*DLSU Business & Economics Review 28(3) 2019, p. 34-46*

RESEARCH ARTICLE

# Diaspora International Family Entrepreneurs: No Place Like Home

Maria Andrea L. Santiago
Asian Institute of Management, Philippines
asantiago@aim.edu

**Abstract:** Myanmar is one of the last frontiers in Asia and it provides an enormous investment opportunity, especially for diaspora Burmese who desire to re-establish their roots in their home country. This paper posits that returning diasporans who establish capital-intensive entrepreneur-led family firms in frontier economies would have a competitive advantage over non-family business owners, homegrown entrepreneurs, and foreign investors because they are endowed with a unique combination of social, human, financial, cultural, and informational capital. Even though the risks of investing in a frontier economy are high, the motivations to invest in the homeland go beyond the financial returns. This study of two Burmese returnee entrepreneurs with different profiles support earlier studies that suggest non-financial motivations are important drivers to diaspora direct investment. Non-financial motivations encompass sentimentality (nostalgia), a desire to share one's blessings (altruism), and an aspiration to be recognized for making a difference (social identity).

***Keywords:*** Diaspora entrepreneurship, Asian family business, international strategy, returnee entrepreneurship, Myanmar

**JEL Classifications:** M01, L1

Family business literature has begun to acknowledge the heterogeneity of family businesses (Chua, Chrisman, Steier, & Rau, 2012; Sharma & Chua, 2013; Sharma & Nordqvist, 2007; Wright, Chrisman, Chua, & Steier, 2014). Family businesses differ not only because they bring into their business their personal histories, but also because the businesses may operate within a different institutional context. Understandably, the management of Asian family businesses would differ from the management of family businesses from more developed countries. Even within Asia, family business management is not homogeneous because the countries have varied economic and political structures.

Myanmar is one of the last frontiers in Asia. The country had its first successful election only in 2015 that brought with it a promise for a better political and economic environment. Less than 20 years earlier, the ruling military government allowed the private sector to participate in industry. It was then that family businesses began to emerge. Enterprising families bore the risks of operating in an unstable environment, a risk that foreign investors were unwilling to take (Agunias & Newland, 2012; Debass & Ardovino, 2009). Fortunately for Myanmar, the Burmese who had left the country during the socialist regime opted to provide the fresh capital needed to develop the economy and to resettle with their families in their homeland. The return of enterprising Burmese is similar to the phenomena experienced by China, India, South Korea, and Africa when their diaspora returned to their respective home countries to contribute to economic development (Lin, 2010a; Nkongolo-Bakenda & Chrysostome, 2013; Riddle, Hrivnak, & Nielsen, 2010).

Like others who left their homeland to find security in another country, the Burmese who left Myanmar became part of either the immigrant or diaspora community. Lin (2010a) differentiated the diasporans from immigrants. Drawing from previous research, Lin held that diasporans maintain a dual identity and have a strong yearning to return to their homeland, while immigrants identify with their host country. De Lange (2013) explained that immigrants assimilate into the culture of their host country, thereby distancing themselves from their homelands. Diasporans, on the other hand, maintain a "psychic link" that makes it more likely for them to be more involved with their home country (de Lange, 2013; Nielsen & Riddle, 2007; Nkongolo-Bakenda & Chrysostome, 2013).

There are four ways that diasporans can engage in business with their home country (Lin, 2010a). The first way is for the diasporan to engage in international trade specifically between the home and host countries. The second way is for the diasporan to remit funds to family members who could use the funds to finance new ventures, typically small businesses. The third way is for the diasporan to make a direct investment in low-cost, low technology businesses. The final way is for the diasporan to make a direct investment in high-technology or capital intensive businesses.

Diasporans who have the capital resources would normally continue to maintain operations in the host country. The group of diasporans who continue to shuttle between home and host countries are called transnational entrepreneurs. Another term used to describe them is circular migrants. The group of diasporans who personally manage their home country investments and eventually settle in their home country are referred to as returnee entrepreneurs (Farquharson & Pruthi, 2015) or diaspora international entrepreneurs (Nkongolo-Bakenda & Chrysostome, 2013). Eventually, diaspora international entrepreneurs encourage family migrants to return to their homeland and work in the business. For purposes of this study, entrepreneurs who lead family firms are referred to as diaspora international family entrepreneurs (DFEs).

DFEs are a special breed of entrepreneurs. Since direct investment in capital intensive businesses is highly risky especially for unstable political environments, the decision to internationalize operations into the home country could only mean that the DFEs are motivated by reasons beyond financial returns (Nkongolo-Bakenda & Chrysostome, 2013). Ojo, Nwankwo, and Gbadamosi (2013) identified three additional motivations for diaspora direct investments (DDI). They indicated that diaspora investors are nostalgic, altruistic, and possibly concerned about retirement life in the host country. There is, thus, an emotional element that drives investment decision-making (Lin, 2010a). Considering the emotional element, Nkongolo-Bakenda and Chrysostome (2013) suggested that the decision for diasporans to invest may also have to do with a strong need of the diaspora for social recognition in the country of origin. Thus, there may be prestige associated with homeland investment (Nielsen & Riddle, 2007).

Investing in their homeland presumes that the DFEs are endowed with capital that would give them a competitive advantage over other types of investors. DFEs would have the edge over non-family entrepreneurs since they can rely on family members who may be equally motivated emotionally and who can be relied upon to hold sensitive positions in the organization. DFEs may be better off than homegrown entrepreneurs. Even if the local entrepreneurs were more familiar with the conditions in the home country, DFEs would have gained experiential and intellectual knowledge about working in an international environment that local entrepreneurs may not have (Lin, 2010a). The acquired experiences and knowledge would likely translate to managerial processes and procedures that may be more responsive to the competitive environment. Further, the DFEs would have also established business and social networks that could be utilized in their home country operations (Liu, Wright, Filatotchev, Dai, & Lu, 2010).

