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Returnee Entrepreneurs and Business Development: An Indian Perspective

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Abstract

India has observed higher levels of global mobility shifts in 'brain circulation' that attracts and encourages Returnee Entrepreneurs (REs) to start high-tech ventures contributing towards business development. This clarifies the need to examine the influence of reasons to return (pull motivations), knowledge transfer (spillovers) and business development driven by the social capital; human capital; internationalization; and institutional theories in the Indian context fostering market liberalization and economic transformation. The study delves on three objectives: a) to observe the influence of returnee entrepreneurship based on social, human, internalization and institutional theories, b) to examine the influence of returnee entrepreneur's reasons to return (RR) and knowledge transfer (KT) on business development (BD) and c) to find the indirect effect of KT as a mediator between RR and BD in the Indian perspective. The study employs purposive sampling method based on a structured questionnaire using 5-point Likert scale applying covariance-based structural equation modeling (CB-SEM) considering a sample of 374 Indian REs selected from professional and social networking sites. The study tested four hypotheses emphasizing (RR → KT); (RR → BD); (KT → BD); and (RR → KT → BD). The findings indicate RR influencing both KT and BD explaining 56.80% variation in knowledge transfer while business development posit 27.90% variation by the combined effects of RR and KT. REs identify niche markets, use domestic networks, apply local knowledge, maintain global ties and engage regulators to drive economic transformation. REs' success shows the need for a reintegration plan that supports entrepreneurship.

Keywords: Business Development, Internationalization, Knowledge Transfer, Reasons to Return, Returnee Entrepreneurs.

Introduction

Brain drain clarifies highly educated, skilled and talented individuals from emerging economies moving towards developed nations to pursue higher studies and/ or look for employment opportunities. According to United Nations Department of Economic and Social Affairs, a returnee migrant is defined as any person returning to his or her country of origin after staying in other country (1). These skilled individuals pursue education and/or have worked for a minimum period of two years and then returned to their home economies to establish startups (2, 3). Emerging economies facilitate 'brain circulation' which were observed as struggles of brain drain of talents with high education (3). Their liabilities to return are driven by economic setbacks; political instability; and technological stagnation (4). The data on the population of overseas Indians accumulates 32.10 million individuals fostering channels for REs (5). Studies have observed time living abroad as the moderator between REs education, knowledge transfer and business development (6). The study delves on three objectives: a) To observe the influence of returnee entrepreneurship based on social; human; internalization; and institutional theories, b) To examine the influence of REs reasons to return and knowledge transfer on business development and c) To examine knowledge transfer as a mediator between reasons to return and business development.

Social capital theory clarifies the nature of social institutions led by beliefs, norms, trust and networks to encourage collaboration for mutual benefit (7). This includes bonding-based and bridging-based verticals emphasizing strong network ties and collaboration (8). Human capital theory observes REs age; formal education; overseas work experience; and time living abroad (9). REs bridge the skills and competencies to

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accumulate human capital in their home country (10). Internationalization theories highlight indigenous entrepreneurship that contribute towards better living conditions and socially responsible citizens achieving sustainable development (11). Studies links individuals and groups within the formal and non-formal institutions bridging economic, social and political disparities (12). Past works on home-country institutional factors influence the internationalization of SMEs from emerging markets (13). Certain studies examine institutional environment on business group affiliation and firm performance in China and India (14). Few explore social networks between Indian expatriates and domestic entrepreneurs in India's software industry (15).

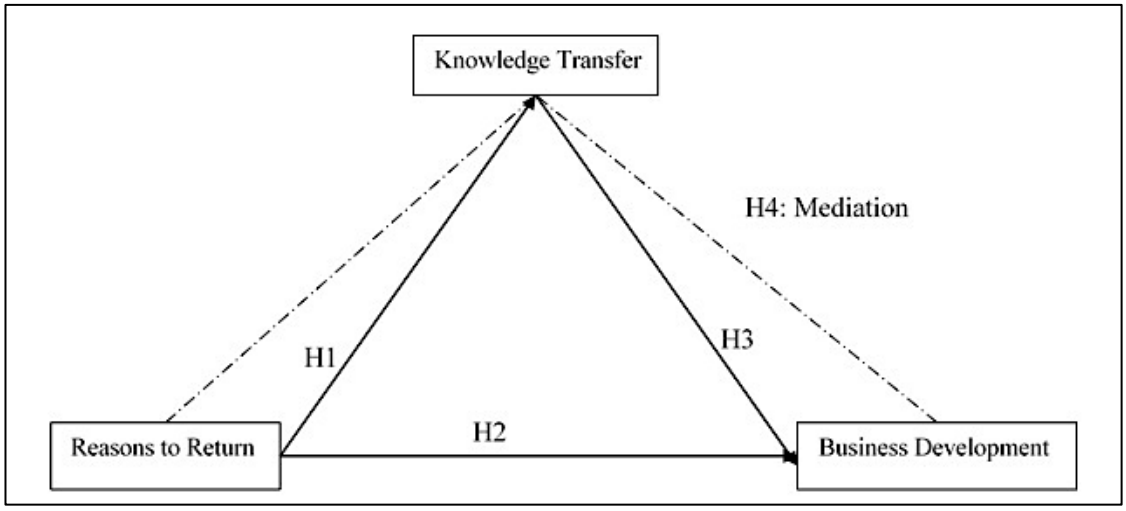

Figure 1: Hypothesized Model

Figure 1 describes the mediation effect indicating RR, KT and BD. The directional path from (RR → KT) specifies returnee migration stimulating knowledge-sharing behaviors. (KT → BD) indicates performance enriching role of transfer expertise. The indirect path (RR → KT → BD) reflects the transmission mechanism while, the direct path (RR → BD) gives direction of partial mediation as per the SEM results.

