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# Ethnic ties, motivations, and home country entry strategy of transnational entrepreneurs

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**Abstract** Based on 30 in-depth interviews with Indian transnational entrepreneurs (TEs) in the USA and their corresponding India heads of operations, we explore the influence of TEs' ethnic ties on their motivations and entry strategy in the formation of transnational ventures in their home country. Our findings show the heterogeneity of TEs' motivations (economic and emotional) and home country entry strategy (proactive and reactive). Further, we find that TEs' entry strategy is contingent on their (a) use of professional and personal ethnic ties and (b) prior experience of doing business with the home country. These findings contribute to the transnational and immigrant entrepreneurship literatures.

**Keywords** Transnational entrepreneurs · USA · Motivations · Ethnic ties · Entry mode strategy · Technology

## Introduction

Ethnic background influences immigrant entrepreneurs' motivations and strategies (Brzozowski et al. 2014; Chaganti and Green 2002). Studies in migrant entrepreneurship have explored the use of ethnic ties in venture founding and growth in the host

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country (Deakins et al. 2007; Chung and Tung 2013; Zaheer et al. 2009). Many migrant entrepreneurs also found ventures back in their home country as transnational entrepreneurs (TEs) (Drori et al. 2009). As a type of migrant entrepreneur, TEs negotiate host and home institutional environments in founding cross-border ventures. However, the link between ethnic ties, motivations, and entry mode strategy of these entrepreneurs when founding ventures back in their home country is little understood. We aim to address this gap.

Ethnic ties of entrepreneurs forming new ventures in their host country provide interpersonal trust and understanding based on shared social identity, which aids new venture formation (Aldrich and Waldinger 1990). Such ties also lower transaction costs arising from difficulties in securing resources, thus influencing business strategies (Chung and Tung 2013). Recent studies document the role of diaspora communities in new venture investments back in their countries of origin (Vaaler 2013). Bound by a sense of belonging to their country of origin, diaspora communities form both professional and personal networks that facilitate TEs' venture creation in their home country (Brinkerhoff 2009; Elo 2014). Yet, much of the evidence on motivations and strategies pertains to immigrant entrepreneurs forming ventures in their host country.

Our aim is to explore the influence of TEs' ethnic ties on their motivations and entry strategies in forming transnational ventures (TNVs) in their home country. Consistent with prior studies in immigrant entrepreneurship, we refer to TEs' country of origin as "home country," and currently adopted country as "host country" (e.g., Chen and Tan 2009; Drori et al. 2009; Yeung 2009). As in prior studies (e.g., Pruthi and Wright 2017), we define TNVs as new ventures simultaneously founded in TEs' host and home countries, with operational parts located in both countries. Unlike large firms, small new ventures are highly dependent on founders and their social ties (Anderson et al. 2007). Therefore, as prior studies (Sequeira et al. 2009), we take TEs as our unit of analysis and as representative of their TNVs. The use of ties based on cultural norms of their ethnic community may influence TEs' motivations to form TNVs (Brzozowski et al. 2014; Hofstede 2001). As entrepreneurs are likely to trust their extended family to act less opportunistically (Ouchi 1980), TEs may rely on transnational family ties to establish a direct presence at home (Mustafa and Chen 2010). Yet, as highly skilled migrants, TEs may go beyond the family to rely on close friends, former colleagues, or even alumni associations to develop relationships to access relevant human capital in founding their ventures (Starr and Macmillan 1990; Vaaler 2013). Unlike immigrant entrepreneurs in the host country, TEs are embedded in the socio-economic context of both their host and home countries (Chen and Tan 2009; Drori et al. 2009). Therefore, their migration and prior career experiences in the two environments may also influence their motivations and home country entry strategy.

For entrepreneurs lacking large networks of foreign subsidiaries, international and local ethnic networks mitigate risks of foreign market entry (Etemad et al. 2001). At the same time, however, the use and effect of social ties depends on the type of network relationships (Zahra 2005). Not all networks are equally effective for all outcomes; some types of social interactions with particular individuals generate richer social capital than others (Audretsch and Aldridge 2012). Even seemingly similar ethnic ties are heterogeneous in their diversity or human capital contributions, which impacts the innovativeness of migrant businesses traversing geographic and cultural boundaries (Bagwell 2007; Kariv et al. 2009). As such, a further distinction needs to be made

between family and other co-ethnic ties. Understanding the link between different types of ethnic ties, and motivations and strategies, may be especially important in view of the growing incidence of cross-border activities by entrepreneurs from ethnic communities based in developed host countries (Crick and Chaudhry 2013; Prashantham et al. 2015). Yet, the immigrant entrepreneurship literature mostly analyzes ethnic ties of migrant-run firms in host countries (Kariv et al. 2009). Therefore, we address the following research question: How do TEs' ethnic ties influence their motivations and entry strategy when forming transnational ventures in the host and home countries?

