Chapter 1
Transnational, Ethnic and Returnee Entrepreneurship: Perspectives on SME Internationalization

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1.1 Introduction

Globalization is here to stay, in spite of the recent happenings in global politics (like Brexit, Trump's policies, Qatar issue, etc). One reason for the globalization imperative is that the revolutionary changes that have taken place in the information and communication technologies (ICT) are not easy to reverse. The channels of information flow have multiplied in unimaginably large numbers so that they reach every nook and corner of the world. The evolution and accessibility of the Internet has proved to be a key enabler for e-commerce, which in turn has helped businesses to become more proximate even to their distant customers. Undoubtedly, the Internet has helped the otherwise local businesses to at least think global, thus giving rise to a new term "glocal", which denotes a process of thinking globally while acting locally. Globalization of the thought process alone would be a major reason to believe that globalization would continue to have an impact on all spheres of human activity.

One of the inevitable consequences of the ICT revolution is the emergence of the knowledge economy, which has now grown much larger in value than the

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traditional economy, especially in developed countries (Powell & Snellman, 2004). Unlike in the traditional economy where the source of value is the physical resources, the knowledge economy creates value from information and knowledge. One of the implications of this is that the traditional economy operates on the principles of economics of scarcity (as the physical resources are scarce and exhaustible), whereas the knowledge economy operates on the principles of economics of abundance (as, conceptually speaking, there is no limit to the generation of new information, knowledge and ideas). It should also be noted that for many of these new technology-based businesses, the physical location may be irrelevant, and hence, there is a possibility of their being "global" even in spite of certain political restrictions. Considering the pace of developments in ICT, it would become increasingly difficult to restrict information and knowledge to specific locations, and hence, knowledge-based businesses are likely to get increasingly globalized.

In spite of India's ICT competencies, the country is ranked 100 among 140 countries in terms of the Knowledge Index (KI) and Knowledge Economic Index (KEI) developed by the World Bank Institute (WBI, 1999) using the Knowledge Assessment Methodology (KAM), which is based on four main parameters, namely (i) an economic and institutional regime to support knowledge entrepreneurship; (ii) educated and skilled manpower who can create, share and use knowledge resources; (iii) an efficient innovation system of firms and other institutions for generating new knowledge and/or borrowing and adapting them to local conditions; (iv) ICT capabilities for processing and disseminating information and knowledge (Chen & Dahlman, 2006). Obviously, India has to do a lot in order to catch up with the rest of the world in strengthening its knowledge sector. This is especially important, as the knowledge sector is particularly amenable to growth by internationalization, which will be facilitated by the presence of transnational and returnee entrepreneurs. Such entrepreneurs have the advantage of having imbibed the enterprising culture (Dimitratos, Buck, Fletcher, & Li 2016) and educational inputs (Krishna & Bala Subrahmanya, 2015) from their host countries and developed contacts in both their home and host countries. It is this process of "reverse brain drain" or "brain circulation" (Saxenian, 2005) that facilitates the emergence of transnational/returnee entrepreneurs, who are "born-global" (Rennie, 1993) by definition and would emerge as the principal agents of internationalization in their home countries.

Modern history is replete with examples of periodic closing and opening of economies. While the open economies like the USA and the UK are showing signs of withdrawing into their shells, the once closed economies like the USSR and the Eastern Bloc are becoming more and more open and are seeking international partnerships. The latest news in the sphere of business partnership between Russia and India is the signing of an MoU between the Russian state development institution Vnesheconombank and the Indian private sector investment company, Srei Infrastructure Finance, to create a USD 200 million IT and Innovation Fund, which will promote investment opportunities in technology companies in Russia, India and other selected regions (PTI, 2017). It seems that the globe is vast enough to be open and active at some places despite the trends to the contrary in other parts.

India too had been a closed economy till 1991. It was during the historic budget presented in June 1991 that the Government of India announced its policy of economic liberalization. In effect, the new policy was a triple-helix policy of Liberalization, Privatization and Globalization (LPG), facilitated by the revolutionary changes taking place in ICT. While the economic liberalization has facilitated the cross-border movement of people and goods, it is the technological changes that made services move across borders. A customer can now choose to buy an international edition of a book through the Internet, decide on the channels he/she wishes to watch on cable television through Direct-to-Home (DTH) technology and choose the most economical mobile network service provider. In other words, the new technologies have a tendency to militate against economic isolationism and thereby give a greater push to transnational and returnee entrepreneurship as well as SME internationalization.

The expansion in trade and commerce across borders has had its benefits and provided impetus to a new class of risk-taking and entrepreneurial individuals, who have chosen to establish enterprises that offer their products and services to a global clientele. Any business expansion foray cannot be bereft of an understanding and appreciation of the local tastes of individuals in the countries the business intends to serve, and also needs to take into account local business regulations and principles to secure greater advantage over its competitors. Similarly, global businesses that serve local interests would need to be ahead of the locally established, and sometimes, traditionally robust, businesses that operate within the same geography and offer better products and services to the same customer base, for which they may utilize the knowledge resources from another country. The dual role of knowledge, namely that of local knowledge about customer preferences and the regulatory environment of the country of operation and the global knowledge about the technology and resources available in other parts of the world, is therefore critical for the internationalization of businesses. It is in this context of "glocalized" business operations that transnational and returnee entrepreneurs have a special advantage, as they have the knowledge of the culture and regulatory environment as well as access to the resources and networks of at least two countries. Such advantages are highlighted in several studies of transnational and returnee entrepreneurs (Tan, 2008; Chen & Tan, 2009; Patel & Conklin, 2009; Fuller, 2010; Lan & Zhu, 2014; Clark & Li, 2015; Rana & Elo, 2017).

1.2 Transnational Entrepreneurship

A transnational entrepreneur (TE), in the strict sense of the term, is an entrepreneur who starts the business in the "host" country (country of migration) and expands it to the "home" country (country of origin). Such businesses, therefore, are a subset of international entrepreneurship (IE), which would involve two or more countries without any specific reference to migration or host countries (McDougall & Oviatt, 2000; Yeung, 2000). In other words, TE is a specific case of IE involving only two countries, preceded by a process of migration and, as mentioned above, supported by a process of "reverse brain drain" or "brain circulation" as it was characterized by Saxenian (2005). In fact, TE is often seen as a fitting antidote for brain drain (Varma, 2011).

Although it is quite intuitive to assume that TE is a branch of, or has evolved from international business (IB) or IE, Drori, Honig, and Wright (2009) point out a critical difference. Studying IB/IE involves examining a firm as the unit of study, while studying TE usually places an emphasis on the dual nature of the TE. They have defined TEs as "social actors who enact networks, ideas, information, and practices for the purpose of seeking business opportunities or maintaining businesses within dual social fields, which in turn force them to engage in varied strategies of action to promote their entrepreneurial activities" (Drori et al., 2009, p. 1001). There have also been arguments that entrepreneurship by immigrants focuses only on their "causes, strategies and economic impact on the host society", while studying TE also focuses on these aspects in the home country (Baltar & Icart, 2013). The key here is to note that TEs engage "simultaneously in two or more socially embedded environments" (Drori et al., 2009, p. 1001) and can use their resources from both contexts creatively. TE has also therefore been stated as "a challenge to conventional ethnic entrepreneurship and ethnic economy studies that have overwhelmingly focused on immigrants' entrepreneurial activities within the host country" (Chen & Tan, 2009, p. 1079).