DFEs would also have the competitive advantage over multinational enterprises that possess the innate "liability of foreignness" (Lin, 2010a). DFEs would be more familiar with the socio-politico-economic situation in their home country even if they had settled in another country for many years (Nkongolo-Bakenda & Chrysostome, 2013). Consequently, foreign companies defer direct investment and generally prefer to utilize the joint venture strategy when they internationalize to minimize their financial exposure (Lin, 2010a).

Economies that have been tightly held by the state are risky investments since they usually do not have the structures in place to attract foreign investment (Debass & Ardovino, 2009). In frontier economies, the financial system is weak and in many instances have underdeveloped capital markets. Thus, even if economic reforms are promulgated, it would take time for the market to respond. Diasporans are the best investors during transition times. DFEs can bring in fresh capital and fresh knowledge that create spillovers and induce more investment into the country.

This paper determines whether the above reasoning holds true in Myanmar. The study decodes the narratives of two Burmese family business owners, with distinct profiles, to determine their motivations to establish businesses in Myanmar as well as to determine the type of capital resources they harnessed to establish and grow their businesses. It also explores how the Burmese entrepreneurs encouraged family members to return to Myanmar and participate in the business. It contributions to the literature by presenting evidence of diaspora direct investment by DFEs and its contribution to internationalization.

## Diaspora and the Diaspora International Family Entrepreneur

According to the United Nations Population Fund (http://www.unfpa.org/migration), 244 million or 3.3% of the world's population live outside their country of origin. The diasporans are those who left the country, many due to unfavorable economic conditions. There is a group of diasporans who will become employed in the host country and who will remit funds to their relatives in their home countries, either to augment the income of their families or form part of seed money for small investments (Riddle, 2008). There is also a category of diasporans who will establish businesses in their host country and who may similarly send funds to family members left behind. In countries where there is a large diaspora community, inward remittances belong to the top three sources of capital inflow (Ojo et al., 2013). When remittances are used for enterprise development, this forms part of DDI.

DDI can manifest even when the financing entrepreneur is not residing in the home country. Some entrepreneurs may establish businesses in their home country but still maintain businesses in the host country, constantly shuttling back and forth (transnationals). There is, however, a group of entrepreneurs who may decide to make their home country business, their base. These are the DFEs. DFEs yearn to return home, especially when some family members had been left behind. Thus, when there are economic opportunities in their home country, the pull to return home is even stronger.

Depending on the years away from their home country and the activity that the diaspora engaged in when they settled in another country, DFEs who return home to establish businesses usually bring with them the wealth of knowledge that they acquired and skills that they learned from their host countries. Combined with an appreciation of the local environment, the knowledge and skills provide the returning entrepreneurs with a unique edge in the management of their businesses. The combination is quite potent when used in an economy that is emerging.

***Opportunities in Frontier Markets***

By definition, frontier markets are found in small nations that are in the earlier stages of economic development. These nations would have shifted from a suppressed economy controlled by the government to an economy that is market driven (Lin, 2010a). Enterprise would be held by the state so that private entrepreneurship is banned. Typically, frontier markets have weak economic and political economies. Consequently, there is an institutional void that opens opportunities for investors. Investors with a keen eye and a high-risk tolerance may exploit opportunities to become a market leader (Ojo et al., 2013).

Foreign direct investment (FDI) has been identified as one of the strategies to pump an economy (Debass & Ardovino, 2009). Consequently, economists measure the amount of FDI that enters the country and recommend policies to increase it. More than investments from foreigners who are hesitant to invest in unstable environments, institutions have begun to target their population sector that resides out of the country. Studies have shown that DDI is an important resource for economic development (Debass & Ardovino, 2009; Rodriguez-Montemayor, 2012).

DFEs engage in DDI. DFEs do experience challenges when investing in their home country particularly during the transition stage whereby the state still controls much of the industry. Dahles (2013) argued that capital investments may come with "strings attached," thereby constricting venture operations. Others may look at these "strings" as part of their social network that opens doors of opportunities, not available to those not privy to the plans of the state.

***A Brief of Myanmar***

Before the 1960s, Myanmar, then known as Burma, was a progressive state (Asian Development Bank, 2012). The fortunes changed when the military, under General Ne Win, seized control over the government and declared the Burmese way to socialism (Maung, 1995; Min & Kudo, 2014). Under socialism, all forms of enterprising activities were taken over by the state. These were eventually led by military officers and their cronies.

After 26 years, General Ne Win was ousted by General Saw Maung (Maung, 1995). Despite the change in the ruler, the economic conditions in Myanmar did not improve. By the 1990s, the United States pulled out of Myanmar after the government refused to give up military control and continued to engage in drug trading as well as in arms dealing (Steinberg, 2010). Trade sanctions were imposed and many military business owners, particularly in the timber and mining industries, were placed on blacklists (Steinberg, 1999). It was then that Myanmar joined the Association of South East Asian Nations (Ford, Gillan, & Thein, 2016; Jones, 2014). Soon after, private individuals were allowed to be engaged in business. It was at this time that the diasporans began to consider Myanmar as part of their investment portfolio.

The changes were slow and the country continued to be under political unrest. In 2010, Myanmar had its first elections after 20 years although declared a sham (Jones, 2014). Two years later, another democratic election was held. This was followed by the November 2015 election where the National League for Democracy party of Nobel Peace Prize winner Aung San Suu Kyi was able to secure sufficient seats for the party in Myanmar's two parliaments (Associated Press, 2016).

March 2016 was another historical moment for Myanmar. During that month, the parliament had elected and sworn in Htin Kyaw, the country's first civilian president. The ascendency of a democratic, non-military president allayed fears that Myanmar's growth momentum might slow down. In that same month, the country opened a genuine stock exchange albeit trading only with one listing (Mahtani & Watts, 2016). The other business conglomerates, predominantly family-owned, chose to remain private at that time.