We focus on TEs in the fast-growing, global IT (information technology) industry. Skilled IT professionals who leave their organizations to found businesses are a disproportionate source of economic growth in their host country (Lee et al. 2011); those who migrate to developed countries and establish business connections with their home country are more likely to form "born global" ventures (Saxenian 2002, 2005). We make two contributions to the literature. First, we extend the theoretical and empirical literature on the motivations of transnational entrepreneurship that generally concentrates on traditional, low-skilled sectors and lacks a basis for understanding internationalization strategies (Portes et al. 2002). Although TEs' social ties are identified as influential for navigating host and home institutional contexts, how they influence TEs' motivations and strategy in transnational venture founding is not adequately understood. Our findings show **the heterogeneity of both TEs' motivations in terms of economic and emotional motivations, and their home country entry strategy in terms of proactive and reactive strategies. Further, we find that TEs' entry strategy is contingent on their (a) use of professional and personal ethnic ties and (b) prior experience of doing business with the home country. We discuss the theoretical implications of these findings for TE research.** Second, we contribute to the migrant entrepreneurship literature that is mainly focused on the influence of *family* ties in venture founding in the *host* country, and typically treats ethnic ties as homogenous in home country entry (Deakins et al. 2007). In exploring the role of *ethnic professional*, and *family and non-family* ties in venture founding in the host and home countries, and **demonstrating the heterogeneity in how TEs use these ties to simultaneously launch a new, rather than grow an existing, venture in the two countries, we extend the migrant entrepreneurship literature.**

## Literature review

We synthesize evidence from the diaspora and immigrant entrepreneurship literatures to explore our research question. Studies in international entrepreneurship (IE) have explored social ties in new venture internationalization. However, with few exceptions, IE literature has a limited view on ethnicity and usually focuses on the firm rather than individual entrepreneur. The immigrant entrepreneurship literature spans such themes as motivations (and characteristics) of immigrant entrepreneurs and role of ethnic ties in venture founding and growth of immigrant-owned ventures, which are relevant to our focal research question. In drawing on the immigrant entrepreneurship literature, we focus on the individual (transnational) entrepreneur, thus avoiding the scope for confusion from the use of two different (firm and individual) levels of analyses in the narrative.

## Immigrant entrepreneurs: Characteristics and motivations

The immigrant entrepreneurship literature distinguishes between ethnic, diaspora, and transnational entrepreneurs. Ethnic entrepreneurs (EEs) are individuals whose group membership is tied to a common cultural heritage or origin and are known to out-group members as having distinctive ethnic or cultural traits (Rath and Kloosterman 2000). Two main types of EEs are identified in the literature: middleman minorities and enclave entrepreneurs. Whereas the former take advantage of ethnic resources such as language and skills to trade between their host and home countries while retaining their ethnic identity and non-assimilation stance as an integral part of their business strategy (Bonacich 1973), the latter are bounded by a certain location populated by co-ethnics and rely most entirely on local resources (Light and Gold 2000; Portes and Jensen 1989). Cultural factors related to ethnic group and origin, such as language and religion, attitudes to education, and family business tradition, thus impact entrepreneurial entry motives within ethnic groups in their host country (Portes et al. 2002; Ram 1994; Waldinger et al. 1990).

Diaspora entrepreneurship has gained considerable attention under immigrant entrepreneurship (Dutia 2012; Elo 2014). Diasporas are “migrants who gather in relatively significant numbers in a particular destination country or region” (Beine et al. 2011). Such groups with the same home country origin, ethnic background and proximate residence in a host country imply shared culture, language, vision, and values connecting immigrants to each other and the collective diaspora to their homeland (Sonderegger and Täube 2010; Zaheer et al. 2009).

The purpose, aims, and motivations of diaspora entrepreneurs are varied. Gillespie et al. (1999) emphasize identity dimensions defining diasporas based on shared vision or myth about the immigrant homeland, and shared commitment to maintain or restore host-to-home country links, which binds them to each other. However, emotional aspects of diaspora engagement with their home country are little researched.