Returnee Entrepreneurs and Reasons to Return

REs delves series of obstacles such as cultural shocks (16); entrepreneurial ecosystem (17); institutional uncertainties and liability of returnee (2); lack of domestic ties; constrained local knowledge; and liability of smallness and newness (18) as they anticipate host country environment to be experienced in the home country. These REs possess immense understanding on the international social capital; entrepreneurial mindset; knowledge transfer; managerial skills; and financial capital than their local counterparts. They aim to curb gaps pertinent in terms of knowledge spillover, technology, skills and entrepreneurship that exist between host and home economies. The necessity to facilitate a vibrant entrepreneurial ecosystem exemplifies encouraging startups; job creation; innovative products and services; higher earnings; exports; and market competitiveness emphasizing the pillars of incubators; accelerators; scale industries; co-working spaces; and entrepreneurial universities. The summary of Indian studies in this aspect discussed in Table 1.

Returnee Entrepreneurs and Knowledge Transfer

Past studies report cross-border flows of high-skilled returnees channelize international KT and related innovation (10). The Resource-Based View (RBV) theory supports knowledge-based resources to generate sustainable competitive advantage utilizing the capabilities to attain superior performance (19). REs lead towards knowledge spillovers looking for domestic co-founders with their superior knowledge, human, social and financial capital, managerial skills and entrepreneurial rigor (20). REs facilitate value chains based on innovation, competitiveness and dynamic capabilities between knowledge development; networks; new technologies; and improving products and services (21). Certain works clarify KT by two ways such as, technical and tacit knowledge that develops new capabilities through market intelligence and personnel development (22). KT has evolved overtime from previous

literature considering international engineers, entrepreneurs and scientists who align their overseas skills gained and practiced in the context of the home country (23). The success of these new age ventures amasses both human and social capital through well-established networks that are attributed to the REs' knowledge creation, assessment and transfer in both local and international context (24). The summary of Indian studies in this aspect discussed in Table 2.

The study proposes the hypothesis:

H1. The reason to return of REs has a positive influence on knowledge transfer.

Table 1: Summary of Indian Studies on Returnee Entrepreneurs Reasons and Liabilities to Return

Objective	Methodology	Reasons to Return	Liabilities to Return	References
Observe REs reasons and liabilities to return	Content analysis [40 semi-structured interviews]	Access to business climate; global practices; family ties; and strategic position	Bureaucracy, cultural disparities, mentorships, trust, networking.	(25)
Identify trends in REs	Bibliometric analysis	Promotes economic development through knowledge transfer, access to networks, innovation, resources, skills	R and D Infrastructure, funding, academic focus, institutional frameworks and mixed embeddedness	(26)
Examine REs to solve brain drain and unemployment	Interviews	Contribute towards revitalization and promotes innovation	Institutional changes, leading-edge technology and trade barriers	(27)
Observes TEs formation of transnational ventures	30 depth interviews with Indian TEs'	Professional and ethic ties, experience of leading business with the homeland	Heterogeneity of TEs' motivations and home country advantages	(20)

Table 2: Case Summaries on Returnee Entrepreneurs from an Indian Perspective

Context	Key Arguments	References
Examine REs using social influence	Demonstrates peer effect (ties and co-ethnic professional networks) as the likelihood (career choice) for REs in the home country.	(28)
Examines Chinese and Indian-born engineers in IT industries in their home countries	Evidence successful models clarifying brain circulation by tapping the low-cost skills to foster entrepreneurial experimentation and upgradation.	(29)
Investigate the state of knowledge on technological innovation in China and India	Evident bibliometric analysis based on Institutions and Systems; Technology; International Linkages; Connections; Innovations; Universities; etc.	(30)
Provide insights on India's global innovation and entrepreneurial networks	The findings report global integration and networks through *pillars* and *ivy* (agile startups). Without MNEs, startups exhibit scaling problems, locational and cost disadvantages in figuring dynamic capabilities.	(31)

Returnee Entrepreneurs and Business Development

REs are inspired to educate, train, transform and inform individual's entrepreneurial aptitude and competencies bridging new venture creation, business development and entrepreneurial consciousness (32, 33). Few works justify BD channelizing entrepreneurial education across several stakeholders enriching an entrepreneurial culture mitigating inequities (34). Studies exhibit REs in China observe BD attained by long-term growth aspirations supported by governmental assistance and schemes to attain competitive advantage, develop high quality products and services, marketing efforts and customer base to make profits (3). BD clarifies maintaining long-

term business relationships with business actors to access sensitive market information, minimizing transaction costs, understand customer trends and obtaining critical resources (35). The degree of business relationships enables REs to be updated on the changes in the home institutions by identifying new niches, customers and rivals thereby improve business performance (36). REs capitalizes their overseas education, internationalization and global networks to maximize productivity with effective operations, learning skills; and viable decisions, define their success in the home environment (37). REs characteristics focus on idea generation; innovative business practices; advanced technology; business models; renewed product and service quality; and patents (38). Studies observe the effect of RE's education and KT by emphasizing BD through the moderating effect on time living abroad (6).