## Theoretical Framework

Internationalizing operations is risky especially in an environment that is politically and economically unstable. For DFEs, the decision to move into home country investment may be more than an economic decision. While there are migrants who comfortably settle in their host countries, there are those who will be drawn to return home. DFEs would have a competitive advantage over other types of entrepreneurs because they bring with them a wealth of resources that they acquired during the years they were away from their country of origin. The successful business then becomes a magnet for the rest of the family members to participate in the business and re-establish themselves in their home country.

Figure 1 graphically represents the resources that DFEs would normally be endowed with. The resources are social capital that come from their network ties, human capital that refer to personal knowledge as well as access to those with special knowledge, financial capital that is needed to fund a venture, cultural capital that refers to familiarity with the culture, and informational capital that refers to access to non-public information. The possession of these resources, combined with strong motivations, would lead to DDI. DFEs may identify the economic opportunities, but their investments may stem from their desire to be "home" and contribute to the development of their country. Ojo et al. (2013) suggested that some diasporans may be motivated to invest in their home country for fear of retiring in their host country (phobia-induced). This was not included in the model since there was no other supporting research on this. Instead, this phobia-induced investment motivation was replaced with a social identity that literature claims could be a motivation to invest in the home country.

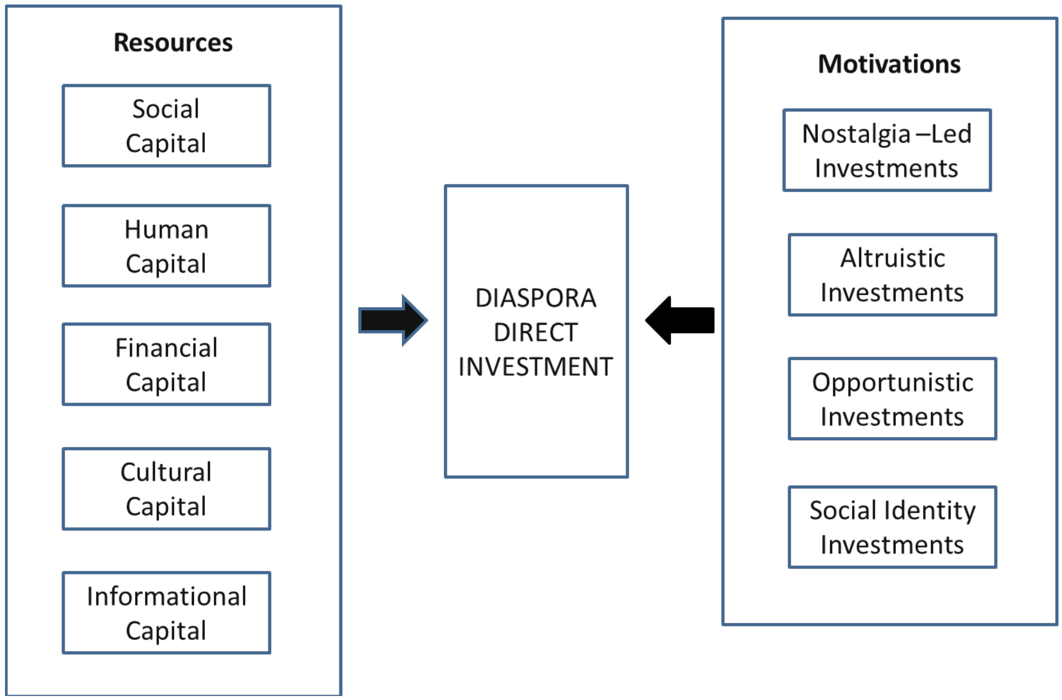


***Figure 1.*** Resource dimensions and motivations for DFEs.

*Source: Culled from Ojo et al. (2013)*

***Social Capital***

Research suggests that social capital abets entrepreneurship (Drori, Honig, & Ginsberg, 2010). Social capital is built as entrepreneurs leverage their social networks to avail themselves of different types of resources that may provide a competitive edge. The quality of the capital is dependent on the quality of the ties.

Bagwell (2007) suggested that social ties, made of family, friends, and other personal contacts, can be very useful to the entrepreneur, though at varying degrees. Bøllingtoft and Ulhøi (2005) also differentiated strong and weak social ties, clarifying that weak ties are used more for idea generation and knowledge sharing while strong ties lead to economic outcomes.

Graham (2012) suggested that social networks are more important in environments where market uncertainty is high. Diasporans either have a family left behind or have maintained friendships in the home country. Since they may have better access to information about opportunities as well as linkages with domestic firms, they would have an edge over foreign investors. Further, for the diasporans, social ties are also made in host countries leading to better resource mobilization between both countries (Lin, 2010a). Mustafa and Chen (2010) thus concluded that diasporans would have an innate advantage over other entrepreneurs. Ferri, Deakins, and Whittam (2009) admitted that social capital may be difficult to measure, but conclude that it can feed into the human, financial, and informational capital ties. Farquharson and Pruthi (2015) observed how China's network of relations helped advance their entrepreneurial success.

***Human Capital***

Liu, Lu, and Choi (2014) asserted that human capital, or what one knows, also contributes to entrepreneurial success. Human capital resides in an individual. It is gained through education, managerial experiences, and entrepreneurial experiences that are venues to gain a wider range of social networks (Lin, 2010b; Nkongolo-Bakenda & Chrysostome, 2013).

Unlike domestically-gained knowledge, Vanhonacker, Zweig, and Chung (2005, p. 1) believed that entrepreneurs who return bring back "global networks, knowledge of overseas markets, foreign technologies, and international management experience" that provides a competitive advantage. Drori et al.

(2010) asserted that such "knowledge accumulation" is gained through immersion. Presumably, diasporans who have been educated and trained in a Western environment are more innovative and would have assimilated best practices (Lin, 2010b). Thus, diasporans would be more advanced in their managerial processes and are likely to adopt a management style that is more appreciative of formal business principles with the realities in the homeland (Lin, 2010a).