The process of reverse brain drain indirectly suggests a difference in the nature of the TEs' migration. While "migration" often implies the movement of poor unemployed people including refugees and asylum seekers from one country to another in search of employment, income and security, the migration that precedes TE is likely to be of a different kind; it is mostly about the movement of the educated class (often from a developing country to a developed one—and hence called "brain drain") in pursuit of further education as well as high-profile jobs. Such a process would obviously have implications for the quality of businesses they would be starting later, which is why TEs (and returnee entrepreneurs, as discussed in the next section) would often be the vehicles for bringing new technology-based businesses to their home countries. It should, therefore, be clarified that TEs are part of IE, on the one hand, and migration on the other, but with significant differences (Leavitt, 2001), as is also explained with reference to the "traditional" versus "transnational" views on immigration by Lima (2010). A major difference is that migration is conceived as a uni-directional process, whereas transnationalism is a bidirectional one. TEs, unlike the perceptions traditionally held on immigrants, do have acceptable levels of social status and therefore are able to maintain/develop their own networks in at least two different economic and social contexts. They use these networks along with the associated channels of information for the purpose of furthering their business interests (Glick-Schiller, Basch, & Blanc-Szanton, 1992; Portes, 1996; Portes, Guarnizo, & Haller, 2002). Their dual geographical locations help them develop a "dual habitus" mindset, which enables the TEs to identify unique opportunities and exploit them especially by using their network resources to the advantage of their business initiatives (Drori et al., 2009). While it is a logically tenable proposition that TEs would be more successful because of their "dual habitus" status, it is rather surprising that some studies (e.g. Yavuz, Sapienza, & Zaheer, 2012) have found TEs to be relatively less successful in comparison with other IEs, which may be due to "over-confidence" on the part of the TEs, according to Yavuz et al. (2012).

Notwithstanding such occasional findings to the contrary, the general consensus is that immigrants are more likely to be successful entrepreneurs, especially of the TE variety. The reasons identified for the greater entrepreneurial proclivity among migrants are as follows: (i) poverty, unemployment and discrimination experienced by them in the host countries (Aldrich, Cater, Jones, & McEvoy, 1983; Aldrich & Waldinger, 1990), which incidentally represents the view of the pre-globalization, pre-ICT period that regarded migrants as refugees who had to start necessity-based ventures for their survival; (ii) the feeling of being uprooted, which creates an intense desire to get reconnected and thereby leading to the development of "glo-calized" networks (Handlin, 1973; Portes, 1996; Chen & Tan, 2009); (iii) induction into a new culture while retaining the old one, whereby developing a "dual habitus" mindset and the orientation/facilitation of dealing with new cultures (Portes, 1996; Portes et al., 2002; Dana, Etemad, & Wright, 1999; Drori et al., 2009; Pavlov et al., 2014); (iv) revolutionary changes in information and communication technologies (ICT) and the emergence of the knowledge economy with increasing possibilities of doing business online (Lima, 2010; Vertovec, 2004); (v) declining population in the developed countries and the need felt for migrant workers (IOM, 2010; Glick-Schiller, 1999); (vi) changing geopolitical situations including the shifting policies on globalization (Crick, Chaudhry, & Batstone, 2001; Crick & Chaudhry, 2013; Newland & Tanaka, 2010).

1.3 Ethnic Entrepreneurship

The phenomenon of ethnic entrepreneurship (EE) offers a plausible link between the immigrant diasporas and TEs. Diaspora networks in host countries have been known to provide both business and personal support to members of their communities who have migrated to that host country. Chaganti and Greene (2002) note that ethnic entrepreneurs have often been identified in terms of "self-identification as belonging to a particular ethnic group or assignment to a group according to an ethnically identified surname" (p. 127). An ethnic economy is one that "consists of co-ethnic self-employed and employers and their co-ethnic employees" (Light & Gold, 1990, p. 4). From their sociological perspective, Light and Gold (1990) also highlighted the concept of the "middleman minorities" (p. 6), defined by Becker (1956) and Blalock (1967), and later explained by Bonacich (1973), and the "ethnic enclave economies" (p. 11). The concept of an "immigrant enclave" proposed by Wilson and Portes (1980) was a precursor to understanding the ethnic enclave economy.

The enclave economy consisted of immigrant workers who were employed by co-ethnics (Light & Gold, 1990). The “middleman minorities” were represented by those entrepreneurs who bridged the market gap between the elites and the masses, and the ethnic enclave entrepreneurs were those who ran enterprises in localities that were dominated by their co-ethnics (Zhou, 2004). TEs have also been discussed in their roles as “middleman minorities” by Terjesen and Elam (2009), who observed that as TEs spoke both their native language and the language of the host country, this significant linguistic advantage allowed them to exploit entrepreneurial opportunities. Bonacich (1973) also highlighted the role of the Asian immigrants in Africa, who acted as middlemen between the white settlers and the native Africans. However, with shifts in the cultural, economic and technological contexts, Terjesen and Elam (2009) reject the viewpoints proposed by Light and Gold (1990) of TEs being “bound by class, location and ethnic enclaves” (p. 1096). Light (2008) has also cited the distinction made between middleman minorities and immigrants by Bonacich (1973), who clarified that while immigrants assimilated fully into the host country, the middlemen minorities continued to remain in mono- or bi-cultural civilizations (Light, 2008, as cited by Terjesen & Elam, 2009).

Aldrich and Waldinger (1990) also note that EEs are governed by “opportunity structures”, which have been built up over the years through historical access to resources that communities can access in an environment, especially of fluctuating market conditions. They also note that EEs have an advantage as far as the production and sales of ethnic products are concerned, as they have intimate knowledge about the specific needs of ethnic customers from their diasporas. Diaspora connections may also lead to transnational linkages comprising a person’s knowledge of “culture, language and market” in both the home and host countries (Baltar & Icart, 2013, p. 201). Diaspora connections have often been a matter of significance among immigrant communities, and especially so in case of those from South Asia (Henn, 2012, 2013).

Saxenian (2000) observes that both the Indian and Chinese engineers working in Silicon Valley relied on their own ethnic strategies to enhance their entrepreneurial opportunities. The immigrant communities created local social networks that helped them to leverage the information, skills and technical know-how to start technology firms, leading to the establishment of ethnic associations. In due course, the older and more successful Indian and Chinese engineers began to mentor the younger generation of co-ethnic entrepreneurs (Saxenian, 2000).

TEs would therefore be likely to rely on and obtain benefits from their networks both in the host and the home countries. Geographical advantage, transnational networks and information flows are thus the major advantages that a TE can exploit to establish and maintain a transnational business. Drori, Honig, and Ginsberg (2006) defined the concept of “dual habitus”, meaning that the TE has perceptions that provide a reference for action in dual contexts. The TE needs to be aware of the nature of the business climate in which his/her firm operates across different geographies and should be aware of the policies and restrictions involved in these contexts. In comparison with other entrepreneurs, TEs have to deal with and learn to adapt to at least two or more institutional structures. These include the prevalent cultural and organizational practices that operate in the home and the host countries (Yeung, 2002). As TEs maintain business and cultural ties with contacts in two different countries, it would be impossible to conceive of their establishing and maintaining a base in two geopolitical spheres without the support offered by their networks, both business and ethnic.