H2. The reason to return of REs has a positive influence on business development.

Knowledge Transfers/Spillovers and Business Development

REs are the value drivers of new age industries through knowledge transfers; encourage innovation; channelize growth aspirations; mobilize human and social capital, institutional environments and advocate internationalization. The explicit definition of knowledge transfer, in quantifiable terms, delves on technical expertise; managerial practices; innovation methodologies; and international market insights. KT indicates REs technical expertise accrued by transferring explicit knowledge and technical competencies operationalized in technology adoption, processes and product development. RE's operationalize managerial practices such as operational efficiency metrics, decision-making hierarchy and employee productivity through their best practices, mentorships and trainings enriching business development. KT facilitates innovation methodologies emphasizing ideation, design thinking, prototype development and commercialization measured at frequent intervals nurturing innovation culture. International market insights refer to the RE's global business practices, institutional risks and internalization performance acquired abroad to curb competitive positioning, regulatory bottlenecks and customer behaviors.

H3. The knowledge transfer of REs has a positive influence on business development.

Based on the three hypotheses, study considers for any indirect relationship between reasons to return on business development through knowledge transfer. The hypothesis drawn is:

H4. Knowledge transfer mediates the relationship b/w reasons to return and business development.

Methodology

The study emphasized on identifying and targeting respondents through Tracxn database that provides private market intelligence information on new age companies, startups, investors, investments and technology. Through this platform, the initial list of firms was collated. Further, inputs were aimed at observing professional networking platform, primarily LinkedIn exhibiting verified and controlled participation. The database provides verified information on professional and entrepreneurial particulars whereby contact details were extracted and the survey questionnaire were distributed to each respondent confirming a controlled access layout thereby mitigating multiple responses. The targeted distribution of data collection ensured precise documentation and obtaining responses. Redundancy answers were mitigated by having response links and submission timestamps ensuring verified responses were considered for the analysis. The active control and returnee status were verified from the responses based on the filtration of firms from Tracxn database.

For example, LinkedIn the largest professional network covers over 1 billion members connecting over 200 countries worldwide. India is suitable research setting for the study as its international mobility of skilled workers, has a diaspora population of over 32 million (5). Also, the proportion of students migrating abroad for higher studies in addition to, the REs revisiting their motherland are on a high note. Most of the REs were filtered and contacted through social networking platforms mainly, LinkedIn and Facebook to participate in the questionnaire and were explained the objectives of the study. The study considers purposive sampling technique, wherein to confirm the aptness of the selected sample, the study ensured that the venture was established by the RE(s). Further, the venture must have been operating over 2 years and the RE(s) holds active control in the business operations (35). REs who did not meet the sampling criteria

were excluded. Based on the above criterion, the study enlisted a sample framework of 439 REs, who were invited to partake out of which, 374 complete responses were collected during September 2024 to June 2025 respectively. The pre-tested questionnaire was sent to few REs to detect inaccuracies and errors. Their feedback helped in improving the items readability and the data quality.

To test the latent constructs, the study uses IBM SPSS AMOS (20.0 version) tool relying on covariance based structural equation modeling (CB-SEM) as various statistics relationships can be estimated simulta-neously (visualization and model validation). The measurement model Confirmatory Factor Analysis (CFA) for model fit and validation and the path analysis (mediation) for reliability are evaluated. Past studies highlight CB-SEM approach for measurement errors, mediating variables and statistical evaluation for theoretical models (39, 40). The study considers covariance based structural equation modeling [CB-SEM] as the item loadings are more consistent than Partial Least Squares Structural Equation Modelling (PLS-SEM) (higher). CB-SEM drops few items to strengthen the goodness of fit (GoF) indices while PLS-SEM retains most of the measurement items (41, 42). Likewise, in case of construct validity and reliability, the average (AVE) and Composite reliability (CR) values tend to be lower in CB-SEM than PLS-SEM. The model fit indices are better in CB-SEM and are applied for factor-based than composite-based models (PLS-SEM) (43). CB-SEM deals with large sample data than PLS-SEM (44) and holds good for theory testing and confirmation while PLS-SEM supports prediction and theory development (43). CB-SEM applies confirmatory method in model estimation minimizing the sample variance and co-variance matrix to find the parameter estimates (45). Different studies exhibit CB-SEM as the multivariate technique observing multiple groups and its parameters analysing relationships amidst the latest variables directly (46, 47). CB-SEM applies maximum likelihood estimator to minimize the differences between observed and calculated covariance matrices unlike PLS-SEM that maximizes predictive accuracy (explained variance) of endogenous constructs (40). The study emphasizes human capital, social capital, internationalization and institutional theories to assess the impact of REs on business development. Hence, CB-SEM has been applied for the current study as it tests the existing theories in practice.