***Financial Capital***

There can be no entrepreneurial venture without financial capital. Some entrepreneurs may have the financial capacity to start businesses but there are those who may need to access the resources. Nanda and Khanna (2010) opined that the social network of the diaspora is one way of generating capital or economic opportunities for the home country business.

***Cultural Capital***

Compared to foreign investors, returnee entrepreneurs have the advantage of cultural familiarity (Liu et al., 2014). Social norms are manifested in customs, communication nuances, and work ethic, which may be difficult for foreigners to discern (Nanda & Khanna, 2009). Lin (2010a) averred that diasporans would have a competitive advantage in this area. Further, diasporans sensitivity to their culture allows them to import technologies and processes more suited to the homeland environment (Debass & Ardovino, 2009).

***Informational Capital***

Enderwick (2011) averred that information about business stakeholders is critical when an entrepreneur adopts an international strategy. He posited that the diasporas, in general, are in a good position to provide information about consumer tastes and preferences in the home and host countries although their effectiveness wanes the longer they are away from the home country.

Nielsen and Riddle (2007) claimed that diasporans have a "homeland bias." They would have more information about the local business environment as well as investment opportunities. Since they would also have knowledge about the political, economic, and cultural situation in their host country, they could see opportunities between the two countries better (Nkongolo-Bakenda & Chrysostome, 2013). They could also weather economic volatility resulting from political risks better (Debass & Ardovino, 2009).

***Nostalgia-Led Investment***

In the study of Chinese and Indian diaspora, Tung (2008) discovered that the strong affinity to the homeland led to inward investments. Tung noted a yearning among the diaspora to re-integrate into their homeland due to "nostalgic" or "patriotic" feelings. Disasporans would have different levels of sentimentality depending on their reasons for leaving, the experience in the host country, as well as the physical distance between home and host country (Lin, 2010b). The stronger the level of attachment to the homeland, the more willing a diasporan is willing to invest in their homeland, despite unfavorable conditions.

***Altruistic Investment***

Nkongolo-Bakenda and Chrysostome (2013) described altruism as an emotional action that comes from the sense of compassion and duty. Thus, even if the environment is risky, diasporans invest in their home country to contribute to economic development. The diasporans feel blessed with the opportunities they received in their host country and believe they can make an impact in their country of origin (Riddle, 2008).

Due to altruistic investment, Debass and Ardovino (2009) opined that diaspora investment is more beneficial than FDI. They claimed that diasporans are more concerned about economic development and are thus more inclined to share their knowledge with domestic players. They are also likely to make use of local suppliers and keep capital within the country.

***Opportunistic Investment***

International entrepreneurship calls for the identification and exploitation of opportunities in a foreign market (Wach, 2015). Without the opportunity, then the creation of private business does make sense. Lin (2010a) stressed that it was opportunities that came with emerging markets that drew the diaspora back to China rather than the diaspora creating market opportunities. This would not be possible if China did not provide favorable policies to induce such investments. Lin admitted that economic opportunities needed a change in the political climate.

***Social Identity Investment***

If investing in the home country, especially during risk times, is an honorable thing to do, Riddle (2008) opined that diasporans benefit from social recognition within the diaspora community or from family and friends in the homeland. As such, the need for social identity can be a powerful motivator to invest. Once invested, the powerful contribution they make in the economy can improve their stature (Ndofor & Priem, 2011). If this is the case, then the psychic gains would influence diasporans to reinvest profits in the home country for continuous economic and social development. This may be a better option than FDI since profits are usually repatriated back to the investors' home country.

## Research Method

This study used the narrative approach to qualitative research. Two DFEs with distinct profiles were identified with the help of the Asia Forum Inc., a dialogue convener in Asia. In separate interviews, the DFEs were asked to share how their businesses in Myanmar started and evolved. This allowed the Burmese family business owners to talk about significant events in their lives that shaped who they are and the path they took to get where they are today. From the story-telling, the researcher identified key statements that reflected the type of capital the owners possessed and their motivations for starting businesses in their homeland.

The decision to capture the stories of distinct family business owners was necessary to test the theoretical model. A study, in contrast, would challenge the robustness of the model. After all, the model should be able to capture the heterogeneity of the diaspora community (Nielsen & Riddle, 2007). According to Dahles (2013), the reasons for leaving the home country and the opportunities in the host country are diverse such that the diaspora cannot be treated as one. Certainly, a study of two is insufficient; thus, the need for the two narratives to be contrasting at the onset yet converging as the two entrepreneurs decided to internationalize back into their home countries.

The first entrepreneur is a first-generation family business owner whose family left Myanmar at different points between 1965 and 1970. His sisters were then studying so they stayed in Burma and later migrated to the United States. His parents and his brother were his companions first in China and then in Hong Kong. It was only Sam (name disguised) who became an entrepreneur and settled initially in Hong Kong. Uneducated in the formal system, Sam eventually established a business in Singapore that allowed him to amass considerable wealth. During a tourist visit in 1989, he was invited to invest in Myanmar.

The second family business owner considers himself, a third-generation family member operating a first-generation business. Jack (name disguised) was sent by his father to study abroad together with his sisters. His grandfather had started an informal business in the agricultural sector that his father continued. Jack initially worked with his father in Myanmar after graduating from college but was able to establish his first business out of Singapore a few years later. He utilized his resources to invest heavily in Myanmar after being greatly moved by the effects of cyclone Nargis on the ancestral domain of his grandfather.

Clearly, a sample of two is not statistically generalizable but is generalizable to theory (Yin, 2013). Thus, there is a need to ascertain that the data gathered is valid and reliable so that data analysis itself is valid.

The main source of information were the interviews of the DFEs that was recorded and transcribed verbatim. Since there is a likelihood of recall bias, the data was triangulated. As part of the triangulation, other family members were interviewed to corroborate certain statements made by the interviewees.