The phenomenon of transnationalism can be understood as a precursor to the emergence of the phenomenon of transnational entrepreneurship (TE). This is because only after understanding the shift in perceptions of migration in recent times, one can also understand how specialized forms of entrepreneurship such as ethnic entrepreneurship (EE) and TE have become part of current discussions. TE, therefore, can be understood to have stemmed from the emergence of transnationalism, or from engendering transnationalism. Glick-Schiller et al. (1992) studied transnationalism as a different method of analysis to understand migration. They argued against the contemporary view of that time that migration itself meant uprooting oneself from a society and currently held beliefs and adjusting oneself to another society with new beliefs. As TE is distinguished from international entrepreneurship (IE) in the literature, a parallel may exist in understanding transnationalism as a different form of migration. Being rooted in a "host" country did not necessarily mean severing ties with one's "home" country. Instead, one could maintain multiple relationships—economic, familial, organizational, political, religious, and social—across borders (Glick-Schiller et al., 1992). Vertovec (1999, p. 447) attempted a definition for the phenomenon when he stated that transnationalism "broadly refers to multiple ties and interactions linking people or institutions across the borders or nation states". The narrative about transnationalism, however, is incomplete without a discussion on how transnational identities within individuals have evolved over time.

Mavrommatis (2015) studied ethnic entrepreneurs who have settled down in Brick Lane, an inner-city area in East London, which is now famous for its migrant businesses such as "curry houses". Although the initial settlers were of Irish and Jewish origins, the diaspora that has settled down in the area from the 1950s has primarily been from South Asia. The area is today dominated by a strong presence of Bangladeshi immigrants, although there are Indians and Pakistanis as well. Different types of businesses—Internet cafes, money transfer, mobile phone stores, halal butchers, leather businesses, etc.—dot the area, but the dominant business from the mid-1990s has been that of the "curry houses", which is the nickname in the UK for Indian restaurants. The native East Enders left the neighbourhood for other areas in the city, in the aftermath of the influx of South Asians. Initially, it was rare for the immigrants to mix with the locals, but over time, they adapted themselves to the new country in terms of language and business culture to integrate themselves with the local populace. Migration had produced a spatialized dimension in their thinking that was categorized into "where I was" and "where I am now". With the passage of time and progressive adaptation, there has been a shift in paradigm from the earlier post-colonial and post-war period to the modern day, which is characterized by the emergence of a "negotiated transnational identity" (Mavrommatis, 2015, p. 98). This case could be viewed as one that provides a good example of how transnationalism, as a system of “ties, interactions, exchange and mobility, functions intensively and in real time while being spread throughout the world” (Vertovec, 1999, p. 447). This evolution has also enabled the actor (either a migrant entrepreneur or employee) to learn how to effectively manage two identities. In the business context, this would mean one identity within the enterprise and another outside of it, i.e. within one’s restaurant and outside on the street. In a personal context, this would imply one’s identity within kinship or ethic networks and one’s identity outside of it, or in external networks that involve the locals of the “host” country.

TEs would invariably scout for production lines and markets to source from and sell to, and obviously, the knowledge differential gained in the process in terms of both technology and markets would be crucial for the success of their ventures. In the case of TEs, such knowledge flows could take place over ethnic networks involving people who belong to a certain community or come from a particular place. Henn (2013) has documented how kinship and family networks have played a major role in the case of the diamond-cutting cluster in Gujarat. Vertovec (1999, p. 449) has described networks as the “structures of systems of relationships” that are “central to the analysis of transnational social formations”. He also makes two important observations in the context of transnationalism: (a) technology by itself cannot create networks (which are to be viewed as a social pattern), but can reinforce existing patterns; and (b) networks that are “dense and active” are spanning across vast spaces, and are transforming social, cultural, economic and political relationships (Vertovec, 1999). Further explanation of why transnationalism is an integral part of the modern capitalist society is provided by Castells (2010), who makes a few observations on the paradoxical situation in the global economy. He states that “Yet, not everything is global in the economy: in fact, most production, employment, and firms are, and will remain, local and regional”, but he also adds in the same breath that the economies world wide would depend on the globalized core, which includes “financial markets, international trade, transnational production, and, to some extent, science and technology, and specialty labour” (Castells, 2010, p. 101). Similar is the observation made by Glick-Schiller et al. (1992) that transnationalism was a product of world capitalism, and migration needed to be studied from an economic lens, with due consideration to the economic forces that prompted flows of international migration and the way migrants responded to them in terms of cultural practices and identities and survival strategies. Both of these observations came at a time when the world was near-completely transitioning into a capitalist model of economy, supported by the policies of economic liberalization.

Transnationalism in the Indian entrepreneurial context is seen illustrated in the development of a few industrial clusters in Indian cities, such as the ICT industrial cluster of Bengaluru (Manimala, 2017) and the diamond-cutting and polishing industry of Surat (Henn, 2013). In a detailed study of the Surat diamond cluster, Henn (2013) specially highlights the role of strong family networks in promoting transnational enterprises among the “Palanpuris”, a community of jewellery traders who came from the city of *Palanpur* located in the State of Gujarat in Western India. The strong family networks among the “Palanpuris” were created and operated on the basis of two types of trust: (a) reciprocity-based and (b) enforceable contract-based. The close-knit information networks also helped in transferring technical and market knowledge from the well-established and better-developed centres in Europe (primarily Antwerp in Belgium) and Gujarat (mainly in and around Surat) in India. The networks also helped in sorting out problems among the community and kept any community dissent at bay from the external world (Henn, 2013). Ironically, it was the ban on the import of polished diamonds in post-war/post-Independence India that led to the development of "transnational production" of polished diamonds. Since there were only a few remnants of the diamond-cutting industry in the region coupled with some primitive knowledge about mining, it is rather surprising that this region has emerged as a hub for diamond cutting and polishing today, which can be attributed primarily to the strong family and community networks of these people in different countries (Henn, 2012, 2013).

As noted above, a special feature of the Palanpuris' transnationalism was the strategy of transnational production. They exploited the constraint of high labour costs being faced by the foreign operators and sourced the rejected pieces of stone from Antwerp to be cut and polished and thereby created economically viable products that could be sold from India (Henn, 2013). Peers from their community and family residing in Antwerp provided the local Palanpuris with external help regarding technological expertise by connecting them to technical advisers from Belgium who helped them learn the latest production techniques of the time (Henn, 2013). Such instances of transfer of competence allowed for the expansion of the industry in India by the Palanpuris. This transfer of knowledge provides an interesting example of the ability to create a "glocal" industry through the phenomenon of transnational entrepreneurship, as it led to the establishment of a local industry in the developing world, which, over time, developed global competencies and techniques required to handle and mould a half-processed product sourced from the developed world. Such examples would also do well to alter deep-rooted notions of migration itself, which has been viewed as "uprooting" (Glick-Schiller et al., 1992) and as developing countries' offerings of cheap labour to the developed countries in the context of a globalizing world (Varma, 2011). The idea of a "glocal" business means that one needs to manufacture or reprocess locally, but would need to do so to acceptable global standards for a globally competitive market.

Transnational migration offers an interesting foil to the erstwhile phenomenon of "brain drain" and can help in offsetting this phenomenon (Varma, 2011). This can also be mutually beneficial to the "host" country, as immigrants would interact in "fluid social spaces" that are also inhabited with non-migrants and rework on a constant basis to enable the flow of "people, money, and social remittances (ideas, norms, practices and identities)" in a dense manner within fluid social spaces (Levitt & Jaworsky, 2007, p. 132). With reference to the process of "brain drain", Varma and Varma (2009) identified the five key reasons (apparently acting in stages), explaining the Indian entrepreneurialism in the USA in a progressive manner, which are as follows: (i) permissible immigration policies which allowed Indian migration; (ii) high standard of educational attainment that trained the Indian migrants to work in the American system; (iii) possessing a combination of technical abilities and managerial skills required to manage a company in the technical sector; (iv) networking with Indians and others; and (v) participating in transnational activities and going beyond creating new products to extend their business activities across borders. Varma (2011, p. 275) adds that these factors can also explain the ascendancy among “different generations of Indian migrants” and not just Indian immigrant entrepreneurs. With the rapid pace of globalization and the correspondingly rapid growth in technology, the growth of technology entrepreneurship offers a possible explanation to the evolution and growth of TE as a significant phenomenon in the entrepreneurial field. In short, it can be stated that immigration policies, global education standards, acquiring technical and managerial skills and participating in networks may be viewed as the facilitators for the creation of a transnational enterprise.

