

The micro-foundations of the returnee liability: The interpersonal challenges of returnee entrepreneurs in Kenya

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Abstract

Although it is known that returnee entrepreneurs can contribute to technological and economic upgrading in their home countries, there is also evidence of a returnee liability where returnee entrepreneurs perform worse than locals. Apart from mismatches between home and host country institutional environments, this liability is argued to stem from interpersonal factors like cultural difficulties and the diminished social capital of returnees at home. Using interviews exploring the experiences of twenty Nairobi-based technology-enabled returnee entrepreneurs, we theorize the micro-foundations of the returnee liability: mismatched expectations, cultural tension and mutual suspicion. Returnees who sent remittances while abroad expect locals to support their return and entrepreneurial vision, but locals expect continued financial support. Returnees who had become more individualistic while fending for themselves in Western economies experience tension with the collectivism of locals, even while they seek to readjust to their home culture. The suspicion of returnees about unethical local business practices and frustration about locals' apparent inability to value proposed innovations further complicate the ability of returnees to access local knowledge and networks. We discuss how the community support addresses these micro-foundations of the returnee liability and thus help developing countries better benefit from the knowledge and innovations of their returnees.

Key words: returnee entrepreneur, returnee liability, micro-foundations

1 Introduction

The dominant literature on returnees in international business suggests that returnee entrepreneurs, individuals who have lived abroad for a while before returning to set up and run new business ventures in their home countries, can serve as effective conduits of frontier knowledge, human and social capital that can accelerate technological upgrading and spur economic development in their home countries (Dai & Liu 2009; Liu, Lu, Filatotchev, Buck & Wright, 2010; Saxenian 2002; 2005; Wang, Zweig, & Lin, 2011). These individuals also represent vital linkages to economic resources abroad and the ability to forge close connections with venture capitalists and other influential stakeholders based in their former host countries (Liu et al., 2010; Luo, Lovely & Popp, 2013; Saxenian, 2005; Wright et al, 2008).

Yet there is also a literature stream documenting the reverse. Scholars have found that returnee entrepreneurs do not always contribute markedly to the home country, and in fact may underperform locals in entrepreneurial ventures (Li et al 2012; Qin, Wright & Gao, 2017) due to a “returnee liability” they face in their home countries (Obukhova, Wang & Li, 2012). Yet all the theorized benefits can only be put to effective use at home if the returnees are able to reintegrate effectively and (re-)establish networks that give access to complementary local resources.

Extant scholarship has suggested two main explanations to the returnee liability. The first, dominant explanation is that the returnee liability stems from the gaps between the home and the host country institutional environments (Ahlstrom, Bruton & Li, 2010; Lucas, 2006; Wright et al, 2008). Returnees come home and struggle with the underdeveloped, bureaucratic business environment and lack of business support frameworks in the home country, e.g. viable financing institutions. In short, the institutions are so weak that returnee entrepreneurs cannot positively contribute to their development, but are hamstrung by them.

A second explanation focuses on interpersonal elements. Cultural differences between returnees and their compatriots who remained at home (Li, Miao & Yang, 2015) and especially diminished social capital at home (Obukhova, Wang & Li, 2012; Li et al, 2012; Qin, Wright & Gao, 2017) are argued to present returnees with a liability when they seek to access local knowledge and networks.

In this paper, we contribute to the second stream by exploring the interpersonal dimension of returnee liability at a micro-foundations level and theorize the micro-foundations of the returnee liability in Kenya. Unlike most of the previously theorized contexts where policy support for returnees was evident and efforts were made to pave the way to a conducive environment to support the returnees at home (e.g. Wright, Liu, Buck & Filatotchev, 2008), countries in Africa are known for their weak institutions and dysfunctional support frameworks for entrepreneurial development (Fosu, 2015; Naude, 2010; Khan & Gray, 2006). This means that the burden for reintegration falls strongly on individual returnees.

However, the literature on returnee entrepreneurs is dominated by studies examining their return experiences at the macro level; whether positively, e.g. in the context of technology transfer (Saxenian, 2002; Wadhwa et al., 2011; Liu, Lu and Choi, 2014; Qin, Wright and Gao, 2017) and economic contribution to countries of origin (Filatotchev et al., 2009; Wang, Zweig & Lin, 2011) or negatively, in terms of institutional gaps (Obukhova, Lin and Wang, 2012) and loss of legitimacy (Qin, Wright & Gao, 2017). However, we still do not know much about the micro-level factors and dynamics that shape returnee entrepreneurship. In this paper, we focus on the specific interpersonal experiences of returnees as they attempt to set up and run successful ventures in an African home country, Kenya.

We argue that the gains realized by returnees (frontier knowledge, economic resources and connections with important stakeholders abroad) must be considered alongside the challenges experienced by them. We anchor our work on the micro-foundations approach because the approach takes as a point of departure that many of those challenges that manifest

at a macro-level (e.g. as a returnee liability) may originate from a micro-level (e.g. personal attributes or professional and family backgrounds). One of the aims of the micro-foundations approach is thus to link macro- and micro-processes (Barney and Felin, 2013).

Arguments have long been provided why using a micro-level perspective is useful to explain macro-phenomena. Scholars such as Simmel (1974) and Swedberg have argued that individuals' beliefs, preferences, and interests provide a fruitful starting point from which to build theories of how social structures originate and evolve. Human nature is relatively stable – actors behave similarly under the same conditions – while associations between macro-conditions and macro-outcomes are less stable over different contexts. This means that assumptions on individual behavior are less subject to changing boundary conditions than macro-level assumptions (Coleman, 1999; Wippler & Lindenberg, 1987).

There exists a long tradition of micro-foundations research in entrepreneurship (Minniti & Bygrave, 1999) and work has continued to delve into the personal processes that inform entrepreneurial practice (Bryant, 2014; Bygrave & Minniti, 2000; Gavetti, 2005). There is also a small body of research on the micro-foundations of the returnee experience (Liu et al, 2019; Serrano, 2008), which highlights the readjustment difficulties faced by returnees and the role of memory in individuals ability to adapt to changes (Bryant, 2014). Given that the returnee experience is a deeply idiosyncratic one in which personal views, challenges and achievements are likely to play an important role, we believe that there is value in theorizing the micro-foundations of the returnee liability in developing countries in Africa.

Thus we analyze the interpersonal dimensions of returnee liability from a micro-level perspective in order to understand the relational and cultural aspects of the liabilities the returnees face and how they affect reintegration and the entrepreneurial journey. Given our focus on individual experiences, we use a narrative inquiry approach in our study, focusing on twenty returnee entrepreneurs operating in Nairobi, Kenya. We identified highly skilled professional male and female returnee entrepreneurs who were running technology-enabled

businesses from the “I-Hubs”, i.e. networking and working spaces popular with returnees in Kenya.

The returnees were chosen on the basis of how long they had been away (either more than ten or fewer than five years) and how long after their returned they had started their venture (either immediately, or after a wait of two years or more). We elicited the personal stories of the returnees, and then followed standard practices in qualitative research to make sense of our evidence: Transcribing interviews, returning to respondents to clarify points and/or elicit more information, and finally open, axial and selective coding.

We believe our focus on Africa is appropriate for three reasons. As we have already alluded, the research reporting positive returnee outcomes was conducted in emerging economies like China where state policy placed great emphasis on the role of returnees as strategic national assets, and consequently incentives were introduced and policy frameworks upgraded to motivate their return and smooth reintegration back home (Bai, 2019; Meredith, 2007; Wang, Zweig & Lin, 2011; Zhou & Hsu, 2011; Zweig, 2006). Africa offers the opportunity to study returnee entrepreneurship where those enabling conditions are not present. Second, statistics show a large number of skilled professional Africans living abroad (Ackensson & Baaz 2017; IOM, 2010; Plaza & Ratha, 2011; Ratha et al, 2011) with a great majority expressing the intension to come back home in the near future (IOM, 2010b). Finally, the extreme conditions in Africa have been noted for the value they present in theory building (Barnard, Cuervo-Cazurra & Manning, 2017).

We find evidence of three interlinked micro-level processes that constitute the micro-foundations of the interpersonal dimension of the returnee liability in developing countries; mismatched expectations, cultural tension and mutual suspicion. The root of the mismatched expectations between returnees and locals was around financial support. Most returnees had supported the locals through remittances while they were abroad and generally assumed they would get reciprocal support upon their return home for their entrepreneurial vision. However,

since most of them came from economically challenged communities where funds were often raised from the local community to take bright students abroad to further their education, the locals felt entitled to financial support and expected it to continue, if not increase, now that the returnees were back home. When this was not forthcoming, it often resulted in tensions.

The mismatch in expectations was exacerbated by the cultural tensions between the locals and the returnees, who ironically often invested heavily in reconnecting culturally. Returnees had typically spent time in more individualistic countries, and moreover, as migrants were often forced to call upon their own resources to a great extent to pursue their objectives in the foreign land. Their level of individualism (Triandis, 2018) has therefore substantially increased relative to the collectivism of the locals. Yet support was expected from them not only for the benefit of close family members and friends, but for the extended community, which once again created tension.

Finally, this resulted in mutual suspicion between the two groups. The returnees reported being viewed as stingy and self-centered individuals at the expense of the community. At the same time, returnees often complained about the unethical behavior and unfair prejudice displayed by locals. Their individual perceptions about home country practices and behaviors in turn limited their ability to engage locally. It is therefore hardly surprising that returnees had limited home country knowledge and social capital and instead faced great returnee liability in their efforts to set up and run successful ventures in the home countries.

In the rest of the paper, we review the literature on the positive potential of returnee entrepreneurs as well as the returnee liability. We explain the dominant institutional explanation for the returnee liability, and introduce the interpersonal perspective. We next provide the research design, explaining our use of narrative enquiry, the Kenyan setting, our sample selection and our process of data analysis. We present our findings and conclude with a discussion of the implications of our findings.

2 Argument

2.1 The positive role of returnee entrepreneurs in their home countries

There is a well-established and largely positive literature about returnee entrepreneurship, mostly from emerging economies. The established literature on returnees indicates that because these individuals have studied and then worked abroad for several years, they have absorbed technological knowledge, gained managerial competencies and accumulated entrepreneurial resources which they bring back to their home countries upon their return (Docquier & Rapport, 2012; Kenney, Breznitz & Murphree, 2013). Further evidence indicates that returnees also have the ability to forge close connections with venture capitalists and other influential stakeholders abroad that can enhance opportunities for bilateral trade and international business (Dai & Liu, 2009; Filatotchev et al., 2011; Liu, Lu & Choi, 2011).

Armed with these frontier accumulated resources and their set of international connections, these individuals have often been found to venture into entrepreneurial ventures rather than seek formal employment (Wahba & Zenou, 2012), often in newly emerging fields in the technology sector where they are likely to bring in ideas that are new to the context of their home country. This enhances innovation in their behind-the-technology-frontier home countries (Luo, Lu & Chi, 2014; Saxenian, 2005).

In addition, the returnee's technical expertise and global perspective have been shown to provide enhanced human capital in terms of missing skills and technological know-how in their home business environment, which is a prerequisite for technological upgrading (Sun & Zhou, 2011; Luo, Lovely & Popp, 2013). Through human capital transfer, returnee entrepreneurs can offer their home countries not only new ideas, but other economic resources such as venture capital, familiarity with systems developed abroad and access to international connections; all which are invaluable for entrepreneurial development in the home country (Woodruff & Zenteno, 2007). Wang, Zweig and Lin (2011) focus on returnees' role in China's

going-out strategy, showing how they use their embeddedness in global networks to negotiate for the successful inclusion of Chinese firms in global partnerships.

Some studies suggest that returnees possess special leverage when it comes to development through international connections and partnerships, rather than other channels of international trade (Wang, 2011; 2015). Returnees who maintain strong linkages with their home countries while still abroad are better placed to communicate to development partners abroad the development priority areas of their home countries. Adepoju (2010) explains how some returnees used their international connections to enhance economic development in Ghana and Senegal, helping their countries to transition smoothly to democracy, while Akesson and Baaz (2015) highlight the role of returnees in helping investors determine viable business opportunities in Congo, as part of investment brokerage.

2.2 Theoretical perspectives on returnee liability

Obukhova (2012) first described that returnee entrepreneurs do not always realize generally positive benefits, whether for themselves or their home country – on the contrary. The scholar noted that despite their frontier accumulated financial, human and social capital as already mentioned, many returnee entrepreneurs were unable to gain access to local resources and successfully set up new ventures relative to local counterparts who had never left the country.

She coined the term ‘returnee liability’ to describe the barriers and constraints faced by returnee entrepreneurs in their bid to set up and successfully run ventures back in their home countries, barriers not likely to be faced by local entrepreneurs who have never left the country (Obukhova, Wang & Li, 2012). The term borrows closely from previous ‘liability’ perspectives, e.g. the liabilities of newness (Stinchombe, 1965) and foreignness (Zaheer, 1995).

Since then, various studies have found that returnee entrepreneurs do not necessarily perform better than their local counterparts (Li et al, 2012; Obukhova, Wang & Li, 2012) and in some cases actually underperform the latter (Qin, Wright & Gao, 2017). This underperformance is not simply in terms of the effective use of technology, but on basic business metrics. This was

rather puzzling, given returnees' accumulated resources, skills and international connections, and it prompted scholars to explore the causes of this phenomenon.

Moreover, it is of concern, especially to developing countries still struggling with technological and economic catch-up, that individuals who are carriers of valuable resources such as frontier technology, international connections and improved business practices are not able to realize their potential – whether to the benefit of themselves or their home countries. But in order to help them and their home countries benefit from their experience abroad, it is important to understand what constitutes the returnee liability in their context. We suggest that there are multiple reasons why returnee entrepreneurs may face a liability upon their return home, and that scholars need to examine the returnee liability through different lenses to understand what it is, and how to address it.

The dominant strand of thinking thus far is that the liability lies in the differences in the institutional environments in the returnee's home versus host countries. Scholars working with this perspective argue that returnee entrepreneurs are constrained by the institutional distance between their host and home countries (Filatotchev et al, 2009, Li et al 2012; Wang 2015; Wright et al 2008). The root cause of returnee liability is seen as the loss of home country embeddedness and institutional distance; returnees are no longer familiar with home institutions or unable to comprehend changes that have taken place in their absence (Obukhova, Wang & Li, 2012; Qin, Wright & Gao, 2017).

Another explanation focuses more on the interpersonal dimension, primarily arguing that returnee entrepreneurs lack viable social connections that can aid their effective reintegration back home (Li et al, 2012; Obukhova, Wang & Li, 2012; Wang et al, 2012). While we acknowledge the importance of institutional gaps in understanding the returnee liability, we believe it adds value to examine the interpersonal interactions that occur at the micro-foundations level and to explore the nuances and specific dynamics of these processes

(Nahapiet & Ghoshal, 1998). We therefore position our work in this second stream of work, and more deeply examine the interpersonal micro-foundations of the returnee liability.

2.3 Institutional perspectives on returnee liability

The institutional perspectives on the underperformance of returnee entrepreneurs in home countries are anchored on the institutional distance construct; defined as the extent of similarity or dissimilarity between the institutional environments of the home and host countries (Kostova & Zaheer, 1999). The construct was initially developed to explain the strategies employed by multinational enterprises and their subsidiaries abroad to navigate the foreign environment, but has also found use in entrepreneurship studies (Xu & Shenkar, 2002).

The institutional environment is viewed as a key determinant of firm structure and behavior in a given context and therefore has a direct bearing on its performance (DiMaggio & Powell, 1991; Scott, 1995). The construct is important for this study since it has been linked to two aspects of economic action that are critical to the study of returnee entrepreneurship; the establishment of legitimacy in the home country environment and the successful transfer of organizational practices from the host to the home country and vice versa (Kostova & Zaheer, 1999).

Institutional distance challenges the ability of returnee entrepreneurs to successfully undertake business in the home country. The returnees may have adopted the business practices and ideas of their host country which may not fit seamlessly within the prevailing institutional frameworks in the home country. In addition, the ventures they set up may not adopt the organizational forms, practices, and behaviors that are expected by institutional stakeholders in the home country (DiMaggio & Powell, 1991) or exhibit the correct symbols and labels that reduce ambiguity through categorization (Kennedy, Lo & Lounsbury, 2010; Navis & Glynn, 2010). Those symbols and categories are known to allow firms to flourish by establishing the necessary trust, acceptance and support in the country where they operate; allowing them to gain access to local resources necessary for their growth and productivity.

Several studies have established that ventures founded by returnees tend to have higher levels of innovation compared to their local counterparts (Dai & Liu, 2009; Obukhova, 2009). They also tend to operate in newly emerging fields (e.g. high technology sector) which is fraught with many uncertainties (Filatotchev et al., 2011; Liu et al., 2010), especially in a developing country's context. While this novelty should offer competitive advantage to the returnees, it however portends liability in a context where the ideas may not be well-understood. Thus they are likely to be judged as too risky and not worthy of support by institutional stakeholders such as local banks that offer financing or the government agencies that provide licences.

2.4 Interpersonal perspectives on returnee liability

The interpersonal dimension of the returnee liability is primarily argued to stem from returnee entrepreneurs' lack of viable social connections (Lin, Zheng, Lu, Liu & Wright, 2019). Having been away from the home country, many returnees lack social capital in their home environment, with limited embeddedness in the networks that can support their reintegration back into the home country and offer affective support in their entrepreneurial journey (Obukhova, Wang & Li, 2012; Wang, 2012; 2015). These networks can be business or personal connections that help smooth the way for returnee entrepreneurs. But what are the underlying factors that result in the loss of those networks and the associated social capital?

Cultural differences have been offered as an explanation for the interpersonal dimension of the returnee liability (Li, Miao & Yang, 2015). However, returnees are per definition members of the culture to which they return, suggesting that the most relevant cultural explanation may be that of "reverse culture shock" (Gaw 2000; Shimomura, 2014; Zou et al, 2008). However, we want to suggest that returnee liability is more complex than reverse culture shock.

A central assumption of the literature on returnee entrepreneurs is that they are agents of desirable change: They introduce new technologies and practices, new partners and additional sources of funding into their home country (Filatotchev et al., 2011; Liu et al., 2010; Qin & Estrin, 2015; Wang et al., 2012). Their effectiveness, therefore, requires of them to shift

how local business operates – and they are seen to be more effective the more extensive those changes. In contrast, the “reverse culture shock” literature is essentially concerned with the challenges faced when relearning to ‘fit in’ (Zou et al, 2008; Lin, Uesi & Doherty, 2015). In other words, in the case of reverse culture shock, the lack of stability of the home context is a problem, whereas for a returnee entrepreneur, there is greater value if the local context is more dynamic.

Whereas reverse culture shock is about being ‘shocked’ by one’s own culture after spending many years away from home (Gaw, 2000), there is an additional layer to the returnee liability. Returnees are likely to see their stay in a technologically advanced country and the resultant changes in their cultural orientation that happened through a process of acculturation (Berry, 2017) as desirable. This is likely to negatively affect the relationship between the returnees and locals.

Collectivism and individualism have long been important cultural dimensions (Hofstede, 1984). We build on the work of Triandis (2018) who argued that although these two may seem diametrically opposite, they are not fixed. A collectivist society is defined as consisting of closely linked individuals who see themselves as parts of one or more collectives (family, co-workers, tribe, nation), primarily motivated by the norms and duties imposed by those collectives. As members of those collectives, they give priority to the goals of these collectives over their own personal goals and emphasize their connectedness to members of the collectives (Triandis, 2018). Individualism on the other hand is a social pattern that consists of loosely linked individuals who view themselves as independent of collectives; are primarily motivated by their own preferences, needs, rights, and the contracts they have established with others; give priority to their personal goals over the goals of others, and emphasize rational analyses of the advantages and disadvantages of associating with others.

People acculturate, i.e. shift their orientation as they become familiar with the social pattern of an adopted country (Berry, 2017). An acculturated returnee who has become more

familiar with an individualistic culture and who returns to a collectivist culture is likely to experience reverse culture shock. But returnee entrepreneurs are likely to see themselves as potential agents of change, e.g. contributors of new technology. This adds another layer to what they experience. Triandis (2018) had argued that entire societies can become more individualistic as they become more developed, and returnee entrepreneurs may see such changes as potentially necessary and valuable. Returnees are therefore likely to experience the existing culture, and resistance to culture change, as a liability.

2.5 A micro-foundations approach to understanding returnee entrepreneurs

We anchor our work in the micro-foundations literature because we believe that this approach can best help us unpack the liabilities faced by returnee entrepreneurs. Micro-foundations studies link macro- and micro-concepts in order to offer a better understanding of a phenomenon (Barney and Felin, 2013). Specifically, micro-level perspectives aim to explain macro-level phenomena by better understanding the actions and interactions of individuals (De Massis & Foss, 2018). Micro-foundations thinking is not novel; Adam Smith's explanation of how individual enlightened self-interest shapes markets could be considered a micro-perspectives approach (Schneider, 1967).

The approach is increasingly used to unbundle compound processes in entrepreneurship studies; to offer improved explanations that encompass socially situated cognition that recognizes more recent research directions such as social networks and embeddedness, and to focus on the influence of individual actions and interactions (Felin & Foss, 2005, p. 441). In our case, it allows us to explain the returnee liability documented for returnee ventures by theorizing the experiences of returning entrepreneurs.

While the critics of the micro-foundations perspective note that it tends to overlook the role of structure and institutions, the proponents of the perspective (Felin & Foss, 2005; Barney & Felin, 2013) contend that the focus on the influence of individual actions and interactions gives a richer explanations in various fields of study.

In entrepreneurship, the micro-foundations approach draws from social psychological explanations within a paradigm of the 'socially situated approach'. This focuses on the idea that the thinking that underlines entrepreneurship is not static but rather dynamic and changes with changing circumstances, situated within specific people acting with a variety of active environments (Mitchel et al, 2013). Thus social and contextual elements in entrepreneurship studies are combined in order to understand the processes at a micro-level. We believe that this is specifically relevant for understanding returnee entrepreneurs in Africa.

In migration studies the perspective has mainly been studied with regard to the micro-foundations of diaspora politics (Alonso, 2019) and with regard to microeconomic determinants of emigration and return (Delano & Mylonas, 2019). These studies have served to give more nuanced perspectives on the processes involved and their causal mechanisms – gains that we believe also stand to enrich the literature on returnee entrepreneurs.

While returnees are similar in that they spent time away from the home country before trying to set up a venture, they differ in aspects like their family and professional backgrounds and resource endowments. It is expected that these differences will influence their experiences, relationships and interactions as they seek to reintegrate at home. We therefore aim is to offer a better understanding, from a personal and interpersonal perspective, the root causes of the challenges hindering returnees in their efforts to succeed as entrepreneurs in their home countries.

The micro-foundations approach allows us to link those personal experiences to the more macro outcome of returnee ventures being less profitable than the ventures of locals. We suggest that the very act of leaving triggers a process that does not only result in gains. We suggest a far more complex process, where the acquisition of new technological knowledge, managerial competencies and entrepreneurial resources like close connections with venture capitalists and other influential host country stakeholders has to be considered alongside the personal changes that can challenge the process of return to entrepreneurship in the home

country. Especially where the entrepreneur him/herself has to overcome those challenges – in the absence of supportive home country interventions – those personal challenges can be crippling.

3 Research design

3.1 Narrative inquiry

Given the focus on the personal and interpersonal dimensions of the returnee liability in this study, we decided to use narrative enquiry, which focuses on presenting personal stories of particular individuals in a literary form in order to better understand a particular situation or persuade others to take action (Connelly & Clandinin, 1990). This research strategy relies on spoken words (narratives) or visual representation, and typically focuses on the lived experiences of individuals, as told through their own subjective accounts (Chase, 2005). This is especially important when focusing on personal experiences, e.g. an experienced liability.

Narrative inquiry is increasingly used in entrepreneurship research, specifically studies of entrepreneurs who are not part of a “mainstream”, e.g. black (Jones, 2017) and women entrepreneurs (Chaudhuri, Ghosh & Abichandani, 2020; Mussolino, Cicellin, Iacono, Consiglio & Martinez, 2019). A key characteristic of narrative inquiry is that it captures individual experiences in great detail; including respondents’ personal views and opinions and their social interactions with others; reliving them as stories in a chronological sequence with a past, present and future (Chase, 2018). Stories are collected in a data form that can easily be retold, i.e. reorganized for coherence and relevance to conform to the objectives of the study, without losing the voice of the storyteller.

This research design was especially important in this study to allow the voice of the returnee entrepreneurs to be heard, since previous studies on returnee migration has often used the unit of analysis as the returnee-led ventures and often quantitatively determined the factors affecting their growth and performance, without capturing the human element. Thus the

voices of the returnees, their goals, opinions and general feeling have often been missing in the returnee discussions.

3.2 Context: Nairobi, Kenya

Extensive changes occurred in Kenya between 2007 and 2017. The post-election violence which took place in the country in December 2007 after the results of general elections were disputed by the opposition led to the displacement of many Kenyans to neighboring countries, while thousands others ventured further abroad to Western countries (Kinuthia, 2013). This incident led to the setting up of a coalition government in 2008 and eventually the promulgation of a new constitution in August 2010. This brought extensive changes in the governance structure and democratic space in the country (Kinuthia & Akinyoade, 2012).

Currently, Kenya is perceived as one of Africa's leading economies due to its vibrant financial and information communication and telecommunication (ICT) services sectors, supported by professional workers (Ndemo & Weiss, 2016). The mobile phone revolution has resulted in technological transformations over the last two decades in especially the capital city, Nairobi. Mobile communication has often provided a platform for local entrepreneurs to come up with indigenous innovations and create new start-up ventures. Venture capital funds have been flowing into the city over the past decade. Scouts seeking for opportunities to collaborate and partner with local techno-savvy entrepreneurs resulted in what has become known as the Silicon Savannah (Hain & Jurowetzki, 2018).

Technology-enabled entrepreneurship in Nairobi frequently take place inside small informal technology communities and social hubs, locally known as the I-Hubs. I-Hubs are essentially meeting spaces partitioned off from main office blocks, complete with coffee shops and workshop areas where software developers, engineers and others come together to brainstorm ideas and make business connections. These hubs are especially popular with returnees who use them as spaces to catch up with colleagues about their lives abroad; while seeking opportunities for collaborative projects.

In particular, presence in an I-Hub is likely to provide returnee entrepreneurs with a welcoming environment, facilitating the building of an array of networks and providing them with a community in which cultural readjustment experiences can be shared. The I-Hubs therefore provide a good setting for probing beyond the already-known explanations for the interpersonal dimensions of returnee liability such as diminished social capital.

3.3 Sample

We interviewed returnee entrepreneurs with technology-enabled ventures from a range of I-Hubs across the city center of Nairobi. Studies on returnees have often focused on businesses located in or drawing extensively on the ICT sector. In many of the countries where returnee studies have been undertaken, the ICT sector was found to be the first to fragment and globalize, and indeed was the upgrading vehicle of choice in the successful cases highlighted in most returnee literature (Liu, Lu & Choi, 2012).

The ICT sector has been found to offer relatively low entry barriers and low-capital intensive entry points as well as multiple paths for upgrading (Breznitz, 2007; Rodrick, 2006). The combination of lower initial capital outlay and the potential to scale faster with a proven concept makes it attractive to returnees seeking to set up new ventures. In the case of Kenya, a notable success story is Mpesa, the globally recognized money transfer service. However, most of the returnee entrepreneurs we interviewed leveraged ICT in more brick-and-mortar offerings. A large number offered business services, e.g. business process outsourcing, IT training or consulting, while another group offered technology-enabled services such as wellness or education offerings.

We varied our selection of respondents on two axes. First we looked at how long the returnee had been away: More than ten years, or five years or less. Returnees who had been away for more than ten years would have missed the major changes that took place in the country, and would likely have found the Kenyan institutional environment quite challenging. In

contrast, returnees who had been away for five years or less would have returned to a country that was more recognizable.

The second axis was based on how soon after their return returnees started their entrepreneurial venture; either immediately or after two years. The decision about how long before the founding of the venture had to do with the fact that a central benefit returnees are presumed to bring is novel technology (Dai & Liu 2009; Filatotchev et al., 2011; Liu et al., 2010; Wang, 2012). A two-year period provides an adjustment period, but is unlikely to lead to the widespread adoption of the technology.

Because narrative enquiry seeks to understand people's lived experiences (Çalışkan, 2018), sample sizes are small. Thus recent narrative enquiry studies of entrepreneurs were based on six (Chaudhuri, Ghosh & Abichandani, 2020), twelve (Jones, 2017) and four (Mussolino, Cicellin, Iacono, Consiglio & Martinez, 2019) respondents respectively. We were however mindful of the fact that we were seeking to develop a collective narrative that would require a somewhat larger sample size.

After we had conducted sixteen interviews, we started seeing saturation in the evidence, but we were not yet entirely confident that our evidence was robust enough. Researchers argue that qualitative sampling is not a single planning decision and that sample size cannot be determined in advance (Emmel, 2013; Merriam 2009; Patton 2015) but that it is rather an iterative process decision made throughout the research process. We returned to the field, adding one case each to the four quadrants (long/short period away; immediate/delayed start of entrepreneurial venture). Adding insights from these interviews gave us confidence that we had reached data saturation, brought us in line with Creswell's (2013) general recommendations for sample size in qualitative research, and left us with a small enough sample to do justice to the narratives in the process of analysis.

Some differences between the different groups of returnee entrepreneurs could be discerned. Entrepreneurs who immediately started the venture seemed to be less successful

than their counterparts who waited, while those who were away for longer found it harder to make sense of and deal with the changed institutional environment. However, as regards interpersonal processes and challenges, the narratives of the returnees from the different quadrants were strikingly similar. This gives us confidence that we are tapping into some of the micro-foundations of the returnee liability – elements that connect the micro- and the macro-outcomes (Barney and Felin, 2013).

The respondents selected for this study were all highly skilled professionals, mostly in their mid-30s to late 40s, married with children, with the youngest being 32 years old and the oldest 50 years. Most of them were educated to Masters level, except two; one had an undergraduate degree and the other a doctorate. All had been engaged in formal employment abroad, predominantly in technology fields, with two reporting having engaged in running side businesses in the host country and two in side transnational business between the host and home country. This is consistent with prior evidence that individuals in the diaspora mostly become entrepreneurs abroad if they are unable to get formal employment (Chrysostome & Lin, 2010), and underlines the high level of skill of the respondents.

The shortest stay abroad among the respondents was 5 years while the longest was 31 years. Half of the respondents (i.e. ten of them) reported active engagement in diaspora activities while abroad, with three of them holding official positions in diaspora communities that included organizing diaspora welfare events and community networking. Most of the respondents reported being actively involved in church activities in the host country, including leadership positions. The profile of the returnees is depicted in Table 1.

Table 1: Personal profile of returnee entrepreneurs

Returnee and identifier	Sex	Age	Years away	Time back before starting venture
RSolar	M	47	15	Immediately upon return
RFinance	M	35	31	3 months
R Health	F	32	5	Immediately upon return
R Fitness	M	35	7	Immediately upon return
REducation 1	F	50	23	2 years
R ecommerce	F	49	12	Started before return
R HR	F	48	7	Immediately upon return
R Retail	F	48	20	Immediately upon return
R Project	M	37	24	2 years
R Management consultant	M	35	8	Immediately upon return
R BPO	M	34	13	Immediately upon return
R BDO	F	46	8	4 months
R Incubate	M	35	12	2 years
RTechtrainer 1	M	38	14	3 years
R Education 2	F	38	8	1 year
RTech trainer 2	M	42	10	6 months
RI-hub	M	40	15	2 years
RTransport	M	47	12	3months
R Passion	F	50	10	Immediately upon return
R BPA	M	45	7	3 months

3.4 Data collection

Some of the returnee entrepreneurs had a high profile in the media. As preparation for the interviews, data were gathered from internet-based company documents, media articles and video clips. The amount of information available varied considerably for the different entrepreneurs. Face-to-face interviews were conducted with all twenty entrepreneurs lasting between 1.5 to 2 hours each, and with three respondents, follow-up interviews were conducted.

A three-part semi-structured interview guide was used. The first part captured the returnee's personal information such as age, gender, the time and place(s) lived abroad and the nature of the returnee's business. The second part relates to the host country, e.g. why that host

country was selected, how long the respondent had intended to stay there, how long the eventual stay was and why, the work (formal employment, entrepreneurial and wider social engagement) that the respondent did there, the type and extent of engagement with home country contacts during that type, and the decision and preparation process for returning home. The final part was about the home country. Questions included initial experiences upon returning home, the reception by family, friends and colleagues, the process of setting up the business, the reception of the business in the market and wider,

The flow of questions allowed the respondents to reconstruct their experience within the topic under study. The interview guide left room for further probing to get detailed, richer accounts of the returnee's narratives. The guidelines for designing the questions were based on Riessman (2008) who recommends creating tools for data collection that capture both form and content, i.e. both what is said and how it is said. In this case the narrative aspects of the text were preserved by sequencing and structuring of narrative plots and turning points along the interview protocol to guide the story along a chronological path, without interrupting its flow.

An important consideration was that returnees may wish to present themselves in a positive light, and therefore gloss over the returnee liability. To address that possibility, two strategies were used. First, the first author was herself a returnee and introduced herself as such. That made it easier not only to schedule interviews, but also to win the trust of the returnees during the interview process. Respondents seemed relaxed and answered questions in detail, and in a number of cases expressed the confidence that they were dealing with 'one of their own' who would have had similar experiences.

Second, the questions that covered negative dimensions of the returnee experience were framed in terms of returnees reporting in retrospect. They were asked to advise prospective entrepreneurs intending to come home from the diaspora on the challenges and barriers they are likely to face and the types of mistakes they could easily make. It was quite clear from the narratives that the advice given in fact reflected experiences of the returnees

themselves. For example, when elaborating on the advice, returnees would often give personal examples.

In several cases, returnees became quite emotional, angry and sad as they narrated their stories, reflecting the extent of challenges faced. In all, and as evidenced in the rich and detailed quotes provided in the findings section of the paper, we feel that we managed to elicit narratives that go beyond the superficial. We are therefore confident that the evidence base is adequate for theorizing the micro-foundations of the returnee liability.

3.5 Data Analysis

In analyzing the data, we found clear evidence of a returnee liability. Some of the returnee entrepreneurs were running successful businesses and were contributing new technology and foreign connections to the country, but many were not. Moreover, even the successful returnee entrepreneurs recounted various substantial challenges. In trying to understand the micro-foundations of the returnee liability we focused on the challenges and mistakes of entrepreneurs.

Some of those had to do with misreading of the institutional environment. For example, one respondent recounted ignoring the repeated requests for “tea” from a security guard at a government agency. Eventually, having not been given an opportunity to meet with the relevant government official, even after repeated visits to the agency, a relative explained that “tea” was the term for a bribe worth a few coins, enough to buy tea.

Clearly, not knowing local practices and terminology suggests a returnee liability, but the example is perhaps more appropriately understood as part of the institutional dimension of the returnee liability. We were interested in its interpersonal dimension, and not only their manifestations – e.g. diminished social networks – but specifically in the relevant micro-foundations. Although the entire dataset was coded, the coding that we report here relates to the interpersonal challenges that we observed, and not to other dimensions of the returnee liability.

3.5.1 *Open coding*

In the data analysis phase, efforts were made to give voice to the informants in the early stages of analysis, creating rich opportunities for discovery of new concepts, rather than the affirmation of existing concepts as recommended in Gioia and Corley (2012). We used open coding, the analytic process by which concepts (codes) are attached to the observed data and phenomenon (Strauss & Corbin, 1990).

In this first level of data analysis, a myriad of informant terms were used as codes with categories emerging quite early on. The first order coding explicitly examines the linguistic categories used by the respondents to describe certain elements of the phenomenon under study, in this case was the returnee liability, which we understood as the barriers and constraints that confront returnee entrepreneurs upon their return.

This resulted in 200 codes set in 25 code groups, attached to the text and supported by code notes explaining the content in each group.

3.5.2 *Axial coding*

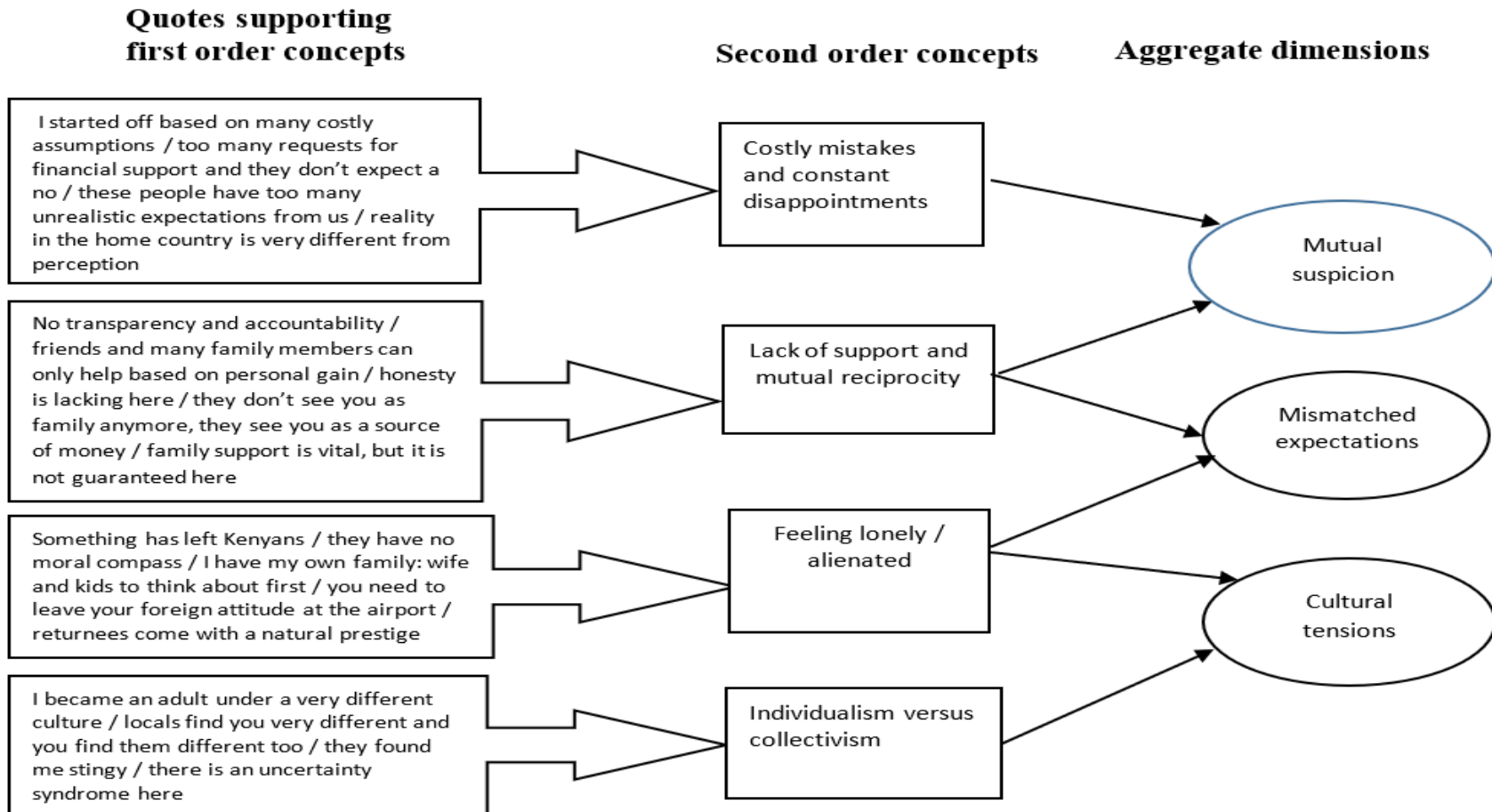
The second level of the analysis involved axial coding, which was used to relate emerging codes (categories and concepts) to each other via a combination of inductive reasoning as recommended in Gioia and Corley (2012). As the analysis progressed, we started seeing similarities and differences among the many codes; a process that eventually reduced the germane codes to categories representing the key thematic areas that define returnee liability in developing countries.

3.5.3 *Selective coding*

The fact that entrepreneurs face challenges in new venture creation does not constitute a returnee liability; it is normal for the start of a new venture to be challenging. We were looking for codes that reflect the specifics of the returnee experience.

For example, the feeling of loneliness and alienation constantly reported by the returnees was as a result of lack of support and acceptance by the family and friends. But it also

Fig 1: Data analysis structure, following the guidance of Corley and Gioi, 2012



transpired that the returnees themselves frequently opted to alienate themselves from the community and stay within their homes so as to escape the many appeals for financial support and the disappointment they were facing at various levels of engagement with different stakeholders in the home country.

From the axial codes we had developed, we selected three main codes, namely mismatched expectations, cultural tension, and mutual suspicion. Figure 1 provides an overview of the analytic framework.

4 Findings

Our interviews had yielded rich data. Although we, in keeping with narrative enquiry conventions, had not asked for evidence of business success, the settings, staff complements and media coverage of some returnees suggested that they were very successful. The businesses of others seemed to struggle. We first cover the general background about the returnees as entrepreneurs and as carriers of novel knowledge and technology. We also provide evidence that our intended variability was realized. We clearly saw a returnee liability at work, and then present evidence in support of that basic fact.

We then turn to the central question. Gathering and analyzing the narratives of twenty returnee entrepreneurs allowed us to develop a model of the micro-foundations of the returnee liability (see Figure 2). While we identified several elements during the data analysis, we were able to pick up three dominant themes that fed into each other: *Mismatched expectations* that fed into *cultural tension* which in turn resulted in *mutual suspicion*.

Figure 2: The micro-foundations of the returnee liability



4.1 General findings

Returnee entrepreneurs are first and foremost entrepreneurs, and it was clear that our respondents saw both opportunity and challenges in an underdeveloped business context. It was perhaps best stated by the respondent who explained that the business environment in Kenya resembled a pond “with very many crocodiles lurking in it, very many opportunities but dangerous to explore” compared to the business environment in the UK which he described as having “very few fish but such beautiful and calm waters that one can relax and just swim in it.” (R Project)

We found evidence of the potential upgrading value of returnee entrepreneurs, both how frequently that potential was not realized, but also of where it did happen:

They felt that my idea was not for now but in 20 years to come and wanted me to design a system for them which is more like what they already had, which they could understand better how to use. (R BDO)

[explaining how his current business represents a watered-down version of his initial plans:] So the big vision I had and still have is to replicate the company that I have worked for in the UK. To be able to bring those skills here and to sell clients on big projects, because I think there is a problem in this country in the delivery of projects. So really the idea is to bring that end-to-end service so that we can give our customers value, yes, international best practice, and be able to deliver on that. (R Project)

Eventually I had to look for people based on their personality and attitude, of course with some level of education, and then painstakingly take them through the training, for weeks until I was sure they could handle a client on their own. (R Wellness)

We also observed the variability we had intended, with especially the long-away returnees commenting on the many changes at home:

I was very confused most of the time, I felt disoriented especially about the political changes, very confusing. When I left there was nothing like KRA, there was no NSSF. Everywhere you go now its NSSF, KRA, and do you have that? Is your ID there? When I left, I didn't have an ID yet and it's not been easy getting one. The process is so complicated. (R Education 1)

Such comments were not only made by long-away returnees, nor were they always negative. R Wellness commented:

Imagine, the Thika superhighway was opened and I kept getting lost every time I went to visit my friends, always taking the wrong turn and getting lost and going back to try again

– and eventually missing my appointment. And then there were lots of malls coming up, and so many high-rise buildings!

We also generally found that those returnees who started their new business immediately upon return struggled with connecting with the home country:

You have acquired so much skill and knowledge and experience, but you are not realizing your full potential when you are here, because it takes time before you integrate. (R Ecommerce)

In contrast, those entrepreneurs who had taken the time to set up the venture generally reported a deep level of home country integration:

I cannot complain. We have done well and have even won several local and international awards for best IT practice and innovation in the ICT sector in Nairobi and have been mentioned in almost all major media outlets in the country, and some international ones. (R Techtrain 2)

Our focus, however, was on the returnee liability, and moreover on the micro-foundations of that liability. This guided our analysis, and is what we present next.

4.2 Returnee liability in developing countries

At the heart of the concept “returnee liability” is the notion that returnees underperform in their home countries due to a variety of readjustment difficulties and challenges they face that do not affect their local counterparts. Because we were gathering data within an inductive paradigm, we do not know whether this was objectively true or not. But there can be little doubt that our respondents perceived themselves as being disadvantaged relative to locals; as evidenced in some of the quotes below:

They know the local market more, they know the culture more, they are aware of how things work, so that takes time for us to build. And they have networks; they have connections – which is important.[after a slight pause] They are more competitive, you see they have longer experience here. So if I come and I am maybe just one or two years old in the market, if my peers who have started and have already ten years which I spent in the UK – and that is not really counted when you come here – so definitely they do have a competitive edge (R Project)

They are more familiar with the system and know how it works. And since we are competitors for school kids, that’s an advantage to them. They know the regulations and especially when you’ve been away too long, you might not know exactly how they work, which can land you in problems quite often. Yes, it’s to their advantage as they know where everything is. (R Educ 1)

Problem is our type of businesses requires special licenses that are offered only once a year or are offered to a limited number of persons. That's where the issue really starts, acquiring those licenses is not guaranteed since there is a way in which they are given based on so many factors, like being known in those offices. The local are known or they know who to approach. (R BPA)

Many times we have suffered major setbacks because of having foreign partners and because the business is registered abroad. We have missed out on some very lucrative tenders. (R Capital)

As we tried to make sense of this liability, we honed in on local relationships and interpersonal networks.

4.3 Mismatched expectations

The central trigger of the interpersonal challenges of returnees related to expectations of financial support. Returnees often used to send remittances while they were in formal employment abroad. Upon their return, family, friends and sometimes even communities expected continued support. However, as aspiring entrepreneurs, they were trying to preserve their funds. This meant that they felt that their return was seen as a disappointment by locals, even though some report that they managed to overcome that:

Right now, people's expectations are so high. You know you've just come back from abroad and people expect so high from you. They see money, that's all, so they see nothing. Unless its business, there's really not much I can engage in now. Everybody just wants you to give and they give nothing back and so I'd rather be on my own and just run the school (R Educ 2)

At first it was a lot hard, especially with the family members in the village who expected me to open businesses for their sons, help them get jobs etc., just because I came from abroad, I was expected to have a large stash of money lying somewhere to assist my community. But now they accept me for who I am, and I feel more comfortable visiting them more often than I used to do before. (R Solar).

I was soon labeled a stingy person and most of them starting keeping off [staying away] from me one by one. Many even tried to offer me their daughters and sisters etc. for marriage, thinking that I was now a rich man – and would not take it kindly my telling them that I had left my girlfriend abroad, who was finishing her studies and would soon be joining me. We still laugh with my now-wife when we remember those conversations. (R I-hub)

I suppose with people who hadn't done so well or even family members who were not doing so well, it was a bit one-sided because they were expecting me to support them, give them money, help them start businesses etc. But that was not really possible since I too had all this uncertainty ahead of me, now that I was back with no stable source of

income and really needed to be careful with the little I had. You know. I could [help] but not that much – not as much as maybe they expected. So it was a bit mixed reception. (R Project)

In turn, the returnees' perception was that access to local knowledge and affective support from the locals were withheld, often because they no longer offer financial support:

A lot has changed in Kenya, both on the side of the environment and the people. I see now that living here again is actually very different from visiting. When you visit, even during the time we came here for holidays, the reception you get from people is very good. When you come to stay people are hardly available to even assist you with the hurdles that you encounter. (R Ecommerce)

Those who had promised to link you up with big people in the counties who could help you get businesses and tenders also disappeared as soon as they learnt that other than an occasional lunch or dinner, you were not going to be dishing out cash in envelopes... I think Kenyans have become brokers of everything in life. (R Capital)

A lot of promises by different people to help you with this and that were lacking and you soon learn that most of them made the promises with the intention of making something from you' Soon you actually find yourself alone if the goodies are not forthcoming as expected. (R Finance)

In sum, mismatched expectations resulted in locals withholding the access to local networks and other support because they experienced the returnees as withdrawing the financial support they had offered while abroad. This exacerbated cultural tension between the two groups.

4.4 Cultural tension

The experiences of returnees abroad affected them. Because they typically lived in individualist societies where the individual is key to his or her own welfare, they had developed a more individualistic approach to life. This remained with them even though many returnees saw the return as an opportunity to do better recognized work in a culturally more amenable setting:

When I went there I was slightly younger, so by virtue of being on my own there it taught me a couple of things – it gave me self-confidence. I think I was enlightened in terms of now articulating what I want in life [...] I really could not get a good job commensurate to my level of studies. Most jobs I got were just lower level temporary jobs, which I felt were not contributing much to my development as a person. So I decided to come back home. Jobs for outsiders were no longer easy to get, even if you studied there (R Fitness)

When you are out there, the time you spend there at work is a quite lot because you are alone because you have no family there. You sort of dedicate yourself to your work. You prove your sort of efficiency and depth. When you come back home, the first thing you notice is that here people have family, distractions are many. (R Solar)

Apart from you and the nuclear family, there is very little love out there, like we have here. So much stress. So those things weighed on my mind and they didn't actually prompt me to leave, but when I got an opportunity to keep the same job I had over there, but continue in Kenya, I thought I can actually go home. So I did. (R Transport)

Back there, it was work, work, work, and this place is very relaxed. This place is more relaxed than abroad. There it's work, work and no play. (R Education 2)

Although returnees were investing in meeting cultural demands and rebuilding ties, they remained changed people. An extreme case was of a returnee who had left Kenya as a 13-year old, and only returned after 31 years, after his mother had died. He explained his sense of disorientation with the burial:

The burial itself and the practicals of everyday life in the village, like using the pit latrines and eating the traditional food were all so foreign and my foreign accent did not help much, with people often not understanding what I said and many of them could not understand why I could not speak Kikuyu, which many took as pretense.

He continued:

It soon became clear to me when I was running around putting up the business that what people tell you while you are abroad and what is actually the situation on the ground was very different. A lot of promises by different people to help you with this and that were lacking, and you soon learn that most of them made the promises with the intention of making something from you. Soon you actually find yourself alone if the goodies are not forthcoming as expected. (R Transport)

The locals understood the returnees as part of the collectivist culture as they knew them before, and struggled to understand changes in returnees. For example, many returnees were able to go abroad only because of the collective support of a community – many (poor) people in a community will have pooled resources to allow the individual to venture abroad and thereby upgrade his or her economic status. In return, the locals expected reciprocal generosity to that entire community:

Busloads of relatives actually came to pick me from the airport and many goats were slaughtered in several “welcome back home” parties, both at our rural home and also in town. However, I soon noticed that many people expected a lot from me, especially those who felt they had contributed a lot in my going abroad, and soon of course I had to start pulling back on my expenses since I knew I now had no regular source of income. (R I-Hub)

Oo yes, I soon learnt that people back home expect a lot from the people coming back. Maybe it's a cultural thing, but you would be surprised the number of people who

stopped talking to me, including my close family members when I could not make the promise to give jobs to their sons and daughters once I set up the business. (R Finance)

In sum, this cultural tension resulted from returnee entrepreneurs who were often frustrated that their efforts to culturally reconnect were less acknowledged than their failure to financially provide to relatives, acquaintances and community members.

4.5 Mutual suspicion

The cultural tension often spilled over into mutual suspicion. Returnees reported the locals perceiving them as having changed for the worst. As we have already reported, returnees often commented that they were seen as mean, that they had forgotten their cultural roots, and that they had adapted to the Western world where it is “every man for himself”.

But returnees also perceived the locals as having changed for the worse. Returnees expressed concern about the unethical behavior of locals, and the apparent unwillingness of locals to support anyone unless there was something in it for them.

They don't see you as a family member anymore; they just see you as the bank. People don't want to help or even talk to you. All they want from you is money. [after some reflection] The years abroad have taught me the value of honesty and hard work and I find it virtually impossible not to demand those qualities from all my employees and so I keep changing them often. (R Education 1)

‘ Something has left Kenyans; they no longer have a moral compass. (R Retail)

Even when judgments were not explicitly about perceived ethicality, the subtext was about relative financial performance:

Many of them are not genuine, they are on comparative analysis and so they were comparing and contrasting us. They want to see whether you have a big house, whether you have a big car. So they want to confirm what you really have. That was the big challenge. (R Management Consulting)

I found it very strange that a lot of woman friends, the warmth and whatever was there before, people have sort of changed towards you. There is this drive to look for material things which are all-consuming, which has made people almost forget other things, including friendships. So you find that where you need help to integrate back, to do certain things with people, you struggle to get them to be available for you. Yes, it's different now. (R Ecommerce)

The returnees sometimes expressed views that they were more knowledgeable than the locals, given their experiences abroad. In terms of forging strong connections between returnees and local, such a perception is unhelpful. Indeed, as the comment of one respondent suggested, there was even a suggestion that their home country in Africa should feel 'privileged' to be receiving them back.

The returnees come back with a natural prestige that should give them an edge in the market. (R Solar)

It is hardly a surprise that returnee entrepreneurs sometimes felt culturally profiled and unfairly judged by the locals. A visible indicator of otherness was a major drawback. For one returnee, this was mainly due to his foreign accent:

And it seems my acquired [foreign] accent was my worst undoing. Immediately I started speaking, I gave myself away, especially the fact that I did not understand Kiswahili very well and was often judged as being a softy who had been spoon-fed abroad and needed to be toughened up. (R Capital)

This mutual suspicion came from the combination of mismatched expectations between returnees and locals, and the resulting cultural tension. Collectively, these three micro-foundations inform the entrepreneurial actions of returnees; elements that resulted in returnee liability. In the next section, we discuss the implications of our findings.

5 Discussion

There are two important theoretical implications to our work. First, a micro-foundations perspective highlights the ambivalent consequences of the change orientation of returnee entrepreneurs. Second, we discuss the challenge of home country poverty in realizing the benefits of returnee entrepreneurship.

5.1 Returnee entrepreneurs effecting change: A double-edged sword

Micro-foundations perspectives involve separating the actions and processes of individuals from their macro-level manifestations (De Massis & Foss, 2018), in our case the lived experiences of returnee entrepreneurs as they seek to resettle at home from the returnee liability, i.e. the lower returns of returnees' ventures compared to the returns realized by local entrepreneurs. The aim

of this intellectual unbundling is to better theorize not only the constituent elements, but also to better understand the whole.

At the macro-level, the literature about returnee entrepreneurs is very positive. Returnee entrepreneurs have been found to be agents of desirable change, as they introduce into their typically less developed home countries new technologies, knowledge and practices, open up opportunities for international trade and explain their home country conditions to stakeholders from advanced economies – whether potential economic partners such as venture capitalists or to development partners (Kenney, Breznitz & Murphree, 2013; Dai & Liu, 2009; Docquier & Rapport, 2012; Liu, Lu & Choi, 2011; Lovely & Popp, 2013; Saxenian, 2005; Wang, Zweig & Lin, 2011; Woodruff & Zenteno, 2007).

The evidence is somewhat more mixed when investigating the ventures of returnees: The economic returns on their ventures are not always as successful as would be anticipated (Li et al, 2012; Obukhova, 2012; Obukhova, Wang & Li, 2012; Qin, Wright & Gao, 2017). This “returnee liability” has been most frequently understood as the result of atrophied social networks (e.g. Lin, Zheng, Lu, Liu & Wright, 2019).

We go one step further, and examine the narratives that returnee entrepreneurs tell themselves and others about their interpersonal experiences upon their return. Those narratives are overwhelmingly negative, with the return being characterized by mismatched expectations, cultural tension and eventually mutual suspicion between them and locals. Similar narratives were found whether the returnee entrepreneurs were successful or not, and although many were at pains to explain that they were eventually able to overcome those initial challenges, the micro-level return narratives were almost consistently negative. This contrasted sharply with the almost equally consistent positive macro-level evidence about the impact of returnees.

In reconciling this disconnect, we return to the notion that returnee entrepreneurs enable change. Much as the holistic consequences of those changes may be beneficial for their home countries, they are also disruptive: improved practices threaten incumbents, more efficient

operations may result in job losses, and international partners can challenge the supremacy of local powerbrokers. It has long been known that innovation may be seen as illegitimate to the extent that it challenges the status quo (Dougherty & Heller, 1994). Returnee entrepreneurs challenge the status quo, and not so much their new ventures but rather the individuals need to deal with the resultant lack of legitimacy.

The benefits from returnee entrepreneurs derive from the personal knowledge, experiences and insights of those individuals. But by the same token, our findings suggest that returnee entrepreneurs quite personally experience the negative consequences of challenging existing conditions in their home countries. They are the people who want to do things differently, and who seem to not remember how things should be done. They are neglecting their cultural obligations, and they can hardly be trusted.

The interpersonal experiences of the returnee entrepreneur are critical: Kanno (2003) and Yoshida et al. (2009) note that the presence of friends or communities that accept returnees for who they are may positively influence their re-entry process, and may shield them from other negative factors. Kidder (1992:384) found that “some returnees manage their re-entry by finding the spaces where their difference goes unmarked”, in other words, where the disruptive potential of their re-entry is less salient.

Studies of effective returnee entrepreneurs disproportionately rely on evidence gathered in incubators (some specifically for returnees) in China, and especially Zhongguancun Science Park (e.g. Bai, Johanson & Martín, 2017; Dai & Liu, 2009; Filatotchev, Liu, Lu & Wright, 2009; 2011; Wright, Liu, Buck & Filatotchev, 2008; Qin, Wright & Gao, 2017). These settings are designed to incentivize and support returnees, and it is likely that returnee entrepreneurs gain legitimacy simply from being located in such a setting. But such support is absent for returnee entrepreneurs across Africa (and likely the majority of other developing countries) where such institutions simply do not exist. Support can be obtained in other ways: Qin and Estrin (2015) find some positive effects from the professional and university networks of Indian returnee

entrepreneurs. Still, it cannot be presumed that the changes brought by the returnee entrepreneur will necessarily be seen in a positive light

Change is a double-edged sword, threatening incumbents while offering the potential for macro-level upgrading. The returnee entrepreneur personally experiences this double tension. To the extent that supportive institutions or networks are absent, it is likely that the returnee liability is more severe, and can even be the cause of entrepreneurial failure. It is also likely that the expected benefits realized by returnee entrepreneurs are lower when individual returnees need to be change agents without visible institutional support. These are important areas for theory testing, but our evidence already suggests that developing countries need to actively intervene in order to realize the benefits from returnee entrepreneurs.

5.2 Poverty, remittances and returnee entrepreneurs

Extant literature is clear about the importance of remittances in ensuring that communities in developing countries have access to necessities like food, education and healthcare in (Baaz, 2005; Ratha, 2010; Riddle & Brinkerhoff, 2011). While the returnee entrepreneurs were still living abroad, they were important sources of remittances. This changed when they gave up a steady income and returned home. However, community circumstances did not change simply because returnees have returned home: Communities were still underdeveloped and poor, and therefore still needed external support.

Most of the returnee entrepreneurs we interviewed had been in formal, skilled employment abroad. As salaried employees, the then-diasporans had the benefit of earning a steady income, and moreover in a strong currency. This meant that they were likely able to respond to most requests for remittances. This also affected how the recipients got to experience them: As reliable and supportive.

Returnees experienced two big shifts, first back to their country of birth, and second to self-employment, and many found the dual shift quite difficult to manage. Some of the more positive narratives involved returnees who had transferred with formal employment, and who

had later resigned to start their own business. As most of the returnees struggled to plan their businesses with finite (and dwindling) resources, they retreated from the requests of the community.

At the same time, they (and their presumed resources) had become much more visible to the community where returnees were attending family and church gatherings with them. It is hardly surprising that the community increased their requests from people who had in the past proven themselves to be reliable and supportive. This mismatch was the trigger point for a series of negative outcomes that resulted in mutual suspicion, and likely exacerbated the returnee liability, a topic that deserves additional research. For example, what would be the returnee liability of a person who had been an entrepreneur abroad? It seems likely that both the community and the entrepreneur would be more used to the changeability of business, and therefore less concerned when community payments were not forthcoming.

It is ironic that the immediate needs and expectations of a poor community can result in actions that hinder the success of a returnee entrepreneur. It also suggests that our understanding of what represents a conducive business environment may need to be broadened. Deep need in a community may well make it virtually impossible to invest in projects with a delayed return.

5.3 Limitations of the study

There are a number of limitations to this study. First, the fact that the study is done in a single country, Kenya, could raise concerns about the applicability of the findings to the wider African context (and indeed, beyond), given different institutional and social conditions in those countries. However, Kenya's context is characterized by substantive current stature in innovation and entrepreneurial development in the region, as well as a large number of returnees who have gone back into the country since the promulgation of a new constitution in 2010. This offers conditions that would be hard to get in another country, providing justification for undertaking the study in Kenya.

Second, the study takes place in the technology-enabled SME sector, the sector of choice for most previous studies on the role of returnees from emerging economies. This is because the effects of knowledge transfer and resource assimilation for entrepreneurial performance can most readily and within a short period of time be observed in a knowledge intensive, high growth sector. However, this sector forms quite a small component of the business sector in this region which is dominated by informal micro- and small enterprises. Additional work is needed to see if the documented returnee liability challenges hold for returnee entrepreneurs working in better-known and understood sectors.

Third, narrative inquiry has been subject to some questions about the robustness of the research strategy. Stories are looked at from the subjective accounts of the participants and may be inaccurate. The strategy was found to be invaluable for this study on the interpersonal challenges of returnees; challenges that are best captured from individuals' own accounts. Yet there is room for validation by corroboration from narratives of the other individuals within the same study context.

Related, although qualitative studies in general and narrative enquiry in particular tend to rely on a small number of interviewees, previous scholars (Creswell, 2013; Emmel 2013; Morse, 1994) note that caution must be taken to not over-interpret the findings from such a small (twenty) number of respondents. An important avenue for future research would be to test these findings on a large-scale sample.

6 Conclusion

As migration continues to accelerate (Barnard, Deeds, Mudambi & Vaaler, 2019), there is an understandable desire to understand how people who cross borders can contribute to their home countries. But although the literature about the potential of diasporas and returnees to economically and technologically contribute to their home countries has tended to be quite positive (Filatotchev et al.2011; Liu et al, 2011; Saxenian 2002, 2005), there is a small body of literature (Ackesson & Baaz 2015; Barnard & Pendock, 2013; Obukhova, Wang & Li 2012;

Zezeza, 2004) suggesting that more caution is needed when discussing the contributions of migrants to their home countries. Our paper contributes to that body of work.

Based on interviews with twenty returnee entrepreneurs from Nairobi, Kenya, we provide evidence that the social networks of returnee entrepreneurs do not simply atrophy with time. Instead, the ties between individuals and businesses are challenged by three interlinked processes: Mismatched expectations, cultural tension, and mutual suspicion. Collectively, we argue, these three processes represent the micro-foundations of the returnee liability. Returnees bring about changes in their home countries, but those changes are not always seen as positive. Thus the narratives of returnees reflect both positive and negative perceptions.

This insight matters, because the returnee liability has previously been argued to be at the heart of the failure of returnee entrepreneurs to contribute new technology and enhance economic development in their home countries. Mitigating it is likely to present challenges, because of the intensely personal nature of micro-foundations. But it is also noteworthy that the central conflict between locals and returnees relates to the need of locals for continued economic support, and the (most likely temporary) inability of the returnee to provide such support.

We advance the literature on returnee entrepreneurship by showing the very close relationship between the micro-foundational causes of the returnee liability and the need for returnee engagement. Moreover, by better understanding the micro-foundations, we allow for effective strategies to be developed to mitigate these conflicts and allow returnees to reintegrate easily back into their home countries, which can improve their contributions.

7 Reference

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