The questionnaire discusses demographic profile of the REs and the underlying constructs in the measurement model. The RE was informed to rate the 5-point Likert scale items (1 – strongly disagree; 2 – disagree; 3 – neutral; 4 – agree; 5 – strongly agree) on the three constructs such as reasons to return (RR), knowledge transfer (KT) and business development (BD) representing their degree of association on the items. The model estimation for the study was conducted through IBM SPSS AMOS 20.0 software applying covariance based structural equation modeling (CB-SEM). Table 3 clarifies demographic profile of the REs along with the control variables (gender; age; education; overseas stay; sector; etc.) clarifying male respondents [87.43%] with an average age between 25-45 years [81.02%]. The firm size catered were primarily microenterprises [37.97%] and small enterprises [46.79%]. This indicates REs aim to mobilize their domestic networks and identify niche markets to tap market intelligence. Their ventures are set up predominantly in the service sector [71.93%] and manufacturing sector [28.07%] with most of them being first generation entrepreneurs [83.69%]. These inputs clarify that REs utilize their diaspora connections (study and work abroad) to generate social capital to strengthen their business operations (15, 25). Most of the REs pursued their graduation [59.09%] and post-graduation [35.56%] abroad with an average stay between 2-5 years, while over 5 years representing their inclination towards working in the host country. In terms of overseas experience, REs preferred higher education [44.39%] than work [22.99%] and business orientation [14%] respectively. Out of the 374 REs, the average stay [2-5 years (41.98%); above 5 years (47.86%) represents their inclination towards working in the host country. About 14% of the REs, established ventures overseas before returning to India.

Table 3: Demographic Profile of the Returnee Entrepreneurs

Variables	Frequency	Percentage
Gender		
Male	327	87.43
Female	47	12.57
RE's Age		
25-45	303	81.02
45-above	71	18.98
Education		
Bachelor	221	59.09
Master	133	35.56
Ph.D	20	5.35
Overseas Stay		
2-5 years	157	41.98
over 5-9 years	179	47.86
9 and more years	38	10.1
Overseas Experience		
Work oriented	86	22.99
Business oriented	52	14
Education oriented	166	44.39
Specialized training	27	7.22
University education	43	11.50
Firm size		
Microenterprises [0-9 employees]	142	37.97
Small enterprises [10-49 employees]	175	46.79
Medium enterprises [50-249 employees]	39	10.43
Large enterprises [over 250 employees]	18	4.81
Industry coverage		
Manufacturing sector	105	28.07
Service sector	269	71.93
Entrepreneurial Type		
First-Generation Entrepreneur	313	83.69
Second-Generation Entrepreneur	61	16.31

Nonetheless, the data collection adopted for the study has certain gaps: a) The study ignores the distribution of service and manufacturing sector industries that could have added sectoral coverage in detail, b) The study attempted to include constructs such as institutional uncertainties and liabilities to return but could not get conclusive insights and hence disregards them accordingly, c) The disadvantage with the online responses of RE is it fails to gather logical responses based on their expertise and doing business (success stories, market intelligence, institutional uncertainties, etc.) which might have minimized inconsistencies to a greater extent, d) The study did not attempt to connect with institutions operating on skilled Indian diaspora (for e.g. The Indus Entrepreneur) that could have given better outreach and self-employed data respectively (25). In fact, the study may have exemplified critical insights if the structured questionnaire, was also observed with clarifying questions through face-to-face interviews. This would have demonstrated the bubble-effect REs might have surpassed in the long run through in-depth interviews. The prime reasons for their overseas stay are due to the developed capital markets; physical infrastruc-ture; higher pays; cultures; languages; education system; and better working conditions.

Results

The results of the estimated model had Cronbach alpha above the minimum threshold of 0.70 (48). The reasons to return construct relied on these eight items: Share global practices by leveraging global experience [RR1]. Conducive entrepreneurial ecosystem in the home country [RR2]. Family and close ties loved ones and the network of relatives [RR3]. India's strategic economic position at the global level [RR4]. Economic outlook and its optimism in the home country [RR5]. Affinity towards Indian cultures, values and norms [RR6]. To give back to society [RR7].

Accumulated savings gained abroad to start business venture in the home country [RR8]. The reasons to return emphasized on REs experience, work opportunities, family ties and cultural values. Likewise, RR4 and RR5 were considered to assess the likelihood of REs contribution towards the nation. These statements do not intersect with the assessments of institutional environment which were emphasized on uncertainty; information exchange; social interactions; co-operative relationships; institutional systems; etc. The standardised estimates of these measurement items are reported in the following table.

The knowledge transfer construct is based on six items: Transfer knowledge and information necessary for work to build management teams [KT1]. Ensure the working group are informed about new developments in the business climate [KT2]. Seek for useful information to be shared with the staff [KT3]. Solve staffing problems with the domain knowledge and business expertise gained overseas [KT4]. Ensure others in the work group are benefited from my knowledge and expertise [KT5]. Offer innovative business practices that can be useful to the team and the business [KT6] as observed in the past study (6).