Hence, in addition to the socio-economic perspective, there is also the technology perspective that has to be considered when explaining the TE phenomenon. TE has no doubt been facilitated by the transfer of knowledge across borders becoming easier with time. The role played by the emergence of the knowledge economy and the revolutionary developments in information and communication technologies (ICT) in this regard must be acknowledged. ICT is today prevalent in almost all fields, be it health care, logistics, manufacturing, trading or banking. Data and numbers have become an inseparable part of daily life in the ICT-enabled world. The role played by ICT in the evolution of TE is discussed in a later section of this chapter.

1.4 Returnee Entrepreneurship

The phenomenon of returnee entrepreneurship has gained interest in emerging economies, including China and India in recent times (Pruthi, 2014). The exposure of an individual to global standards of business and to high-quality business education in the developed economies no doubt increases the human capital and the social capital inherent in him/her. This poses an advantage of the individual being acutely aware of the strengths and the limitations of the business policies, institutional support and availability of markets in the “host” country for the products and services that could be offered by the “home” country (De Silva, 2015).

The returnee invariably possesses a reasonable degree of familiarity with the latest in technology, knowledge of the different markets for products and services, and globally acceptable quality standards and business practices. The returnee is in a unique position, wherein he/she can participate in the knowledge transfer of the best practices in business and help in competency building in the home country through knowledge spillovers.

Such an individual, who could choose to become a returnee entrepreneur (RE) by making this link, would be better positioned to understand the interplay between the institutions, policies and markets of the two geographical entities and their business environments. The RE has the advantage of being able to tap into both the diaspora and domestic networks that he/she is a part of and can contribute to the economic development of his/her country by setting up international ventures.

Most of the studies in the context of REs have been in the domain of high-technology industries. This has possibly been the case because immigrants from developing countries now have greater access to the enhanced standards of graduate education (including programs taught in English) in line with the world-wide standards and to technical knowledge across learning platforms. Globalization has also brought with it global standards of product manufacturing and service delivery. The availability of cheaper and well-trained personnel in the developing countries provides REs the opportunity to set up business ventures that export services and products to clients in the developed ones. When viewed in the context of the developing economies in Asia, which offer exciting opportunities to those willing to return to their home countries, the erstwhile "brain drain" can be understood to have given way to a new phenomenon of circular migration called the "brain circulation" (Saxenian, 2000).

Even in cases where REs may not choose to maintain business links with their erstwhile "host" countries, they would still be better off with the business exposure and knowledge gained in their "host" countries during their stint there, as this would provide an impetus for them to promote and maintain global standards, while combining the inherent advantages offered by their previous knowledge of ethnic and business network in their "home" countries. Such REs have been called "clean break" returnees (Wright, Liu, Buck, & Filatotchev, 2008). In general, REs, particularly in the context of emerging markets in developing countries, have been acknowledged for their different contributions in the technical and economic fields.

A TE venturing into a new sphere of activity (or habitus) would often face the liability of foreignness, as would someone who has returned to their home country. While those in foreign countries would naturally be perceived as outsiders, the returnee entrepreneurs (REs) would be likely to face this issue when they return home to establish or renew business ties after having spent some time in a host country. In such cases, they may be perceived to be lesser attractive to "resource-controlling" actors like investors, and this would imply that they face more challenges in mobilizing resources in their home countries (Obukhova, Wang, & Li, 2012). This "returnee liability" could take place due to their having been away from their "home" countries for several years. This could be characterized by feelings such as a lack of fit, a lesser degree of legitimacy, deficiency in local social networks and difficulty in mobilizing resources. Such liabilities could be overcome by using local networks (Obukhova et al., 2012).

Unlike the TEs who have been well-established in their host countries for a period of time and have network connections in their home countries, the REs could face issues in adjusting to the business culture, and may experience some lack of institutional support when they try to begin their new ventures in their home country, although this could be, to some extent, buffered by virtue of their ethnic identity and their being identifiable with their local comrades. In the context of the research on REs, it can be observed that most of the research, particularly in the subcontinent and the South Asian region, is focused on technology-intensive industries. This is probably due to the possibility of the RE having gained a foreign education in a developed country in engineering or related sciences and having worked there prior to their return. Besides, during the past few decades, governments in the region have increasingly been receptive and encouraging of establishments that operated in the technology sector.

Returnee entrepreneurs may use their diaspora connections while setting up a business venture in their home countries. As the developing countries do not always possess the required institutional framework for supporting the business aspirations of REs (Manimala & Wasdani, 2015; Nanda & Khanna, 2010), or may possess differential levels of institutional support based on the city and the sector in which the RE's enterprise operates, this could be a critical issue. REs (though they are operating from their own native countries, unlike TEs) may still feel that they operate in a different institutional and ethnic environment in their home countries when compared to those of the more developed host countries (Bruton, Ahlstrom, & Obloj, 2008).

Patel and Conklin (2009) highlighted the differential strategies that would help TEs and REs in managing access to different types of knowledge and resources in the bifocal contexts in which they operate. In the absence of institutional support, the natural choice for them would be to access the resources they require through their ethnic or diasporic networks. Besides, they do maintain a dual habitus mindset that enables them to have bifocal interactions and deal with institutions or available institutional mechanisms in both the countries (De Silva, 2015).

In their study on the Indian software industry, Nanda and Khanna (2010) found some interesting results that could support the bifocal orientation of TEs and REs. The ICT sector was chosen for the study for three reasons: (i) the major business being conducted for foreign clients, which would also imply a lack of enforceability of formal contracts in all cases; (ii) the location of software firms across the country in cities with varying levels of institutional support; and (iii) a significantly varied presence of the Indian diaspora, then estimated to be 18 million people across 130 countries. The findings of this study showed that entrepreneurs based in hubs having a strong institutional environment did not rely more on the diaspora networks, while those operating in smaller cities without the required institutional support available to them did so (Nanda & Khanna, 2010). Of course, they were able to tap into their diaspora connections by virtue of having worked abroad in the developed world.

De Silva's (2015) study on how Sri Lankan REs were dealing with institutional voids also brings forth many interesting points. The REs (some of whom were educated in the host country and had honed their soft skills there) were acutely aware of the differences in the business environment and the challenges they would face in their homeland while dealing with corruption in government agencies, lack of specialized institutions (or institutional voids) and the restrictions imposed by the regulatory framework in Sri Lanka. In spite of this, the REs adopted strategies such as using their own funds earned abroad or those from family to set up local businesses or act as angel investors in view of the lack of funding or promotion for new business through government support. The other major issues that they mentioned are the lack of support for protecting innovation, especially for patents registered outside the country and issues with mobility due to suspension of the dual citizenship (De Silva, 2015).

Finally, a comparative study on returnee entrepreneurs in high-tech industries (ICT and ITES) in India, Taiwan and China highlights the critical difference that government support can make for the RE and their ventures. The Taiwanese government actively supported the development of the electronics and hardware industries. In China too, there was support for the establishment of industries by the government, but the main "returnees" in China were not those who returned to the country for good but those who initially returned to the country to join the multinational companies (MNCs) that were operating there in view of the liberalization policies followed by the government. In contrast, in the case of India, there was no particular evidence to show that the growth of high-tech firms was due to the "returnee" phenomenon supported by government policies (Kenney, Breznitz, & Murphree, 2013). The relative performance of the electronics industries in the three countries provides ample testimony to the critical role played by the government policies in promoting RE/TE ventures.