Increasingly, diaspora in developed host countries are looking to leverage their financial and human capital to make investments or establish new businesses at home (Vaaler 2013). For many diasporans, their experiences in their host country inspire them to contribute to the development of their home country (Riddle 2008). They are important sources of remittances (Vaaler 2013), trade and foreign direct investment (FDI) (Gillespie et al. 1999; Rauch and Trindade 2002), and knowledge and technology for their home countries (Dutia 2012). Some diasporans set up service operations in their home country (Riddle 2008). Others create manufacturing facilities producing goods for local and/or export sale or establish subsidiaries for businesses based in other countries. Whereas some diasporans are “foreign direct investors” who already own and operate a business based outside their country of origin, many others establish new ventures at home. The location of diaspora investments in emerging home markets such as India and China is related to diasporic connections (Chung and Tung 2013; Riddle et al. 2010).

Including personal (e.g., family), or professional (e.g., managerial, industrial, entrepreneurial, or technological) networks, diasporic networks embody a channel and arena for TEs (Brinkerhoff 2009; Elo 2014). Unlike EEs founding a venture in their host country and extending operations abroad, **TEs simultaneously launch a venture in host and home countries that allows them to maximize their resource base** (Portes

et al. 2002; Light and Gold 2000). They actively search for opportunities and market niches in their home country rather than merely react to structural disadvantages in their host country. The locus of TEs is the explicit focus on the significance and opportunity of cross-border business activities. Theoretical literature on TEs suggests that immigrants invest in their home country for financial reasons (Brzozowski et al. 2014). Such motivations may also extend to the future, with immigrants maintaining business links with the home economy as a “backup option” in case of their return home due to economic difficulties in the host country. TEs hope to maintain social bonds with their home country, seeking emotional satisfaction and recognition from their altruistic activities in the home community (Riddle and Brinkerhoff 2011).

Individual factors such as early experiences in studying or working abroad followed by early careers at multinational enterprises enable TEs to acquire knowledge and relationships for developing and transferring resources across host and home countries (Drori et al. 2009). Such experiences may impact their motivations to form a transnational venture in their home country. The stock of human capital including skilled workers or ease of forming partnerships in the home country provides TEs “something to return to” and is more likely to support them in both host and home countries (Portes and Yiu 2013, 92). At the same time, however, TEs need not find similarly advantaged counterparts back home in terms of elite education or technical training (Madhavan and Iriyama 2009). Collective aspects of diaspora such as diaspora concentration in the host country add to individual immigrant advantages to facilitate more effective discovery of venture opportunities back home due to reduced transportation, communication, and co-ordination costs (Vaaler 2013). Yet, the advantages arising from agglomeration economies due to location within geographically concentrated diaspora are less important for well-educated, compared to less-educated, migrants (Sonderegger and Täube 2010).

Overall, immigrant entrepreneurship studies have explored the motivations of EEs for venture creation in their host country. The literature identifies economic and emotional motivations for diaspora engagement with their home country, though largely at an aggregate, macro level. The transnational dimension of diasporic entrepreneurship, in particular, individual TEs and their motivations for transnational venture formation in their home country, has received little attention. In the next section, we review the influence of ethnic ties on motivations and strategies of immigrant entrepreneurs.

### **Ethnic ties and immigrant entrepreneurs’ motivations and strategy**

The motivations (and emergence) of EEs are intertwined with their use of ethnic ties in the host country. Defined as a set of connections and patterns of interaction among people sharing a common national background or migration experiences, ethnic ties create a sense of identity and enable better recognition and exploitation of opportunities through tangible and intangible resources embedded in these ties (Waldinger et al. 1990). Ethnic ties substitute for missing individual or firm-specific capabilities for EEs setting up in the host country (Brzozowski et al. 2014). Studies emphasize the value of family and friends in influencing entrepreneurial motivations and business strategy of EEs in their host country (Basu 1998; Basu and Altinay 2002). Individual migrants’ family business background provides initial advantages in the form of tacit knowledge

and exposure to business practices prior to business entry. Family ties of migrant entrepreneurs contribute resources for the running of ethnic enterprises in the host country (Bagwell 2007) and trading in international markets (Ellis 2000). In contrast, ethnic groups with no family tradition of business enter self-employment due to economic motivations, and grow their businesses after gaining some years of self-employment experience.