The business development construct emphasizes on the five items: International exposure, technological expertise and doing business with new ideas [BD1]. Facilitation of improved and new products and services in the home environment [BD2]. Scope for investments in innovations, research and development [BD3]. Reconnecting host country technology in the home country [BD4]. International connections, memberships and business networks in the global markets [BD5].

Measurement Model (Confirmatory Factor Analysis)

The confirmatory factor analysis (CFA) findings indicate that the proposed measurement model demonstrates an acceptable fit to the data. Table 4 describes the assessment of model fit conducted using several indices. The ratio of chi-square to degrees of freedom (CMIN/DF) was 1.881, falling below 3, suggesting a good fit with the remarks mentioning acceptable and marginal levels for absolute fit, incremental fit and parsimonious fit measures (49). The Goodness-of-Fit Index (GFI) was 0.901, meeting the criterion of ≥0.90, which further supports the model's adequacy (50). Additionally, the Root Mean Square Error of Approximation (RMSEA) was 0.055, below the 0.08 threshold that indicate a reasonable approximation of the model to the population (51). The Tucker-Lewis Index (TLI) and Comparative Fit Index (CFI) values were 0.911 and 0.925, respectively, both exceeding the 0.90 cut-off, demonstrating good incremental fit (52). The Adjusted Goodness-of-Fit Index (AGFI) and Parsimony-Corrected Fit Index (PCFI) were 0.891 and 0.877. Finally, the Hoelter index values were 179 [0.05] and 186 [0.01].

Convergent validity was assessed by examining the AVE, composite reliability (CR) and standardized factor loadings for each construct. As shown in Table 5, all p-values associated with the measurement items were significant ($p < 0.001$). The AVE for Reasons to Return was 0.554, for Knowledge Transfer was 0.644 and for Business Development was 0.649. These values are above the recommended threshold of 0.50, indicating that each construct explains more than half of the variance in its indicators (50). AVE affirms substantial item variance in the constructs while CR confirms the reliable fraction of variance aligned with the indicators. Furthermore, the CR values for Reasons to Return [0.897], Knowledge Transfer [0.915] and Business Development [0.902] all exceeded the recommended level of 0.70, demonstrating strong internal consistency (50). While McDonald's omega provides better results on the reliability estimates, the study considers CR adequate for the constructs with reasonable factor loadings assist methodological precision. The reported results corroborate convergent validity and internal consistency described in the measurement model.

Table 4: Model Fit Indices of the Measurement Model

Fit Index	Observed Values	Threshold Values
Absolute fit measures		
CMIN/DF	1.881	Less than 3
GFI	0.901	≥0.90**,≥0.80*
RMSEA	0.055	≤.08
Incremental fit measures		

TLI	0.911	≥0.90**, ≥0.80*
CFI	0.925	≥0.90**, ≥0.80*
Parsimonious fit measures		
AGFI	0.891	The higher, the better
PCFI	0.877	The higher, the better
Hoelter	179 [0.05], 186 [0.01]	

Note: Level of Acceptance: ** Acceptable, * Marginal.

Table 5: Convergent Validity

Constructs	Measurement Items	Standardized Estimates	AVE	Composite Reliability	p-value
Reasons to Return	RR1	0.773	0.554	0.897	***
	RR2	0.765			
	RR3	0.777			
	RR4	0.743			
	RR5	0.718			
	RR6	0.737			
	RR7	0.721			
	RR8	0.693			
Knowledge	KT1	0.836		0.915	***
Transfer	KT2	0.832	0.644		
	KT3	0.787			
	KT4	0.799			
	KT5	0.787			
	KT6	0.771			
Business	BD1	0.835	0.649	0.902	***
Development	BD2	0.800			
	BD3	0.805			
	BD4	0.829			
	BD5	0.756			

Note: *** p < .001

Table 6: Discriminant Validity

	Knowledge Transfer	Business Development	Reasons to Return
Knowledge Transfer	**0.744**		
Business Development	0.423	**0.802**	
Reasons to Return	0.528	0.518	**0.806**

Note: Diagonal elements (bold) in the correlation matrix of constructs are the square root of AVE values. For discriminant validity to be present, the diagonal values must be greater than the off-diagonal values.

Discriminant validity was evaluated by comparing the square root of the AVE for each construct with the correlations between the constructs. As presented in Table 6, the square root of the AVE for each construct was greater than its correlations with other constructs, satisfying the criterion for discriminant validity (53). This indicates that the constructs are distinct from one another. The CFA results support the measurement model's overall adequacy. The model demonstrates acceptable fit, convergent validity and discriminant validity, suggesting that the constructs are reliably measured and distinct.