1.5 SME Internationalization: Role of TEs, REs, Diaspora and Government

As we have noted above and illustrated through the findings of several studies, TEs, REs and ethnic entrepreneurs have a natural tendency to grow international on account of their "dual habitus" mindset and connections with the diaspora and ethnic roots, especially when supported by the conducive policies of the concerned governments. In the ensuing sections, we will review the theories on internationalization of business as well as provide a brief outline of the factors that support internationalization, as identified by various research studies on the issue.

1.5.1 Internationalization Theories

Internationalization of business has been variously defined as was shown in the discussions above. One of the simplest definitions is that it is the "the process of increasing involvement in international operations" (Welch & Luostarinen, 1988), which is obviously in line with the stage theory of internationalization. However, this may not hold true in all cases, and so there are many more definitions now and a few theories to accommodate these definitions. There are three prominent theories on the internationalization phenomenon—the Uppsala Model, the Born-Global Model and the Global Value Chain (GVC) Model, which are briefly discussed below, followed by a discussion on the factors influencing internationalization.

1.5.1.1 The Uppsala Model: A Stage Theory

The Uppsala model of internationalization was proposed by Johanson and Vahlne (1977). This in turn followed from the findings of a set of case studies about firm internationalization in Sweden by Johanson and Wiedershiem-Paul (1975), in which they noted that expansion of a firm's operations into hitherto unknown markets would take place in a sequential manner, i.e. in a scalable fashion, progressing from no international involvement to establishment of production operations in newer geographies. The four stages they proposed are as follows: (i) no regular exports; (ii) exporting through independent representatives or agents; (iii) establishment of sales subsidiaries; and (iv) setting up of production/manufacturing facilities in the foreign country. This sequence was called the "establishment chain". The stages in the chain were defined in such a way as to reflect the differences in the degree of involvement of the firm in the new market, and to accommodate the well-recognized and accepted stages/terms in the business world at that point of time. These four stages signified "successively larger resource commitments" and led to "different market experiences and information for the firm" (p. 307).

It is but natural that the foray of a firm into newer geographies would mean tiding over some obstacles, which may have to be done in stages. However, all the stages may not be relevant for all cases. For example, in some cases, the market may not be large enough to justify the setting up of a production or manufacturing facility. Moreover, a firm that has already had previous experience of entering into newer geographies would not necessarily need to go through all stages in the establishment chain (Johanson & Wiedershiem-Paul, 1975). To conceptualize the reach of operations needed for internationalization, the authors proposed the concept of "psychic distance", which was defined as "factors preventing or disturbing the flows of information between the firm and market". Some examples of such hindrances included differences in "language, culture, political systems, level of education and level of industrial development" (Johanson & Wiedershiem-Paul, 1975, p. 308).

Bridging the gap between countries meant that in addition to the physical barriers, these psychological barriers also had to be overcome. In case of transnational entrepreneurs (TEs), they would most likely encounter this phenomenon when they experience a liability of foreignness in the "host" country, assuming that they are already aware of the ways and means of doing business in their "home" country. Psychic distance has to be dealt with by both the founders and the employees of the firm.

Psychic distance is not necessarily related to the physical distance. One of the examples in which the distinction stands out is in the case of the former British colonies, which are now part of the Commonwealth. Though they are far apart physically, there are very few barriers separating them in terms of language and possibly business culture, both of which are crucial factors that a TE needs to encounter and learn to handle.

In trying to generalize their observations and create a model for the process of internationalization, Johanson and Wiedershiem-Paul (1975) and Johanson and Vahlne (1990) argued that the process of internationalization involved a gradual commitment of resources towards securing markets, once these markets had been identified. Internationalization of the firm involved policies and strategies related to two aspects—those of state and those of change. The state aspects are the market commitment and market knowledge, while the change aspects are the current business activities and the commitment decisions. The final outcome will depend on the interplay between market knowledge and commitment decisions, which are the two key drivers for the firm's decision to internationalize (Johanson & Vahlne, 1977).

1.5.1.2 Theory of Born-Global Firms

In contrast to the stepwise and the incremental process proposed by Johanson and Vahlne (1977, 1990) is the concept of a "born-global" firm. This concept was first proposed by McKinsey and Co. in a survey for the Australian Manufacturing Council (McKinsey & Co., 1993; Rennie, 1993). The concept of international new ventures (INVs) was defined by Oviatt and McDougall (1994, p. 49) as "a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries". In the Australian context, Cavusgil (1994, p. 18) made note of two new developments about exporting firms that "small was beautiful" and that "gradual internationalization was dead". The born-global firm concept may seem akin to the concept of radical innovation, while the Uppsala model is to incremental innovation. Knight and Cavusgil (2004, p. 124) have defined born-globals to be "business organizations that, from or near their founding, seek superior international business performance from the application of knowledge-based resources to the sale of outputs in multiple countries".

The internationalization pattern for these firms may not necessarily follow the norms of physical closeness or psychic distance (Knight, Bell, & McNaughton, 2001). Such firms enter distant markets or multiple countries and form joint ventures right away (Rasmussen & Madsen, 2002). A special feature of these born-global firms is that they can be relatively small even while operating internationally. They may have annual sales values of less than $100 million and have less than 500 employees. They are likely to begin exporting within two years of establishment and export at least 25% of their total production (Knight & Cavusgil, 1996). However, Persinger, Civi, and Vostina (2011) have argued that this definition may not be suitable for born-global firms in emerging economies, in which case the figures would need to be revised to annual sales of about $50 million, a strength of less than 500 employees and a 25% export rate being achieved in about three to four years after the establishment of the firm.

This sense of urgency for hastening the process of internationalization came during the 1980s, which was characterized by the decline and fall of many communist and socialist regimes around the world and the emergence of capitalism in those and many other regulated economies, with its promises of free market competition and meritocratic rewards for economic activities. Around this time, there was also a revolution in communication technologies, with the result that the increased reach of the Internet made communications easier, faster and less expensive. Though there is better access to information now, that alone is not sufficient to explain the emergence of born-global firms; the political climate has also to be conducive.

Oviatt and McDougall (1994) argued that INVs are start-ups having international origins and resource commitments in more than one country, and hence the stage theory of evolution that applied to multinational enterprises (MNEs) did not apply to them. Though the large firms had their own advantages for internationalization, their decision-making processes can be slow and therefore may move only in stages. The small firms are more agile, and the changing dynamics in the business environment has enabled them to internationalize. Factors like improved communication infrastructure, increased homogenization in foreign markets and mobility of human capital could promote internationalization of firms at a faster rate, and not necessarily in stages. These developments also allowed for markets to link up to one another across geographical boundaries, which did not necessarily imply an advantage for the large-sized firms (Oviatt & McDougall, 1994).

Instead of a market commitment and knowledge-based approach, Oviatt and McDougalll (1994) proposed an alternative model which would be more relevant to the changes experienced in the business world. This model relied on transactions defined by four elements: (i) internalization of some transactions; (ii) alternative governance structures; (iii) foreign location advantage; and (iv) unique resources (Oviatt & McDougall, 1994).

In the more recent literature, there have been references to a tendency to localize the expansion of the firm at the initial stages (which means that the firm would expand up to certain areas or regions around its primary area of operation depending upon protection of its assets, mitigation of transaction costs, valuation of its innovations and costs of agency). Such firms may choose to carry out either a direct or an intermediated mode of internationalization, but would give priority to the local conditions, and hence these ventures deserve to be called "born-local" due to the norms of choices they make (Acs & Terjesen, 2013).

1.5.1.3 The Global Value Chain (GVC) Model

Gereffi, Humphrey, and Kaplinsky (2001) identified and discussed a new phenomenon in manufacturing that emerged during the late twentieth century (which they called the "global value chains"), wherein different sourcing-contracting mechanisms were used through systems of governance to put together goods and services, which often took place across national borders. In these arrangements, the provider and the consumer were not necessarily located at arm's length. A global value chain (GVC) does not necessarily restrict itself based on the size of the firm. The value chain could comprise firms of different sizes that have attained capabilities in delivering specialized goods and services which span national borders and come together through the GVC. Such GVCs were particularly prevalent in the sectors of garments, electronics and agricultural commodities. Gereffi et al. (2001, p. 1) also clarify that the lead firm (or the final firm that delivers the goods or services under its umbrella) could be a multinational or a large firm, which “plays a significant role in specifying what is to be produced, how and by whom”. The GVC enables entrepreneurs to cater to specified markets through their niche competencies while being a part of the big picture. Consistent with the above definition of internationalization, they redefine globalization in the productive sphere and state that it “implies functional integration between internationally dispersed activities, and (that) the value chain perspective is an effective means of conceptualizing the forms that this integration takes” (Gereffi et al., 2001, p. 2).

A few interesting observations about the GVCs include the following: (i) they can take the form of inter-firm networks and quasi-hierarchical relationships; (ii) lead firms derive their power from two attributes, market power and positioning; (iii) the ability of one firm in the chain to govern the activities of the chain is defined by supplier-monitoring and specification of standards; and (iv) the creation of governance structures is mainly to ensure coordination through supplier specification and involvement as well as to address and manage any market risks that may arise due to supplier failures (Gereffi et al., 2001).

1.5.2 Factors Influencing Internationalization

1.5.2.1 The Role of Market Conditions

It is important to note that the mere intention of internationalizing the operations of the firm at a faster pace would not be enough to implement such intentions. There is a need for the supporting factors that could facilitate this process. Bell, McNaughton, Young, and Crick (2003) have observed that born-global firms operate in knowledge-intensive environments. However, it was pointed out by Persinger et al. (2011) that although the pace of accessing information in an emerging economy could be similar to that in a developed economy, there are different roadblocks that an entrepreneur might encounter in the emerging market environment. Aldrich and Waldinger (1990) in their study on ethnic entrepreneurship (EE) suggested that market conditions play an important role: they may either create opportunities for businesses that serve the needs of a community, or may be favourable to smaller enterprises that could cater to the needs of non-ethnic populations. For example, immigrant entrepreneurs may exploit opportunities in markets having low economies of scale or those markets which arise out of demand for exotic goods among the native population (Aldrich & Waldinger, 1990).

1.5.2.2 The Role of Networks

The role played by networks in enterprise development is well-known. Networks—social or economic—are almost synonymous with entrepreneurship and new venture creation (Johanson & Mattson, 1988; Singh, 2000; Ozgen & Baron, 2007). An entrepreneur can derive either the social, economic or human capital through his/her contacts. In the context of TE and internationalization, the role played by two types of networks, namely the network of acquaintances (social network) and the physical network for production and transportation of goods and information (production networks) are prominent.

Social Networks

Transnational entrepreneurs (TEs) who usually have a bifocal orientation have the advantage of deriving benefits from their network associations in both their host and home countries. Social networks play a vital role in propagating the intent and value propositions of entrepreneurs. TEs utilize the comparative advantage that is generated by the value they derive from their networks in both the contexts they operate.

There are many benefits that networks offer to the TEs. For one, they could help the TEs in identifying newer opportunities in foreign or hitherto alien markets (Ellis & Pecotich, 2001). Social ties with varying degrees of antecedent familiarity have been found to influence the exporting decisions by Small and Medium Enterprises (SMEs) in a study on Australian SMEs. These ties have also been used as proxies for market scanning and research and to minimize risks (Ellis & Pecotich, 2001). The conventional image of a TE would most likely be of an individual who is educated (possibly having earned a foreign academic degree) and has work experience in the host country, making him/her familiar with the institutional advantages that exist in the host country. Many immigrants from South Asia have travelled to western countries such as the UK, the USA or Canada to study and have stayed on there while working on a job. They possess the required international experience and qualifications, along with knowledge of the market and the kind of services and products that are in demand. TEs' exposure in the host country settings would, no doubt, have helped them expand their professional and personal networks, and the host country's citizens interacting with them would probably perceive them to be less foreign and feel more comfortable to deal with them. TEs' networks would thus offer them the benefit of access to resources, especially in the early stages of setting up their enterprises (Chetty & Campbell-Hunt, 2004), and they would have a head start when compared to entrepreneurs who are just beginning to internationalize their business from their respective home countries.

In their endeavour to migrate to another country and set up business in a foreign country, TEs would no doubt face challenges, but they may often feel that the conditions are better in the host country than the home country, as the migration is generally from a developing nation to a developed one. There may be several institutional deficiencies in their home countries, because of which they may feel more comfortable to start and operate businesses from the host countries. In a comprehensive review of the relevant literature, Manimala and Wasdani (2015) identified the major deficiencies of the entrepreneurial ecosystem of emerging economies, which are: (i) underdeveloped institutions; (ii) unclear and inconsistent policies; (iii) inadequate governance; (iv) disjointed infrastructure; (v) limited funding options; (vi) inhibiting culture; (vii) personal rather than professional networks; (viii) ill-funded and ambivalent system of education; and reluctant and restricted outlook for internationalization.

Stronger ties in a large network of the TE could provide a larger market base for foreign operations. An increased frequency of interaction would enable effective knowledge transfer. Networks also offer the benefits of providing access to knowledge for the TEs, for whom the more relevant types of knowledge are about: foreign competitors; foreign culture; foreign political and legal environment; foreign business opportunities and customers; and advancements in technology (Musteen, Francis, & Datta, 2010).

In a study in the Chinese context, Wang, Wang, Huang, and Deng (2012) found that behavioral commitment signified by the willingness to deliver value to each other was more important than perceived trustworthiness of the member, for the success of international business, especially in heterogeneous networks that contained more structural holes and weak ties. In an earlier study, it was observed by Burt (1997) that heterogeneous networks have more structural holes or weak ties.

As TEs can benefit from network affiliations in two different countries, they can potentially benefit from both personal and professional networks in both their home and host countries, which may have a positive impact on the degree of internationalization. According to Nahapiet and Ghoshal (1998), three types of embeddedness influence the speed of internationalization, which are as follows: relational embeddedness (signified by personal ties), cognitive embeddedness (signified by language commonality) and structural embeddedness (signified by a lower degree of geographic diversity). In a later study, Rusinovic (2008) proposed the concept of "transnational embeddedness", which is based on the concept of "transnational capital" that can be of help to TEs in transnationalizing their ventures. In other words, in order for a migrant to be able to do business with his/her country of origin, it is necessary for him/her to possess transnational capital, which is a combination of three types of capital, namely economic capital (money to invest and travel), cultural capital (language, knowledge and international experience) and social capital.

In a similar vein, Etemad (2004) defined the pull and the push factors that supported or curtailed internationalization. The push factors identified were internal to the firm, such as the founder, operations, competition and strategy, investments in Research & Development (R&D), innovation and technological change, products and markets and international operations. The pull factors (which are external to the firm) included liberalization of international markets, advances in information technology, communication and transportation and the presence of market gaps.

TEs have to deal with challenges on various fronts. As they have business ties in both the home and the host countries, they need to adopt a bifocal approach rather than a uni-focal one. By virtue of their position, TEs need to leverage upon the comparative differences among the various types of capital available to them, primarily because such capital is not valued identically in different countries. This means that they must take advantage of the differences in valuation in different types of capital—economic, social and cultural—across the different types of contexts they operate in (Patel & Conklin, 2009).

According to Wahba and Zenou (2012), returnee entrepreneurs (REs) face limitations in starting a business back home due to their weak social capital. However, their financial and experiential capital gained during their stay in the host country helps them in overcoming this limitation. First of all, their business could be in a niche area with advanced technology, which could be new to the local markets. Secondly, they may use their human capital to develop the relevant social capital needed for their business. Prashantham and Dhanaraj (2010) noted the role of networks possessed by REs in the growth of their ventures. As the REs had more international networks by virtue of their international experience, the ebb and flow of interactions, which followed a punctuated rhythm due to the social distances, resulted both in the decay and replenishment of the social capital, where the overall impact was positive on the growth of their businesses in international markets.

In this context, it should be noted that the development of the social capital is a function of the human capital of the entrepreneur, as observed by Goxe (2010), who states that human capital interplays with social capital in order to further strengthen it and to derive benefits from the network members and vice versa. Social capital feeds into the development of human capital traits such as international orientation, international skills, management knowledge, sectoral connections and environmental perception (Goxe, 2010). A higher degree of embeddedness in the social network helps in deriving higher gains and in overcoming the challenges of newness and foreignness.

Entrepreneurs who have low human capital benefit from strong ties among members of the same identity when compared to foreigners. Due to low human capital, their networks are built by virtue of their inheritance, religion and other associations. In the Chinese context, tie-based practices are more successful than market-based ones. SMEs that try to internationalize in the country would therefore want to develop ethnic and cultural ties with the locals, which will help them in dealing with information and resource scarcity. The absence of human capital could be overcome by creating more ties and utilizing them for business needs. The interaction between the two types of capitals could define the role played by social capital in internationalization (Goxe, 2010).

Regional and Production Networks

Networks are useful in understanding the different complexities in today's global economies. A production network explains the "structural and relational nature of how production, distribution and consumption of goods and services are organized" (Coe, Dicken, & Hess, 2008, p. 272). Gereffi (1994) was among the earliest to propose that there existed a "production system", which linked firms' economic activities with organizational and technological networks that helped in the development, manufacturing and distribution of specific commodities, while explaining the concept of a global commodity chain (GCC). Producer-driven commodity chains are those in which large integrated enterprises played a central role (sector examples included automobiles, aircraft and computing), while the buyer-driven commodity chains are those in which there is more decentralization, with large retailers playing the pivotal role (Gereffi, 1994). However, there is a perception that the large firm had to remain the dominant actor, even in a producer-driven sector such as computing.

Saxenian (1991) studied production networks in Silicon Valley in the IT hardware and electronics industry and found that relationships between firms were based on the need to ensure the success of a final product. The need for high-grade, accurate and faster computing in the IT industry had drawn many firms together in a producer-consumer web. The new value chains that were formed exuded both trust and reciprocity. Relationships between lead firms and their suppliers were not dependent on sending out some specifications for products and examining them upon delivery alone. There was a shift towards a more long-term relationship in which sales forecast and cost information were also shared, albeit confidentially. There was also a mutually beneficial relationship in terms of reciprocity, in that the consumer firms looked beyond the mere 'Just in Time (JIT)' with their suppliers and did not take advantage of their suppliers in adverse market conditions but instead supported them by supplying manpower or technical assistance or extending lines of credit (Saxenian, 1991).

While Silicon Valley is well-acknowledged as the hub of electronic systems and IT, the collaborative relationships had given rise to "regional networks", as Saxenian (1996, p. 45) pointed out. Regional development has been seen as an outcome of interactions between relational networks and production networks in a globalized world (Coe, Hess, Yeung, Dicken, & Henderson, 2004). The regional network-based industrial system meant that there existed porous boundaries between firms, and that the social networks and open labour markets encouraged both entrepreneurship and experimentation. This system was a network of relationships rather than a cluster of atomistic producers (Saxenian, 1996).

The case of Silicon Valley assumes significance also for appreciating the impact of immigration on entrepreneurship in the region. Due to increased demand for skilled labour, there was a corresponding increase in immigration in the region. During 1975–90, technology companies in the area created over 150,000 jobs and the population of foreign-born individuals in the region rose to 350,000, more than double its earlier number (Saxenian, 1994). There was a greater likelihood of a foreign-born engineer or computer scientist in the USA to be from either India, China or Taiwan. In the technology sphere, their educational attainments too were more prominent. 55% of Indian and 40% of Chinese technology workers possessed graduate degrees in comparison with 18% of whites (Saxenian, 2000).

Transnational entrepreneurs (TEs) would likely benefit first from their contacts within the diaspora population of the nationality they belong to, who reside in the "host" country. These ethnic networks are important in that they can help the TE gain knowledge of the capabilities he/she possesses vis-à-vis the demand requirements of the markets. The other key element in understanding this phenomenon lies in the presence of technology as a leveller, and the meritocratic attitude of the local authorities towards someone foreign-born who is proficient in any technology, although there seems to have been an undercurrent of belief regarding the perception of a glass ceiling by Indians and Chinese, which is inhibiting their professional growth in Silicon Valley. However, both Indians and Chinese, who were leading 13% of Silicon Valley's technology companies between 1980 and 1984, rose to lead 29% of the high-technology companies in the region during 1995–98 (Saxenian, 2000).

Shifts in government policies could also have brought about an increased awareness of what might constitute a "production network". Gereffi and Wyman (1990) observed that the replacement of the former import substitution industrialization (ISI) policy with an export-oriented industrialization (EOI) policy, especially in the developing world, was one of the key factors that created awareness about the GVC concept. While the former was producer-driven, the latter was buyer-driven. The adoption of such policies meant that the role of transnational corporations became prominent, as they possessed the required vertically integrated chains with access to natural resources and manufacturing facilities through their subsidiaries located in different geographies (Gereffi & Wyman, 1990). However, imports in the developed countries had been growing steadily, indicating that there was a paradigm shift in the manufacturing arena, with the phase having moved towards the developing world. This meant that the relationship between core corporations and their peripheral associates underwent a phase shift, with core corporations moving towards value-based production rather than volume-based production (Gereffi, 2001).

As born-global firms did not necessarily have to wait to enter into newer geographies, or began exporting their products or services sometime after establishment, the founders of such firms needed to have a high degree of international entrepreneurial orientation (Knight & Cavusgil, 1996).

1.5.3 The Role of Technology

The proliferation of technological innovations across the world has caused the national boundaries to blur. This is especially true in case of the Information Technology (IT) industry. Advances in digital communication and media today allow for an airport in Germany to run its operations smoothly thanks to software written by Chinese engineers. Managing a retail outlet in the UK is easier because of the specialized software prepared in India. IT has certainly made the world "flatter" and has perceptibly shortened the communication divide between the developing and the developed countries.

Saxenian (2002, p. 184) has noted that "advances in communication and transportation technologies and changes in the structure of technology markets and competition" have acted as facilitators for transnational technical communities.

Knight and Cavusgil (2004, p. 124), in their definition of born-global firms, have highlighted the application of "knowledge-based resources", thereby implying that technology had a role to play in the internationalization process.

Data have today become a building block of enterprises in many ways. With the increased availability of data, there has been an increased demand by customers to place real-time data at their fingertips on demand. The very nature of this phenomenon can be understood through bits and bytes, which could determine the length of a queue of aircraft waiting for take-off at an airport, or confirm the receipt of payment for the services of a food caterer through a wire transfer by his customer. The proliferation of Internet technology and e-commerce has been a sort of equalizer for both Multinational Enterprises (MNEs) and Small and Medium Enterprises (SMEs) due to its accessibility and affordability (Jaw, Chang, & Chen, 2006).

When viewed from the lens of the lowest common denominator, this phenomenon, coupled with the increase in demand for innovative and faster services and products from across the world, has certainly paved the way for "flat enterprises". These flat enterprises employ skill and labour from one part of the world (usually in the developing world) to deliver services and products which serve the requirements of people in another (usually in the developed world).

Among the South Asian economies, India is well-known for the recent IT boom. Software engineers working out of offices in Bengaluru and Gurugram are today creating smart card systems and award-winning animation movies for customers from the developed world. It is in this context that an aspiring entrepreneur who has a "dual habitus" could have an advantage over the others. The knowledge and experience of having worked in or having run an enterprise in a country away from one's home could be a significant advantage. This human capital would enable identification of the correct target market and the associated risks.

Saxenian (2002) asserted that the transnational entrepreneurs were going to be an important community in the future, as they straddled many assets including "technical information, trust and contacts", which, at that time, had not been accorded due importance in the debate on globalization. Transnational communities had the potential to become agents for the growth of technology entrepreneurship as they had the potential for the evolution of global production networks by facilitating the "international diffusion of knowledge and upgrading of local capabilities" (p. 183). The erstwhile "brain drain" had given way to "brain circulation", as there was quicker diffusion of knowledge through networks of engineers and scientists between distant regional economies. These technical communities could come into existence following the advances in information and communication, and transportation technologies, which had brought about changes in the technology markets and competition structures. There were more independent enterprises which catered to the needs of the technology value chain in a decentralized manner (Saxenian, 2002).

Global production networks could now be in place mainly because of the emergence of transnational technical communities, whose reach spanned across national borders. While technical communities previously existed within corporations, the emergence of transnational communities offered an alternative which implied that the multinational corporation was no longer the only method of transferring knowledge across national boundaries. Transnational and returnee entrepreneurs from India, China and Taiwan were influential in identifying opportunities and in either setting up firms to address those or to outsource them to outfits located in their "home" countries. A considerable number of immigrants from these three countries first came to the USA to pursue higher or advanced degrees. While there has been institutionalization of social networks through professional associations, fewer Indians have returned home to become TEs or REs when compared to the Taiwanese (Saxenian, 2002).

1.5.4 The Role of Human Capital

Returnee entrepreneurs (REs) in particular are expected to possess business skills which would give them a competitive advantage in assessing and acting in consonance with the global business environment. These skills are crucial, when combined with other attributes such as foreign education, and the experience of operating or working in a business enterprise in a developed economy, in aiding the internationalization of an SME. It is more likely that an RE would like a newly founded SME to operate on born-global principles than to adopt the gradual model of internationalization. This process would naturally be aided by the recruitment of employees having a similar degree of international experience and exposure as that of the founder/entrepreneur or manager. Human capital would play an important role in deciding the internationalization pattern of the firm not only for REs but also for TEs.

In their study on nascent entrepreneurs, Kim, Aldrich, and Keister (2006) found that human capital played a significant role in the decision to transition to entrepreneurship. Ruzzier, Antoncic, Hisrich, and Konecnik (2007) studied the influence of an entrepreneur's human capital (measured through the dimensions of international orientation, management know-how, environmental perception and international business skills) on the internationalization of SMEs. Two dimensions of the human capital, international orientation and environmental perception, had a significant relationship with SME internationalization, while the other two dimensions did not.

Knowledge is an important asset for internationalization of SMEs. Knowledge gained by previous experience of operating in foreign markets would be a major advantage for an entrepreneur aspiring to take his/her firm international. The tacit knowledge possessed by the entrepreneur would be important for the entrepreneur to decide upon the target markets into which they would like their SMEs to enter. A higher degree of international exposure, such as the experiences of having lived and worked in a particular country other than one's own, embeds a prospective entrepreneur with a considerable degree of human capital, which could prove to be a significant advantage in making the decision to internationalize the firm (Ruzzier et al., 2007).

The discussion on the role of human capital has been examined further at a different level of granularity in the literature. There have been suggestions that not only the human capital of the founder or the entrepreneur, but also that of the employees of the

SME would influence its strategy for internationalization. Looking at the human capital of the founder alone would mean having a top-down approach, but this would probably mean taking a one-sided view of things. Human capital available at the employee level, when viewed in the aggregate, represents a tremendous knowledge differential. Therefore, it is necessary to have a high degree of discernment when human capital is allocated at the organizational level during the process of internationalization. This process must accommodate for handling both the external and the internal issues related to internationalization, namely the exigencies that the firm may perceive in an international environment and the specialized work knowledge available within the firm (Onkelinx, Manolova, & Edelman, 2015).

SMEs are leaner organizations when compared to their larger counterparts. The obvious assertion is that this combination of specialized product and process knowledge, which forms important components of the human capital that the SME possesses, would be vital in helping to determine the internationalization strategy that it would like to follow. The predominant choices of internationalization strategies are the gradual strategies (Johanson & Vahlne, 1977), and the born-global model (Oviatt & McDougall, 1994).

Onkelinx et al. (2015), in the Belgian context, found that while following the gradual method of internationalization, the SMEs tended to maintain their level of human capital and focused more on experiential learning, which was more in line with Johanson and Vahlne's (1977) gradual model of internationalization. However, SMEs focusing on a more rapid mode of internationalization are subject to many pressures, and this may not allow them the time to develop organizational capabilities. This leads them to a situation in which they choose to invest in employees possessing the necessary human capital required to take the firm international. While these investments do pay off in the initial stages, any further investment in human capital beyond a point (after which an optimum level has been accumulated) in such firms tends to be counterproductive. This is because such SMEs cannot invest the time required to develop their organizational capabilities, including the creation of proper systems to manage employee talent effectively (Onkelinx et al., 2015).

These and similar other findings open up the debate about the exact nature of measuring human capital that could influence decision-making about the internationalization of SMEs in future.

1.6 Conclusion

Developments in Information and Communication Technologies (ICT) in today's Internet-enabled era have made products and services accessible at the click of a button through different types of devices—computers, mobile phones and tablets. These developments have also led to the proliferation of electronic or mobile commerce, thereby making it more convenient for consumers, who seem to have a preference for dealing with flatter and boundary-less organizations.

Transnational entrepreneurship has been distinguished from international entrepreneurship in the research literature. However, the blurring of physical boundaries due to technological advancements has blurred national boundaries in the eyes of the consumer. It is therefore not clear how the phenomena like transnational, ethnic or returnee entrepreneurship would metamorphose over time in the wake of such developments, especially because of their common orientation of dual habitus mindset that provides them the potential, inclination and capabilities to internationalize.

Most of the scholarship in the South Asian context in the area of transnational and returnee entrepreneurship is about the high-technology industries. This has probably been supported by the favourable policies of immigration and the immigrants' access to superior quality of academic training and business practices in the developed world. More research is needed to explain how human capital and technological resources are helping in the setting up of other types of transnational enterprises.

Immigrants and diaspora communities in host countries have experienced different types of changes over time while adapting to the culture of their host country and at the same time trying to preserve their cultural, ethnic and business identities. The interaction among the different identities of the migrant diaspora and the manner in which they could influence the TE and RE phenomena under the fast-changing technological and business environment are not fully predictable, which indeed is in the nature of things and could be a rich source of hypotheses for future researchers.

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