Ethnic ties are also among the most important reasons for the entry mode strategy of ethnic firms entering decision makers' home country (Tung and Chung 2010; Zhao and Hsu 2007). Immigrant founders' kinship and ethnic ties act as a proxy for social networks for home country entry (Filatotchev et al. 2007; Mustafa and Chen 2010), especially where the institutional environment is less developed (Chung and Tung 2013). Compared to non-ethnic ties or heterophilous relationships with individuals who do not have any cultural commonality with the focal actor, ethnic ties are more likely to enable initial market entry in new ventures (Prashantham et al. 2015). Ethnic ties facilitate speedy communication and foster trust and link ideas and people quickly to unleash collaborative potential and lower transaction costs, all of which are critical for international market entry. Informal relationships derived from common clan and community help identify more trustworthy local counterparties, thus decreasing the risk of opportunism in home country entry (Vaaler 2013).

Due to access to capital, knowledge, and understanding of home country markets based on ethnic ties, migrant entrepreneurs tend to engage in high resource commitment entry modes in those markets (Saxenian 2002, 2005; Tung and Chung 2010). There is a close relationship between migrants' family ties and high resource commitment entry modes (Filatotchev et al. 2007; Zhao and Hsu 2007). Family provides funding, information, office space, staff, or assistance in operations or location, facilitating the establishment of sales subsidiaries shortly after initial entry (Mustafa and Chen 2010). In some cases, family also provides introductions to third parties for accessing necessary resources.

Social ties are also important for transnational entrepreneurship (Chen and Tan 2009; Drori et al. 2009). TE motivation and choice of strategy depend on the resources available to them to navigate host and home country environments (Levitt and Jaworsky 2007; Light and Gold 2000; Portes 1995; Vertovec 2003). Unlike EEs, TEs optimize resources where they may be most effective to leverage opportunities arising from their dual fields and networks in which they are embedded. Enabling entrepreneurs to identify resources, an essential step in founding new organizations, embeddedness translates into increased likelihood of entrepreneurial activity based on social aspects, rather than conventional economic advantages (Granovetter 1973, 1983, 1985). TEs are uniquely positioned to identify finance, customers, and distribution for their businesses within physical and virtual networks that they structure to bridge new opportunities in host and home countries, often using other actors as intermediaries (Terjesen and Elam 2009). The institutional and socio-economic environment of the home country is an important determinant of the opportunity structure and form of transnational activity (Brzozowski et al. 2014). US-based Indian and Chinese TEs use ethnic ties to create new business opportunities in their respective home country or quickly find partners, skilled workers, knowledge, technology, and finance for their ventures (Saxenian 2005).



At the same time, however, TEs' embeddedness in two institutional environments may act as a constraint (Granovetter 1985). On the one hand, national cultures that are more supportive of risk-taking and enable use of ethnic ties in the home country play an important role in explaining the differential impact of TEs' ties on performance (Brzozowski et al. 2014). On the other hand, they may stifle economic action when social aspects of exchange supersede economic imperatives. Moreover, TEs' ethnic ties may manifest themselves in the form of weak ties that may not be as strong or beneficial as family ties. TEs in IT, for instance, access transnational industry ties that are characterized by a unique and common language and shared sub-culture (Autio et al. 2000). Relying on trust and reputation and providing access to critical resources, such transnational industry ties may supersede the advantages of purely ethnic ties.

In sum, much of the immigrant entrepreneurship literature explores the influence of ethnic ties on the strategies of EEs founding or growing ventures in their host country. The TE literature spans such themes as network relations, motivations, and internationalization strategies; however, with few exceptions, it is predominantly theoretical and offers limited or contradictory evidence on *how* TEs' ethnic ties (or resources and experiences) shape their strategies. This is an important omission as transnational communities of TEs in their home country are important conduits for knowledge transfer in host and home countries and have implications for the growth of their ventures beyond the two countries (Saxenian 2002, 2005).

## Research methodology

### Research approach

We chose qualitative case studies to obtain in-depth insights in a novel research area and answer "how" questions related to TEs' motivations and home country entry strategy given little existing theory or empirical evidence (Eisenhardt and Graebner 2007). Theory building from cases is an increasingly popular and relevant research strategy used in a disproportionately large number of influential studies in unexplored research areas (Eisenhardt 1989; Yin 1994). The central notion is to use cases as the basis from which to develop theory inductively. Our approach is in line with several prior studies using cases to explore networks of high-technology entrepreneurial (Anderson et al. 2007) or rapidly internationalizing (Coviello and Munro 1995) ventures that have warranted an approach away from generalized surveys. We chose 15 TEs to enable broader exploration of our research question, clarify whether emergent findings were simply idiosyncratic to a single case or consistently replicated by several cases, and more deeply ground the propositions in varied empirical evidence (Yin 1994).

### