

Brain Circulation and Transnational Entrepreneurship

Guest Editorial - Special Issue

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Editorial

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Biographical notes: Shahamak Rezaei is an Associate Professor at the Department of Society and Globalisation, Roskilde University, Denmark. He is also affiliated with Sino-Danish Center for Education and Research in Innovation Management research group where since 2010 he has been conducting research and teaching in China. His research focuses on migration, global entrepreneurship, globally born SMEs, migrant entrepreneurship, transnational entrepreneurship, economic consequences of migration, informal economic activities, industrial relations and comparative welfare state analysis. The European Commission has under 'Horizon 2020 – RISE Program' approved the exchange program of 'DiasporaLink' (Transnational Diaspora Entrepreneurship as a Development Link between Home and Residence Countries – <http://www.DiasporaLink.org>) under his leadership.

Ivan Light is a Professor of Sociology at UCLA. His long-term professional interest is forms of capital in relation to entrepreneurship. His books include: *Ethnic Economies* (2000); *Immigrant Entrepreneurs and Immigrant Absorption in the United States and Israel* (1997); *Race, Ethnicity, and Entrepreneurship in Urban America* (1995); *Immigrant Entrepreneurs* (1988); and *Ethnic Enterprise in America* (1972).

Edward E. Telles is a Professor of Sociology and is currently the Director of the Project on Ethnicity and Race in Latin America (PERLA). He recently published *Pigmentocracies: Ethnicity, Race and Color in Latin America* with collaborators from Brazil, Colombia, Mexico, Peru and the USA as well as several comparative articles on ethnoracial educational and health disparities, racial classification and identification and public opinion, which have appeared

in leading scholarly journals. He earlier wrote *Race in Another America: The Significance of Skin Color in Brazil* and *Generations of Exclusion: Mexican Americans, Assimilation and Race*, which have won major academic awards.

In contrast to immigrant entrepreneurship, which is uni-directional and mono-local (Light and Bonacich, 1988), transnational entrepreneurship involves new and reorganised businesses conducted by entrepreneurs who operate in two or more different countries at more or less the same time [Drori et al., (2009), p.100]. Transnational entrepreneurship has been attracting increased scholarly attention in the past three decades because of its increasing significance in a globalising, international economy. In a straight-forward sense, transnational entrepreneurs drive globalisation, converting mere opportunities into realities. But the other direction works as well. Globalisation creates and facilitates transnational entrepreneurship by enhancing the mobility of social, human, and cultural capital, by lowering travel and communication costs, by easing visa restrictions, and by increasing cross-national coordination of business activities. Because of these enhanced capabilities for travel, communication, and insertion abroad every year many people shuttle around the globe in active development and management of boundary-spanning business firms. Some become transnational entrepreneurs, who establish business connections with their country of origin and host country and for all intents and purposes live and work in both places at the same time.

Scholars in social sciences and in economics have long emphasised the difficulty of economic, cultural and social integration that immigrants experience in host countries (Dana, 2007; Drori et al., 2009; Morawska, 2004; Portes et al., 2002; Rezaei, 2007; Saxenian, 2002). That is not new. It is now well and internationally established that many immigrants experience difficulty entering host country labour markets on terms that do justice to their social and human capital. For this reason, a majority of immigrants accept employment in low-wage, unpleasant, and dangerous industries abandoned readily to them by the native-born population. But, now as in the past, a minority of disadvantaged immigrants open business firms to escape the hardships of the host country's labour market. What is new is the option, now available, of making that small and reactive business into a transnational business in a world of jet airplane travel and instant communication, transnational entrepreneurship has become a novel alternative to old-fashioned immigrant entrepreneurship by exploiting the dual-habitus that most immigrants possess and have always possessed. That is, immigrants understand social and economic systems on both sides of whatever ocean separates their homeland and their new country so they are uniquely well positioned to run business firms that straddle oceans. This option that would not have been available a generation or more ago.

Now as in the past, most international migration brings people from less – developed countries to leader countries. A generation or more ago, other than refugees, who are not immigrants, only the most talented and/or skilled people from developing countries could access developed countries for work or study. Once admitted, they stayed. The result was called 'brain drain', a term that meant the permanent loss of skilled manpower by poor countries to rich countries. Brain drain is appreciably less frequent today because many high-skilled immigrants – such as US-educated scientists and engineers in Silicon Valley – now transform 'brain drain' into 'brain circulation'. That is, having worked abroad in Europe or the USA, they later return to their homeland where they establish business connections with co-ethnics at home or even start new businesses without surrendering

their social and professional ties to the developed host country (Saxenian, 2005). The economic development of their homeland, such as China, India, or Israel, now permits transnational entrepreneurs to exploit the competitive advantage their dual habitus affords.

This special issue of the *International Journal of Business and Globalisation (IJBG)* focuses on brain circulation and transnational entrepreneurship. Our authors contribute to better understanding the importance of social networks in transnational entrepreneurship, to international scientific collaboration, to gender differences in process and outcome, and to prompt circulation of trained intelligence wherever most needed and rewarded.

This issue has two parts. The first presents articles with a global focus; the second presents articles that showcase a specific transnational entrepreneur group.

Our opening paper is entitled, 'Conceived globals: entrepreneurs' transnational networking, across phases, and embedded in culture'. The authors are Maryam Cheraghi and Thomas Schøtt. Their introduction focuses on entrepreneurs' transnational networking in different phases within constraining cultural contexts. Using GEM data on a huge representative sample of entrepreneurs in many countries, the authors find that entrepreneurs network across international boundaries in the intending, starting and operating phases of their ventures. A shared secular-rational culture promotes transnational networking. The paper also indicates that young, educated males who have entrepreneurial competencies extensively promote transnational networking to make and also to hatch their business plans.

The next paper is entitled, 'Transnational science guanxi: a necessary, but insufficient, condition for Sino-Danish flows of knowledge, talent and capital in genetics'. Authors are Rasmus Gjedssø Bertelsen, Xiangyun Du and Morten Karnøe Søndergaard. Their paper discusses the importance of what the Chinese call guanxi (goodwill and trust) on international scientific collaboration, brain circulation and funding for both China and Denmark at their different levels of development. Conducting interviews with Chinese graduate students and postdoctoral researchers in Denmark, the authors find that brain circulation can have revolutionary long-term effects on Sino-Danish science collaboration and investments, exemplified in the location of Beijing Genomics Institute Europe in Copenhagen.

'Innovation benefitting exporting: benefit enhanced by transnational networking' is authored by Jizhen Li, Zhijun Chen and Thomas Schøtt. The authors ask how the transformation of innovation into exporting is embedded into the transnational network? Using GEM data of a sample of 38,430 owner-managers of private firms, they confirm that innovation benefits exporting and that networking directly promotes both innovation and exporting. They conclude that transnational networking moderates and enhances the benefit of innovation for exporting.

The next article, entitled, 'Exporting by migrants and indigenous entrepreneurs: contingent on gender and education', is authored by Shayegheh Ashourizadeh, Thomas Schøtt, Ece Pişkinsüt Şengüler and Yi Wang. This study addresses the entrepreneurial benefits of transnational migration in the context of both gender and education. Specifically, the authors ask whether place of residence affects entrepreneurs' exporting practices as well as whether gender and education boost exporting among first- and second-generation migrant entrepreneurs when compared to indigenous entrepreneurs. The authors introduce a hierarchical linear model based on GEM survey

data. They report that migrant entrepreneurs export more than indigenous entrepreneurs, especially in the first generation and among educated and male migrants.

Part two of this issue consists of four case studies that focus on specific transnational groups by national origin. The first of these is entitled, 'The role of family network in circular migration and formation of transnational communities – a Brazilian case study'. The authors are Shahamak Rezaei and Denise Helena França Marques. Their paper describes changes in the volume and composition of family arrangements of Brazilian returnees from Paraguay in the five-year periods (1986–1991, 1995–2000, and 2005–2010). It also discusses the participation of transnational families in circular migrations. Using information from Brazilian Demographic Censuses of 1991, 2000 and 2010, the authors estimate the direct and indirect effects of return migration of Brazilians from Paraguay on expanding and intensifying social and materials ties between regions of origin and destination.

Ivan Light and Parvin Shahlapour present the subsequent paper, which is entitled 'Transnational Iranian entrepreneurs in the import/export industry of Los Angeles'. Their article's point of departure is that immigrants in the USA perform better in import/export industries than generally in independent business. The usual explanation addresses their overseas social networks. Extensive network connections abroad enable immigrants to reduce the daunting transactions cost that otherwise bedevil SMEs in international trade. Accepting that prevailing view, this article obtains empirical evidence regarding the actual social network ties that Iranian immigrant entrepreneurs in Los Angeles had with trading partners abroad. However, instead of looking at connections between Iranians and Iran, the authors examined the Iranian entrepreneur's social connections with other locations in Iranian international diaspora.

Shayegheh Ashourizadeh and Thomas Schøtt present the next article, which is entitled, 'Exporting embedded in culture and transnational networks around entrepreneurs: a global study'. Based on sample data provided by GEM, their paper shows that exporting greatly benefits from transnational networks around entrepreneurs and also from networking in the market, professions, and work-place, but is *impeded* by networking for advice in the private sphere; they find that transnational depends upon a secular-rational cultural context rather than on traditional culture of the homeland.

'Migrant women entrepreneurs in the garment industry in modern China: embedding translocality and feminised guanxi networks' is authored by Khun Eng Kuah-Pearce. Her paper examines the emergence of migrant women entrepreneurs in the garment industry in Guangdong Province, southern China and how they negotiated business and family life in a translocal environment. Having interviewed 25 migrant women entrepreneurs who operated a shop in one of the several wholesale markets, the author finds that entrepreneurial success resulted from conscientious efforts in weaving together different strands of women's social networks (feminine *guanxi*) in order to navigate between business and home. It is interesting to mention that successful women entrepreneurs in China prefer to be called 'women with super strength' rather than 'superwomen', a term widely accepted by their peers and by the general public, as they moved with great caution in a continued hierarchic patriarchal and gendered-divided Chinese society,

'Chinese entrepreneurs' human and social capital benefiting innovation: in China and in the Chinese diaspora', is written by Kent Wickstrøm Jensen, Shahamak Rezaei, Thomas Schøtt, Shayegheh Ashourizadeh and Jizhen Li. This paper is to asks whether the dual embeddedness of migrants reinforced or contradicted the human and social capital in promoting business-innovation. Using a sample of 3,593 Chinese entrepreneurs in China

and 177 in the overseas Chinese diaspora, the authors find that the level of education, entrepreneurial competencies and social capital varied between entrepreneurs in home country and diaspora. Of the social and human capital considered in this study, only the more specific entrepreneurial competencies show different dynamics for innovation in the diaspora compared to the home country.

The last article, 'People's human and social capital benefiting careers in entrepreneurship: adults in China and in the Chinese diaspora', is written by Shayegheh Ashourizadeh, Shahamak Rezaei, Thomas Schøtt and Kent Wickstrøm Jensen. Using GEM data of a sample of 7,782 Chinese entrepreneurs in China and diaspora, the authors inquire about the possible effect of institutional context on human and social capital and entrepreneurial intention as well as on the relationship between human and social capital and entrepreneurial intention. Their results show that the place of residence affects human and social capital in the way that Chinese entrepreneurs in China tend to have higher levels of human and social capital than those in diaspora in intending phase. However, the place of residence does not have any impact on entrepreneurial intention.

We believe this collection of papers offers interesting and timely insights into the challenges, and future directions, of a global business environment that is changing rapidly. We hope and expect that this collection will provide an effective channel of communication between policy makers, government agencies, academic and research institutions and persons concerned with entrepreneurship in society. We also hope this joint project serves to inform us and help to promote and coordinate international research efforts.

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