in the area of migration, who returned to the country of origin (Egypt), has much more chances of becoming an entrepreneur than a person who did not have this kind of experience. However, a returnee has lower chances of becoming an entrepreneur if other members of his/her family have also migrated than if he/she is the only migrating person in the family. This aspect shows that if more members of the family migrate, the social networks left home have less relevance, therefore they are less used in the process of initiating a business by a returnee. Furthermore, people coming from small communities have less chances of becoming entrepreneurs, emphasizing the high level of support shown in small communities; however, this aspect does not seem to influence returnees in a direct manner. Returnees need time to rebuild their social networks. Therefore, persons who have returned less than a year before have lower chances of becoming entrepreneurs than those who have returned more than a year before. Migration offers people an opportunity to amass human and physical capital, but at the same time may lead to a loss in social capital in the country of origin. However, the savings and experience acquired during migration compensate to a certain extent the loss of social capital and

contribute to a better chance of becoming an entrepreneur. In their entrepreneurial demarche, entrepreneurs perceive a series of obstacles, such as access to funding (Banerjee and Newman, 1993 cited in Wahba and Zenou, 2012) and limited personal and family savings. As a solution to these problems, the authors highlight the fact that in developing countries, policy makers and international organizations interested in economical development promote micro-credit type programs. Also, the authors underlined the fact that migration practically helped surpass this problem, since various amounts of money are saved during migration. Nevertheless, the entrepreneurial phenomenon in developing countries depends on social networks, human capital, and credit. Policies based on access to credit are highly important for investments, development, and economic growth. In addition, the results of the study support plans for the reintegration of returnees, especially given the fact that they lose part of their social network.

In **Mexico**, Sheehan and Riosmena (2013) show that returnees tend to initiate and develop informal ventures in the country of origin. Particularly in economically dynamic areas, the head of the family that migrated and has returned has a propensity to initiate an informal business. Dustmann and Kirchkamp (2002), Ilahi (1999), Massey and Parrado (1998) cited in Sheehan and Riosmena (2013) argue that returnees are more prone to initiate businesses – generally micro and small enterprises – compared to non-migrants, but also to keep them more profitable (Woodruff and Zenteno, 2007 cited in Sheehan and Riosmena (2013)).

Bercovitz, Martens and Savage (2013) investigate the role of work experience acquired during migration to overcome three obstacles perceived in the entrepreneurial process: limited access to funding, the lack of educated and qualified workforce, and the lack of social and institutional support for developing entrepreneurial activities. The results of a study conducted on emigrants from Mexico to the U.S. showed that this type of experience may help overcome previously mentioned obstacles. Migrants who acquire human capital by working in the U.S. and those connected to a social environment that supports entrepreneurial activities by working in an U.S. company, are more prone to use remittances in order to develop entrepreneurial activities.

Following a study conducted in **Albania**, Piracha and Vadean (2010) highlight various factors that impact the decision of returnees to start a business, such as education, fluency in a foreign language, and savings acquired during migration.

Mezger, Kveder and Flahaux (2013) study the occupational status of returnees in **Senegal**, and particularly in Dakar, compared to non-migrants, with an emphasis on the role of experience. The econometric analysis and the qualitative research based on semi-structured interviews conducted among returnees show that they are overrepresented among entrepreneurs. However, the entrepreneurial process is not associated directly with the migratory experience; it is rather perceived as a 'last resort' for returnees who failed to amass enough capital and/or could not set up their return home. Nevertheless, work experience on the international market – usually in positions in accordance with the immigrant's qualification or that require higher qualification – and the duration of migration – usually medium term stays – contribute to the accumulation of know-how, with a direct impact on the entrepreneurial activity developed in the country of origin after the immigrant's return. In Senegal, public policies in the field of migration rarely focus on the disparity between reintegration processes, according to the type of return – voluntary or involuntary. The authors have identified the fact that involuntary migration is associated with the failure to reintegrate and the desire or even aim to re-migrate. Therefore, the benefits of returning do not apply in the case of an involuntary return. However, regardless of the type of return,

returnees are accounted in Senegal – for example, the MAFE-Senegal Survey. Various variables refer to the reason of return (voluntary or involuntary), the duration of stay (1-2 years, 3-7 years, 8 years or more), international education (studies abroad), work experience abroad (active, inactive), the migration period and the return period.

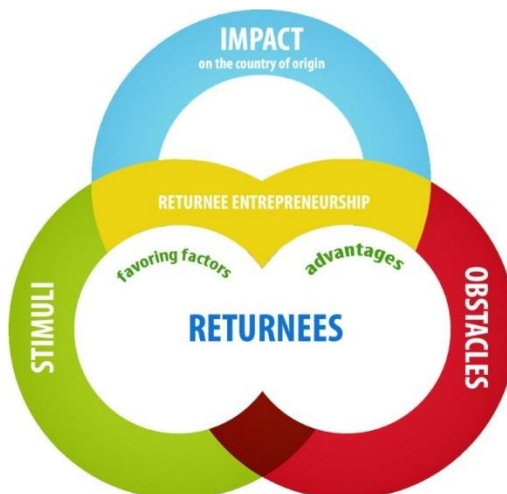
Wright, Liu and Filatotchev (2012) distinguish between a series of research directions related to returnee entrepreneurship, with the theory of strategic entrepreneurship and theories associated with context and externalities, in order to determine the role of temporal, institutional, social, and geographical dimensions in selecting and coordinating resources. Returnees may have a series of unique traits. For instance, they may accumulate various types of academic, scientific, technical, and/or business information during migration, which can be transposed in an emerging economy. Furthermore, they are embedded in two different information environments at the same time – one representing the country of origin and another one specific to the country of destination – both producing various advantages. Particularly the environment characteristic to the host country offers returnee entrepreneurs access to new business ideas and high quality data sources, as well as the advantage of learning a foreign language and gaining a remarkable cultural background. In addition, the social network developed in the host country may prove helpful during the initiation and development of a business.

### **3. Aspects regarding returnee entrepreneurship in Romania**

Based on the data acquired during the literature review process, I considered the development of a conceptual model that reflects a series of specific aspects related to the phenomenon of returnee entrepreneurship as highly useful (figure no. 1). Returnees exhibit a series of advantages acquired during migration, a large amount being owned to the favoring factors associated with this period. These advantages can be better represented or even amplified using the action of external stimuli and can be capitalized by initiating and developing businesses. At the same time, returnees meet various obstacles in their entrepreneurial demarche. However, if these obstacles are surpassed in a swift manner, the phenomenon of returnee entrepreneurship may have remarkable amplitude and may generate a series of implications – mainly positive – in the country of origin.

Based on this model it can be inferred that returnee entrepreneurs are able to contribute to the development of their country of origin, through the initiation of entrepreneurial ventures.

Romania has remarkable potential for the development of this phenomenon. For instance, on the 1<sup>st</sup> of January 2014 there were 2.37 million Romanian emigrants, while the country had a population of 19.94 million according to data provided by the National Institute of Statistics (2015). Even though the large majority emigrated for work purposes and not for educational purposes, works in areas that do not require a high level of qualification and has a lower educational attainment, there are also Romanian immigrants with a high qualification that work in important companies in developed countries or developed various businesses in the countries of destination. Regardless of the situation, the migration experience affected migrants in a positive way. They learn a foreign language, they enrich their cultural background, they learn a series of aspects specific to their workplace, they specialize, they receive high quality education, they work in prestigious companies, they have contact with aspects specific to developed countries, they identify various business opportunities that can be developed in the country of origin, they amass capital, they develop certain management and business abilities, they gain know-how in their line of work and also management and commercial know-how, etc.



**Explanatory comments: Advantages of returnees:** social and human capital; identification of different business opportunities through access to new business ideas and high quality informational resources; amass of different tacit knowledge, mainly commercial, scientific, about high technologies, and about management and business practices; development of social networks - personal ties and international networks - implicitly, amass of social capital; development of new abilities; international entrepreneurial orientation; improvement in the educational attainment; learning a foreign language; gaining a remarkable cultural background; savings; embedded in two different information environments at the same time; involvement in a social environment auspicious for developing entrepreneurial activities; different perceptions on uncertainty. **Favoring factors:** the length of migration; savings level; the frequency of changing jobs during migration; enrollment and

studying at the best universities in the world; active involvement in the New Economy; work experience in important listed companies or in big corporations; holding venture capital. **Stimuli:** close collaboration with local authorities; financial facilities; facilities specific to spaces for offices and/or to equipments; facilities for import/export procedures; local networks; family ties; social networks. **Obstacles:** financing difficulties; high bureaucracy, in general, and more specific in the business start-up process; difficulties in protecting the rights and interests of entrepreneurs; low quality of returnees; inefficient implementation of supporting policies; restrictions in land use; high level of taxes; unfamiliarity with informal institutions and with the local business environment; orientation towards the collaboration with formal institutions that in emergent economies are still transforming; weakening of social networks in the country of origin; lose of the social capital in the country of origin; limited personal and family savings; lack of trained and educated workforce; lack of social and institutional support. **Impact:** diversification of livelihood in local communities; capital infusion on local markets; local economic development; new jobs generation; development of the high-tech industry; poverty alleviation or even eradication in less developed regions; repatriated capital; promotion of innovation in local companies active in high-tech sectors; alleviating the financial challenges that local entrepreneurs face.

**Figure no. 1: Model presenting the development of returnee entrepreneurship\*\***

*Source: representation based on information ensued from the literature review process presented in the second part of the paper*

The phenomenon of returnee entrepreneurship can be developed by encouraging emigrants to return to Romania and by supporting and promoting their entrepreneurial vision. By adapting the meaning of the phrase 'returnee entrepreneur' encountered in the specific scientific literature outlined in table no. 1, in the case of Romania, I find that it suits the situation of most Romanian emigrants who have worked and/or studied in another country and have returned to their country of origin in order to initiate and develop a business after their migratory experience.

Observing this context, capitalizing on the positive aspects associated with migration by developing returnee entrepreneurship, this may prove an excellent solution for building a strong and competitive Romania on the European market. The phenomenon of returnee entrepreneurship can be developed using the advantages acquired by immigrants through

\*\* I am indebted to Daniel Zgura, PhD. for his help and support in drawing and designing the figure using the ADOBE PHOTOSHOP CS5 Program.

migration, the stimuli influencing the development of their entrepreneurial behavior and the lessening/elimination of obstacles in the entrepreneurial demarche. Managed adequately, this phenomenon can have a positive influence on the Romanian economy, supporting economic development, generating new jobs, increasing income, aiding regional development, promoting certain areas – particularly those where migrants show a high degree of experience and expertise. The agricultural sector can be a good example in this sense. There are many migrants working in agriculture in the country of destination. Based on this experience, returnees can contribute in an active way to the development of this sector and the prosperity of Romania by starting and developing various types of ventures, if they are encouraged and supported. Furthermore, by bringing emigrants home, many social problems associated with migration may be solved. These problems include child abandonment; children being raised by grandparents, relatives or friends; school dropout rate; inappropriate entourage; abandonment of elder relatives; depopulation of villages, etc.

In order to develop returnee entrepreneurship, it is important to observe the experience of other countries with tradition in this area, such as China. Therefore, taking into consideration the experience of other countries, but also the specific features of Romania, a best practice guide that promotes and supports returnee entrepreneurship may involve a series of directions, such as:

- Developing an ideal scientific, technological and business environment for ventures initiated by returnees. The instruments that may be used include offering incentives for business start-ups, such as exemptions from lease payment for the location of the new business, the development of business incubators especially tailored for returnees, granting personal benefits such as subsidized housing, tax-free imports for cars, equipment, computers, etc. Furthermore, business competitions may be organized, with special rewards for the most thriving ventures.
- Providing accurate information and efficient communication regarding the opportunities of business initiation. It is essential to ensure access to information regarding administrative and bureaucratic steps for starting a business, and to promote companies specialized in drawing up the documents required to start a business.
- Offering preferential requisites for returnees who want to use land, especially for the initiation of agricultural ventures that can contribute in a direct manner to the development of rural areas.
- Improving the institutional environment, in order to promote and protect the entrepreneurial phenomenon on the long term. This process requires better cooperation between national institutions, improving communication on both domestic and international level, in order to reduce/improve/amend bureaucracy.
- Supporting access to local markets. It is imperative to support and encourage returnee entrepreneurs to sell their products on the local markets. For instance, returnee entrepreneurs active in agriculture should be able to sell their products on the local markets. This way fruit/vegetables imports are reduced and small entrepreneurs are encouraged. At the same time, commercial links that ensure the transport of goods from the producer to the end user may be organized. Furthermore, the creation of an online fruit and vegetables stock exchange may prove useful.
- Ensuring infrastructure – power, water, internet access, etc.

- Improving/stabilizing the economic, political, and social environment. In order to initiate and develop healthy and durable enterprises, the existence of a solid economic, political, and social background is essential.
- Improving the legislative framework, particularly the one specific to small and medium size enterprises, copyright infringement, inventions, etc.
- Developing and imposing financial support policies, such as government funding or the development and promotion of micro-credit type programs.
- Developing preferential fiscal and taxation policies. Various tax deductions or exemptions may be applied for ventures owned by returnee entrepreneurs.
- Improving the services and the management of activities and institutions meant to encourage entrepreneurship among returnees.
- Organizing entrepreneurship training programs. Different training and/or management/entrepreneurship classes may be developed, in order to augment entrepreneurial and managerial know-how among returnees. These training sessions and/or classes can be held by specially trained personnel or by academics directly involved in this area and can be organized in various institutions of the local/central administration.
- Ensuring training and counseling sessions, in order to familiarize potential entrepreneurs among returnees with potential funding sources. Also, highlighting modern funding techniques such as EU funding – emphasizing the process of elaborating a project for access to funding and the promotion of counseling companies active in this area – or crowdfunding may be of real interest for future entrepreneurs. The counseling and training sessions and/or classes can be held by specially trained personnel or by academics directly involved in this area and can be organized in various institutions of the local/central administration.
- Promoting returnee entrepreneurs through various types of mass media (news, TV and radio shows, newspapers, etc.) in order to instil the pride of contributing to the economic development of the country of origin and at the same time to provide positive examples to other potential returnee entrepreneurs.
- Promoting entrepreneurship as a means to reintegrate in the country of origin, as an alternative to gain/regain a high social status in the country of origin.
- Keeping records of Romanian returnees. A series of variables that can be observed may refer to the reasons to return, the duration of migration, international education, work experience abroad, migration and return period, occupational status in the country of origin after return, etc.

All these directions should be part of a national strategy developed in order to encourage the return of Romanian emigrants and to support the development of returnee entrepreneurship.

## Conclusions

In correlation with the international migration, entrepreneurship is studied intensely in the scientific literature; most studies are focused on immigrant entrepreneurship and transnational entrepreneurship. Although developments in the field of returnee entrepreneurship are relatively recent, this draws more and more attention from scientists, policy makers, governing bodies, etc.

Well known for its status as supplier of immigrants – especially for the EU countries – Romania has remarkable potential for developing and promoting returnee entrepreneurship.

Based on a laborious process of literature review, I aimed to highlight means of promoting returnee entrepreneurship in Romania. One of the main objectives was to develop a best practice guide, meant to support and encourage this phenomenon in Romania. This guide was elaborated based on information acquired from the scientific literature, using as model the experience of other countries with tradition in this field. A series of directions emphasized in the guide, mainly refer to financial, legislative, institutional, and educational aspects.

Through the literature review process and the elaboration of a model that illustrates the development of returnee entrepreneurship, this paper aims to contribute to the enrichment of the scientific literature. Furthermore, by adapting elements of this model for the Romanian economy and through the development of a best practice guide, this paper may represent an important starting point in the process of devising a national strategy that promotes the return of emigrants and increases their appetite for entrepreneurship.

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