## Researcher's Condensed Version of Narrative

### *Case Study 1. First-Generation DFE*

Sam was entering his teens when he left Myanmar in 1965 three years after General Ne Win began his military rule. He went with his brother and his parents to China, but the family found themselves caught up in China's Cultural Revolution nine months later. His sisters, who were supposed to follow after finishing their university studies, no longer joined them in China as originally planned. Sam and his brother worked in separate farms until 1973 when the Chinese government allowed overseas Chinese to leave the country. It was then that the family decided to move to Hong Kong.

Barely educated but determined to succeed, Sam, the youngest of five children, worked as a salesman and in one of his sales calls, he encountered a real estate broker who became his mentor. After 10 years as a salesman and accompanying his mentor to global marketing trips, Sam had enough capital to establish his first business in Hong Kong. He later branched out to Thailand, China, and Malaysia. Sam was already financially successful when he was finally allowed to visit his home country. During that visit, he was invited by one of the ministers to invest and help develop Myanmar. It took Sam two years and several trips to Myanmar before he decided to begin to do business in his homeland. As of 2016, Sam has some 40 companies in seven sectors under two flagship companies, one listed in Singapore and the other listed in Myanmar. The sectors are real estate, finance, financial services, agriculture, automobiles, health care, manufacturing, and customer services.

Sam quipped, "I was the only one that had a very strong streak of business even when I was young so when we arrived in Hong Kong, everybody aspired to jump on to America. I said all of you go and I'm going to stay in Hong Kong."

Sam acknowledged he did not receive any formal education, but this lack of education did not prevent him from developing his business acumen. Operating on the principle of good governance, Sam was able to grow his Myanmar operations. In 1996, he invited his siblings and mother, who had migrated to different parts in the United States, to return to Myanmar and even offered his siblings with company positions to compensate for foregone opportunities abroad. They worked with him for the next 10 years.

One of Sam's four sons joined him just about the time that Sam's siblings were separated from the business. "Later on it was time to have a new CEO to take on my job. And I found that I had to do one thing before I hand over the mantle to my CEO: I had to get rid of all my relatives!" By then, Sam had begun to surround himself with young talented repatriates who were returning to Myanmar, not as entrepreneurs but as corporate executives. In 2011, Sam went full speed and hired over 100 expatriates even if it affected his bottom line. In the same year, he suffered a heart attack so his eldest who had 12 years corporate experience managed the business while he was recuperating.

Some of Sam's businesses grew organically while others were opportunistic. For instance, Sam ventured into the laundry business and security services because the hotel he operated and the gated community he built needed the ancillary services. In finance and real estate, he was more deliberate since these were the sectors he was most familiar with. He entered the agriculture sector by chance when he was requested by the government to plant jatropha for biofuel purposes.

The years in Myanmar had not been all easy for Sam especially when the capital movement was always suspect due to U.S. sanctions. The country experienced a financial crisis in 2003 that led to a bank run, affecting one of Sam's businesses. Cronyism was then rampant, so businesspeople had to play the game or keep a low profile. It was only after the 2010 elections when the political climate began to turn, signaling the possibilities of a level playing field. Sam continues to invest in his homeland and has begun to consider ownership and management succession.

**Table 1.** *Comparative Interviewee Profile*

| Dimensions | DFE 1 | DFE 2 |
|---|---|---|
| Generation | Generation X (middle-aged) | Generation Y (late 30's) |
| Diaspora wave | 1965 | 1987 |
| Type of migration | Permanent (no intentions of returning) | Permanent (no intentions of returning; studied abroad) |
| Re-entry | 1991 | 2001 |
| Education | No formal education | Educated in London |
| Family and family business | No family or family business in homeland prior to homeland investment | Grandfather started trading business pursued by father; Father was transnational entrepreneur |
| Prior work experience | Worked as a salesman for an entrepreneur in Hong Kong | Worked five years with father in Myanmar |
| Entrepreneurial intention | Invited by government | Work in family business |
| Business breadth | About 40 companies | About 10 companies |

***Case Study 2. Third-Generation DFE***

In 1957, Jake's grandfather started an agriculture processing business in Myanmar but it was taken away by the government during the military rule. That sequestration changed the direction of the family business. Jake's grandfather then taught his father how to become a trader. So when his grandfather passed away in 1983, his father continued to focus on trading.

Jake spent most of his youth abroad. In 1987, his family moved to London and Jake, the eldest of four children, was sent to a boarding school where he continued to stay even when his family moved to Singapore in the mid-1990s under a pioneer status. His father had enrolled him in a school with a strong sports program since his father believed that sports would develop his competitive nature. His father was not wrong. Jake grew up determined to succeed. After boarding school, he pursued a business degree in the United States.

After graduating from college at the turn of the century, Jake returned to Myanmar to join the family business. For two years, Jake worked in Yangon and then was sent to what he considers a hardship post in Baku, Azerbaijan and then to New Delhi. Stripped of the luxuries he was used to, Jake had to learn about business operations from the ground. When he returned to Myanmar, he was still not asked to report in Yangon. Naypyidaw had just become the capital city, so Jake was assigned there.

In 2006, five years working with his father, who had operations in Singapore and other countries, Jake decided to venture on his own. With token assistance

**Table 2.** *Summary of Key Statements Reflecting Capital Endowment*

| Type of Capital | DFE 1 | DFE 2 |
|---|---|---|
| Social Capital | "..he was minister of Finance, minister of national planning, as well as minister of trade, at that time…" | "I have had access, open doors, because of what my grandfather has done for me, because of who my father is, and I've been given the western education. I have access to President's family, billionaire's family. This is what my family gave me." |
| Human Capital | "People who have been with me for 30 years, they were like me, uneducated. I never went to school. My formal education ceased when I was 12 years old. So I barely finished secondary school. I've never been back to school since then…but I like to read…and I worked as a salesman for 10 years." | "If you want to grow to a scale, you can't be involved in everything. But you have to have strategy; you have to have the right people in place; and you need to have the boundaries set. To me that's down to exposure and education and experience." |
| Financial Capital | "By 1988, I had a branch in Thailand. And then I had other branches in China and Malaysia and so forth." | "So I had like 50,000 dollars of my own money…so then I went to a few friends. - Say listen, I'm no longer with my father but I got this contract, I want to make $800,000. I'll give you 20% return of your money…I'll take 60% of the profit. I know of you." |
| Cultural Capital | "The second thing that guarantees that success is the culture. You can spend that money – 5 million. But you will find that without turning your culture, 95% of the expats will leave you in six months or maybe a year. Because they could not find satisfaction in their job. Because you don't give them the real power, authority to make decisions." | "What I've learned is you can get your message across, but in Myanmar, you have to be much more subtle about it. If you appear to be challenging someone, you're in trouble. And one thing which has happened to me since I came back is I was raised in the west." |
| Informational Capital | "…So I remember being called into the ministry of agriculture, the minister had said…" | "I have shown credibility. I have shown that I can deliver and this was an opportunity which I was given." |

**Table 3.** *Summary of Key Statements Reflecting Motivations*

| Motivation | DFE 1 | DFE 2 |
|---|---|---|
| Nostalgia-Led Investment | "In 1989, I was allowed to come back for the first time…I brought my wife who had never seen Myanmar." | "We're a Buddhist society. Although I wasn't educated here… we're taught to respect and endear to what our elders say… what I've learned is the head of the family is the decision maker, the eldest in the family. I am the eldest." |
| Altruistic Investment | "A minister did a fantastic sales job on me and he convinced me that I have to come back to start up, to help the economy | "There was still much more to do for the country. So in my family, I was the first to come back and I'm the first to stay. Since me, it's been my two sisters." |
| Opportunistic Investment | "And I came back in 1990, seven times, just to study the market. And in 1991, March, I opened an office and officially started business" | "I think only time will tell what the next government is… But I think the next five years is going to be a big, big learning curve. And it is definitely not going to go without fault… It's a special time. It's about mitigating ones' risk." |
| Social Identity Investment | "We've always had our own internal regulations, internal governance regulations, internal disclosure regulations…I think that's positive. It gives me a better edge because everybody has to follow the same rules." | "The drive for me is to build a foundation as well as to leave a mark which we all can be proud of and to enrich the lives of all the people who are supporting their dreams." |

from his father—a small office space and three people from the company—Jake became his own boss. It was an opportune time since Myanmar was beginning to emerge. Fortuitously, there was a newspaper advertisement to supply spare parts to a locomotive factory. Jake knew a company in Germany that could supply the parts, so he went to Germany to obtain exclusive rights. Then, he tried to secure financial support from friends to raise the performance bond needed for the tender by offering a 20% return on their investment. His proposal was declined except by one fellow who wanted 60% of the profit. He took the offer and made his investor and himself good money. Jake invested portions of his profit in real estate and used the rest for business operations and as capital for new projects. Slowly, he amassed a stronger capital base and gained a reputation in the business community.

Jake had been operating from his offices in Singapore and Myanmar. Then in 2008, Myanmar experienced the wrath of cyclone Nargis. Returning to his grandfather's hometown where the family business started, Jake was affected by what he saw. "It's a picture that will live with me for the rest of my life." It was a turning point for the young entrepreneur who felt he had to do even more for his homeland. Jake set up a foundation, and it was during one of his solicitation activities that he met his wife, settled, and raised his own family in Myanmar.

By the time Myanmar opened up its market in 2011, Jake was well poised. He had 10 years of experience in his home country and had a social network that provided him informational capital. Since his family was a pioneer in the jute industry, Jake was given opportunities when the government decided to convert state-owned enterprises to private. One opportunity built upon another as the government wanted new blood and Jake had a good track record. "I was in the right place at the right time. All the friends I made in the last 10 years got into the right places. And these are things you can't plan." As of 2016, Jake had investments in capital-intensive industries such as oil and gas, telecommunication, and port operations. His equity business allows him to enter in disruptive technologies.

Family is important. While Jake's aunts, uncles, and cousins moved out of Singapore to Hong Kong and the United States, Jake decided to return to Myanmar and has since asked his three sisters to join him. Jake feels a little disadvantaged because he is not wholly Burmese. His mother, who had passed away by the time his sisters moved to Singapore, was Irish. His wife is Canadian and his children are blond. Yet, he is proud that at three years old, his daughter speaks the national language. As he continues to invest in Myanmar, Jake's father and sisters are proud of his accomplishments.

## Insights

The backgrounds of both DFEs are different and yet the DFEs share commonalities. Table 2 presents the type of capital that the DFEs used in starting and growing their business operations in Myanmar. Both were endowed with the same type of capital but acquired them differently.

Sam was a street-smart entrepreneur who relied on his old business partners to invest with him in Myanmar. Since he was already a successful businessman when he entered the frontier market, he was able to develop a good network with the ruling government. This provided him information about the many economic opportunities there were. For instance, when there was a move from the government to invest in Jatropha, Sam was invited to participate in the project and was even granted land to do so.

Despite his lack of education, Sam upgraded his skills and knowledge. He was careful to run his business professionally and even invested in repatriates and expatriates despite the high costs. Sam believed that investment in human capital was essential because it would be impossible for him to manage all his businesses and still have time to explore new opportunities. He learned to manage the cultural differences in a diverse organization, being familiar with Burmese and foreign culture. Sam did have business operations in several countries even before venturing in Myanmar.

In contrast, Jake, who is a generation younger than Sam, was well-educated in the best Western schools. He co-mingled with the rich and the royal, thereby developing good social ties. Jake also traveled the world and became adept with technology. He used his knowledge of technology and his social network to spot opportunities and to seek financial capital when his father did not provide him the initial capital he needed to start his own venture.

Jake was also very sensitive to the nuances of the Burmese culture, having been away from the country for more than 12 years and being a half-breed. Jake grew up in an environment that was frank and outspoken, so he had to learn how to hold onto instinctive responses quickly. Yet, when he dealt with foreigners, he was able to be more straightforward and assertive.

Table 3 shows the similarity of the motivations of both DFEs in investing in Myanmar. Despite the difference in the generation and the context of their departure, both DFEs had a very strong need to be part of the redevelopment of Myanmar. To be fair, there were opportunities for private investment since the government had decided that a closed economy was not favored in the international market. Myanmar had a population that could benefit from the introduction of diverse products and services. However, the risks for foreign investment were high and, indeed, Myanmar continued to have troubled times even when it decided to open its market in 1997.

For DFEs to invest in Myanmar meant they were motivated more than financial returns. The loyalties of the DFEs were strong. For Sam, he experienced Myanmar as a child in its glory days and wanted his family and himself to enjoy it as well. For Jake, he was greatly drawn by the legacy of his grandfather, whom he considered his hero, and wanted to honor his memory. The fact that both DFEs gained social recognition for their contribution may perhaps be the icing in the cake. Jake, however, prefers to live by what an "adopted" uncle taught him, "Don't flaunt. Think of and make sure that you always enrich the lives of the people around you."

Jake is hopeful about the future. "We, as a business, have to continue to, as Myanmar citizens and entrepreneurs, support the new government which is switching. It's an exciting time. I think there is going to be more change. The last five years has been constant change. So as long as the new government and the military find a way to coexist, then I'm very excited about the future." Jake continues, "What's happening in this country is very special. You will never see this anywhere else. We'll never have this opportunity. We are in our mid-30s and we hope and we pray that this trajectory continues, and if it is, the country, our family, our peers, our co-workers are all good as it was before. We will be in an arena where Myanmar has never been seen before."

## Conclusion

For frontier markets where risks are very high, it takes a special kind of investor to help pump the economy. This paper suggests that DFEs are the best type of investors because they are willing to bring their endowed capital into their homeland for more than profit reasons, and will keep the capital invested in the country and avoid a capital run. The study shows that emotions are a powerful motivation to invest.

DFEs would have the advantage over other types of investors because of the unique combination of endowed capital. The diasporans' educational or work exposure in a host country adds to social, human, and informational capital. The timing of the investment is critical and doing so as a nation emerges is opportunistic.

This paper was a study of two diasporans with contrasting backgrounds. Despite the contrast, the elements of endowed capital and motivations were similar. The study would benefit from even a wider range of diasporan profiles and would be best studied in comparison to the endowments and motivations of different investor types.

The opening of an economy is usually a once in a lifetime event. Thus, the remaining states that are considering the tradition should be able to harness the goodwill with their respective diaspora. Certainly, DFEs can continue to bring in fresh capitals as nations become more developed. Whether this would provide them with a competitive advantage over other investors, given a different economic state, further study would be worth pursuing.

## References

Agunias, D. R., & Newland, K. (2012). *Developing a road map for engaging diasporas in development: A handbook for policymakers and practitioners in home and host countries*. Washington, D.Cl, USA: International Organization for Migration, Geneva, Switzerland and Migration Policy Institute.

Asian Development Bank. (2012). *Myanmar in transition: Opportunities and challenges*. Mandaluyong City, Philippines: Author.

Associated Press. (2016, March 15). Key events in Myanmar's political history. Accessed from http://www.salon.com/2016/03/15/key_events_in_myanmars_political_history/

Bagwell, S. (2007). Transnational family networks and ethnic minority business development: The case of Vietnamese nail-shops in the UK. *International Journal of Entrepreneurial Behaviour & Research*, *14*(6), 377–394. doi:10.1108/13552550810910960

Bøllingtoft, A., & Ulhøi, J. P. (2005). The networked business incubator—leveraging entrepreneurial agency? *Journal of Business Venturing*, *20*(2): 265–290.

Chua, J. H., Chrisman, J. J., Steier, L., & Rau, S. B. (2012). Sources of heterogeneity in family firms: An introduction. *Entrepreneurship Theory and Practice, 36*(6), 1103–1113. doi: 10.1111/j.1540-6520.2012.00540.x

Dahles, H. (2013). Cambodian returnees' entrepreneurial ventures: The opportunities and constraints of mixed embeddedness. *Entrepreneurial Ventures*, *7*(4), 383–396. doi: 10.1108/JEC-03-2013-0009

de Lange, D. (2013). Embedded diasporas: Shaping the geopolitical landscape. *Journal of International Management, 19*(1), 14–25. http://dx.doi.org/10.1016/j.intman.2012.08.002

Debass, T., & Ardovino, M. (2009). Diaspora direct investment: The untapped resource for development. Washington, D.C., USA: United States Agency for International Development.

Drori, I., Honig, B., & Ginsberg, A. (2010). Researching transnational entrepreneurship: An approach based on the theory of practice. In B. Honig, I. Drori, & B. Carmichael (Eds.), *Transnational and immigrant entrepreneurship in a globalized world* (pp. 3–30). Toronto, Canada: University of Toronto Press.

Enderwick, P. (2011). Acquiring overseas market knowledge: A comparison of strategies of expatriate and immigrant employees. *Journal of Asia Business Studies, 5*(1), 77–97. doi: 10.1108/15587891111100813

Farquharson, M., & Pruthi, S. (2015). Returnee entrepreneurs: Bridging network gaps in China after absence. *South Asian Journal of Management*, *22*(2), 9–35.

Ferri, P., Deakins, D., & Whittam, G. (2009). The measurement of social capital in the entrepreneurial context. *Journal of Enterprising Communities: People and Places in the Global Economy, 3*(2), 138–151. doi: 10.1108/17506200910960842

Ford, M., Gillan, M.m & Thein, H. H. (2016). From cronyism to oligarchy? Privatisation and business elites in Myanmar. *Journal of Contemporary Asia, 46*(1), 18–41. doi: 10.1080/00472336.2015.1072731

Graham, B. (2012). *Doing business in the homeland: Diaspora-owned firms and the value of social networks*. University of Southern California, School of International Relations, California, USA. Retrieved from http://dx.doi.org/10.2139/ssrn.1983575

Jones, L. (2014). The political economy of Myanmar's transition. *Journal of Contemporary Asia*, *44*(1): 144–170. doi: 10.1080/00472336.2013.764143

Lin, X. (2010a). The diaspora solution to innovation capacity development: Immigrant entrepreneurs in the contemporary world. *Thunderbird International Business Review*, *52*(2), 123–136.

Lin, X. (2010b). Contemporary diasporic entrepreneurship: A conceptual and comparative framework. In B. Honig, I. Drori, & B. Carmichael (Eds.), *Transnational and immigrant entrepreneurship in a globalized world* (pp. 31–59). Toronto, Canada: University of Toronto Press.

Liu, X., Lu, J., & Choi, S. J. (2014). Bridging knowledge haps: Returnees and reverse knowledge spillovers from Chinese local firms to foreign firms. *Management International Review*, *54*(2), 253–276. doi: 10.1007/s11575-013-0185-0

Liu, X., Wright, M., Filatotchev, I., Dai, O., & Lu, J. (2010). Human mobility and international knowledge spillovers: Evidence from high-tech small and medium enterprises in an emerging market. *Strategic Entrepreneurship Journal*, *4*(4), 340–355.

Mahtani, S., & Watts, J. M. (2016, March 25). Myanmar opens a stock exchange. Number of Listings: One. *Wall Street Journal*. Retrieved from http://www.wsj.com/articles/myanmar-rings-in-stock-exchange-hope-and-a-single-listing-1458888919

Maung, M. (1995). The Burmese approach to development: Economic growth without democratization. *Journal of Asian Economics*, *7*(1), 97–129.

Min, A., & Kudo, T. (2014). Business conglomerates in the context of Myanmar's economic reform. In H. Lim & Y. Yamada (Eds.), *Myanmar's integration with global economy: Outlook and opportunities* (pp. 138–173). Bangkok: Bangkok Research Center, IDE-JETRO.

Mustafa, M., & Chen, S. (2010). The strength of family networks in transnational immigrant entrepreneurship. *Thunderbird International Business Review*, *52*(2), 97–106.

Nanda, R., & Khanna, T. (2010). Diasporas and domestic entrepreneurs: Evidence from the Indian software industry. *Journal of Economics & Management Strategy, 19*(4): 991–1012

Ndofor, H. A., & Priem, R. L. (2011). Immigrant entrepreneurs, the ethnic enclave strategy, and venture performance. *Journal of Management*, *37*(3), 790–818. doi: 10.1177/0149206309345020

Nielsen, T. M., & Riddle, L. (2007). *Why diasporas invest in the homelands: A conceptual model of motivation* (Working Paper No. 10. Washington, D.C.: School of Business, George Washington University. Retrieved from http://papers.ssrn.com/sol3/Papers.cfm?abstract_id=987725

Nkongolo-Bakenda, J. M., & Chrysostome, E. V. (2013). Engaging diasporas as international entrepreneurs in developing countries: In search of determinants. *Journal of International Entrepreneurship*, *11*(1): 30–64. doi: 10.1007/s10843-012-0098-1

Ojo, S., Nwankwo, S., & Gbadamosi, A. (2013). African diaspora entrepreneurs: Navigating entrepreneurial spaces in 'home' and 'host' countries. *Entrepreneurship and Innovation*, *14*(4), 289–299.

Riddle, L. (2008). Diasporas: Exploring their development potential. *ESR Review, 10*(2): 28–35.

Riddle, L., Hrivnak, G. A., & Nielsen, T. M. (2010). Transnational diaspora entrepreneurship in emerging markets: Bridging institutional divides. *Journal of International Management*, *16*(4), 398–411.

Rodriguez-Montemayor, E. (2012). *Diaspora direct investment: Policy options for development* (Integration and Trade Sector Policy Brief No. IDB-PB-183). Washington, D.C., USA: Inter-American Development Bank.

Sharma, P., & Chua, J. H. (2013). Asian family enterprises and family business research. *Asia Pacific Journal of Management, 30*(3), 641–656. doi: 10.1007/s10490-013-9350-z

Sharma, P., & Nordqvist, M. (2007). *A typology for capturing the heterogeneity of family firms*. Paper presented at the Annual Academy of Management Conference, September 1-6, Philadelphia, USA.

Steinberg, D. (1999). Burma/Myanmar and the dilemmas of U.S. foreign policy. *Contemporary Southeast Asia*, *21*(2), 283–311.

Steinberg, D. (2010). The United States and Myanmar: A 'boutique issue'? *International Affairs*, *86*(1), 175–194. doi:10.1111/j.1468-2346.2010.00874.x

Tung, R. (2008). Brain circulation, diaspora, and international competitiveness. *European Management Journal*, *26*(5), 298–304.

Vanhonacker, W., Zweig, D., & Chung, S. F. (2005). *Transnational or social capital? Returnee versus local entrepreneurs* (Center on China's Transnational Relations Working Paper No. 7). Hong Kong: The Hong Kong University of Science and Technology.

Wach, K. (2015). Entrepreneurial orientation and business internationalisation process: The theoretical foundations of international entrepreneurship. *Entrepreneurial Business and Economics Review*, *3*(2), 9–24. doi: 10.15678/EBER.2015.030202

Wright, M., Chrisman, J., Chua, J., & Steier, L. (2014). Family enterprise and context. *Entrepreneurship Theory and Practice, 38*(6), 1247–1260. doi: 10.1111/etap.12122

Yin, R. (2013). *Case study research: Design and methods*. Thousand Oaks, California, USA: Sage Publications.