Structural Equation Modeling Results (Test of Hypotheses)

The table presents the results of the structural equation model (SEM) analysis. This analysis examined the relationships between the constructs of Reasons to Return (RR), Knowledge Transfer (KT) and Business Development (BD). The analysis tested four hypotheses (H1-H4) and the findings indicate that all four hypotheses are supported. H1 predicted a positive relationship between Reasons to Return and Knowledge Transfer (RR → KT). The standardized beta coefficient ($\beta = 0.48$, $p < 0.001$) indicates that Reasons to Return has a significant positive effect on Knowledge Transfer. H2 proposed a positive relationship between Reasons to Return and

Business Development (RR → BD). The standardized beta coefficient (β = 0.32, p < 0.001) shows that Reasons to Return has a significant positive effect on Business Development. H3 posited a positive relationship between Knowledge Transfer and Business Development (KT → BD). The standardized beta coefficient (β = 0.55, p < 0.001) demonstrates a strong, significant positive effect of Knowledge Transfer on Business Development. H4 predicted an indirect relationship of Reasons to Return on Business Development through Knowledge Transfer (RR → KT → BD). The standardized beta coefficient for this indirect effect was 0.20 (p < 0.001), indicating a significant indirect effect. The R^2 value for Knowledge Transfer, with Reasons to Return as a predictor, is 0.568. This means that Reasons to Return explains 56.8% of the variance in Knowledge Transfer. The R^2 value for Business Development is 0.279. This indicates that 27.9% of the variance in Business Development is explained by the combined effects of Reasons to Return and Knowledge Transfer (Figure 2). H4 indicates partial mediation, unless the direct path (RR → BD) becomes statistically non-significant after the inclusion of KT. As BD reflects R^2 [0.279] with the joint effect of RR and KT, the ascertained results demonstrate residual direct influence. This indirect effect clarifies KT as a transmission channel that supports reasons to return. Thus, returnee motivations not only encourage BD by KT processes but also exert independent influence by social capital. This clarifies that KT is pivotal but not elusive, in connecting the Returnee intent with their entrepreneurial outcomes. The SEM results indicate that Reasons to Return positively influences both Knowledge Transfer and Business Development. Furthermore, Knowledge Transfer has a strong positive influence on Business Development and mediates the relationship between Reasons to Return and Business Development (Figure 3). All the hypothesized relationships were statistically significant and supported by the data (Table 7).

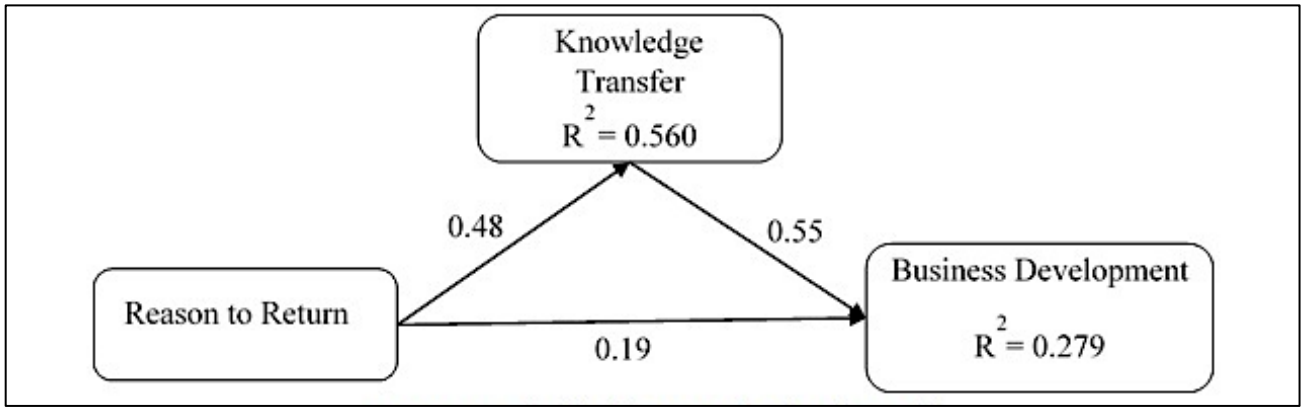

Figure 2: Fit for the Hypothesized Model

Table 7: Inferences Drawn on Hypotheses

Direct Path	Standardized β coefficient	R^2	p-value	Hypothesis	Result
RR→KT	0.48	0.568	***	H1	Supported
RR→BD	0.32	0.279	***	H2	Supported
KT→BD	0.55	0.279	***	H3	Supported
RR→KT→BD	0.20	0.279	***	H4	Supported

Note: RR= Reason to Return, KT = Knowledge Transfer, BD = Business Development

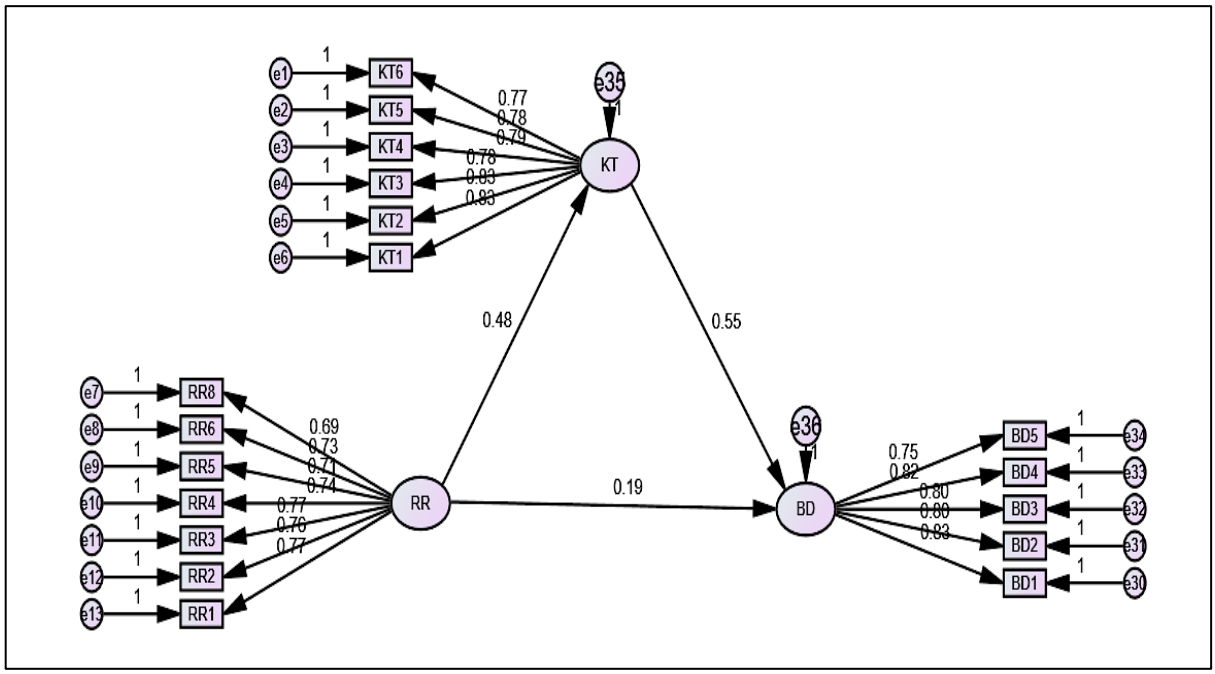

Figure 3: Structural Equation Model Result

Discussion

The study evidences the influence of social capital theory (social institutions) as an integral segment emphasizing family and personal ties, collaborations and networks (7). The convergent validity clarifies the standardized estimates of reasons of return (AVE [0.554], CR [0.897]) supporting bonding and bridging-based dimensions of social capital leading towards new knowledge and resource sharing (8). Based on the theoretical insights, the tested constructs such as reasons to return (2, 27), knowledge transfer (10, 22) and business development (3, 6) were measured. For example, the reasons to return construct emphasizes items (standardized estimates) such as, family and close ties, loved ones and the network of relatives [0.777] (6) [signify social capital theory], share global practices by leveraging global experience [0.773] (25) [human capital theory], economic outlook and its optimism in the home country (0.718) (26, 12) and India's strategic economic position at the global level [0.743] (25) [institutionalization theory]; in case of knowledge transfer, domain knowledge and business expertise gained overseas [0.799] (11, 24) (human capital theory); likewise business development clarifies facilitation of improved and new products and services in the home environment [0.800] (21), International connections, memberships and business networks in the global markets [0.756] (30, 54) and International exposure, technological expertise and doing business with new ideas [0.835] (internationalization theory) respectively (13).

The findings of the study justify the influence of social capital theory as internal (family and friends) and external cohesion (knowledge transfers and external ties) influence their reasons to return to their homeland (8). Examining the knowledge transfer construct, the outcomes pinpoint the impact of individual skills and overseas knowledge gained over a given span of time supports technical know-how, business practices, international exposure and cultures adding insights of human capital theory (10). Technical knowledge supports competitive advantage while the tacit knowledge clarifies the new capabilities exhibited by the REs supporting knowledge transfers (22). Moreover, the success of RE amasses both human and social capital through well-established networks that are attributed to the REs' knowledge creation, assessment and transfer in both local and international context (24, 37). From an internationalization theory standpoint, the study highlights international exposure (education and work) as a vital component of doing business and to introduce new ideas and leverage best practices (11, 13). The study posits business development significantly influenced by institutional environment bridging economic, social and political disparities (12). The

study adds value in case of business development emphasizing long-term growth aspirations of REs facilitated by governmental support, maintaining long-term business relationships and gaining access to capital and resources (3, 35).

The findings demonstrate the significant positive influence of RR and KT on BD. The positive relationship between RR→ KT (r^2 = 0.568) is stronger in contrast to, RR→BD, KT→BD (r^2 = 0.279) yield standardized beta co-efficient of 0.32, 0.55 and 0.20 respectively. Prior studies have exemplified the RE's influence on sharing high-end technical expertise, competencies, internationalization, knowledge and management practices gained abroad (17). They also bring in new cultures, business values and financial capital encouraging bottom-up entrepreneurial outlook (3, 55). Further, knowledge transfer has a positive impact on business development supporting the findings tested on performance, behaviors and the decisions (24, 56). Along the same lines, works have considered political and business relationships on business performance emphasizing institutional uncertainty (35). This encourages emerging countries to actively collaborate with international firms paving the way for domestic firms to reap advantages of the knowledge spillovers. This requires assistance to REs through accessing local resources, offer resource exchange platforms, etc. The success of these new age ventures amasses both human and social capital through well-established networks that are attributed to the REs' knowledge creation, assessment and transfer in both local and international context (24). The study clarifies pull motivations of REs such as enhanced standards of living; higher incomes; cultural traditions; access to international technology; political environment; internationalization; education systems; intellectual freedom; physical infrastructure; and research institutions in the host country (54). Studies highlight returnee entrepreneurship driven by family ties; social stratum; regulatory structure; and conducive business environment (11). This contributes towards achieving economic and sustainable development, living conditions, socially responsible citizens and ushering socio-ecological betterment. The findings of the study may not be generalizable in terms of the distinguished array of highly educated and skilled REs but represents the sample of professionals returning to India and starting their ventures. Thus, all the four hypotheses are supported linking returnee entrepreneur's and business development, in turn; RR→KT→BD represents an indirect relationship with KT as mediating pathway.

Policy Implications: From an Indian perspective, the study highlights notable aspects for policymakers, regulatory bodies, stakeholders, academicians, etc. to attract REs that fosters economic growth, technology and innovation. The findings opine policymakers to ease regulations, simplify legislations, provide benefits, tax incentives and nurture highly talented entrepreneurs to promote their knowledge spillovers, expertise, networks and overseas connections. This requires extending support in terms of access to resources and capital, education, mentorships and supporting reintegration thereby improves Micro, Small and Medium Enterprises (MSME) performance from a domestic setting. To inculcate the entrepreneurial culture, policymakers must bridge-in exclusive platforms such as networking startups, nurture ideas (students), channelize incubation centers (universities and institutions) avoiding start-up failures at the beginning stages itself. Thus, the societal benefits are derived on the lines of corporate social responsibilities presenting a positive business climate inclusive of protection to intellectual property, transparency and devising mentorship schemes to bridge local talents and support social groups.

Practical Implications

The phenomenon of REs describes their venturing efforts on how they create and operate business ventures in building conducive entrepreneurial ecosystem. The study discusses the grey-earnings REs possess to bridge gaps (knowledge, technology, skills, competitive spirit) prevalent in home and host countries are explained through human, social, internationalization and institutional theories. The entrepreneurial ecosystems lay emphasis on local and REs due to their entry and exit barriers; operational performance; employment opportunities; new products and services; startups; etc. Thus, REs not only foster economic development but also, monitor region specific tactics (state-wise), sustaining innovation, technological adoption and competitiveness.

Conclusion

REs identifies niche markets; mobilize domestic networks; integrate local knowledge and skills; maintain international ties; work with domestic entrepreneurs, regulatory and policy makers to overcome challenges vital to economic transformation. The success of REs clarifies the necessity of a re-integration plan that delves to create entrepreneurship-friendly environment. The current work adds to the returnee entrepreneurship literature in many directions. First, the study emphasizes REs between 25-45 years with 2-9 years of international experience desiring to foster a resilient entrepreneurial ecosystem with continuous innovation and economic growth. Second, the study aims to curb the gaps pertinent in terms of knowledge spillover, technology, skills and entrepreneurship that exist between host and home economies. Third, the challenges REs face in an institutional environment where uncertainties in the political environment; social structure; economic upheavals; reverse cultural shocks; and stiff competition from the domestic entrepreneurs pose severe liabilities in their long-run success. Finally, the study highlights business development, a prime construct channelized through new business ideas; technology; improved products and services; and international contacts connecting reasons to return. Thus, collaborations with the REs may appeal technology-led multinational investments in building local skill-based infrastructure promoting entrepreneurial activities. The study clarifies business development channelized through new business ideas; technology; new products and services; and international contacts while, the reasons to return are confirmed by leveraging global experience; better working conditions; family ties; optimistic business environment; reconnect Indian cultures and values; societal contribution; and access to finance.

Limitations and Future Research

The limitation of the work notes that in-depth discussions on the critical issues faced by the REs could not be addressed which may open the Pandora's Box for the grand challenges. The constructs that were considered for the study observes reasons to return, knowledge transfer and business development supporting REs contributions in handling institutional environment, while their liabilities to return could not reveal interesting insights on business development. Further studies could navigate return migration surveys emphasizing on geographical diversity; entrepreneurial orientation; entrepreneurial ecosystem; institutional environment and best practices that might provide enough light on the forthcoming challenges. Further works could attempt emerging economies which embellishes the entrepreneurial ecosystem to a larger extent.

Abbreviations

AVE: Average Variance Extracted, BD: Business development, CB-SEM: Covariance-based structural equation modelling, CFA: Confirmatory Factor Analysis, CMIN/DF: Ratio of chi-square to degrees of freedom, CR: Composite reliability, KT: Knowledge transfer, Res: Returnee Entrepreneurs, RR: Reasons to return.

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Author Contributions

The author did all the work for this study.

Conflict of Interest

The author declares no conflict of interest.

Data Availability

The data supporting the findings of this study are available from the corresponding author upon request.

Declaration of using AI and AI assisted technologies in the writing process

No AI tools were used for this study or to prepare this manuscript.

Ethics Approval

The study did not involve human subjects; and therefore, did not require ethical approval.

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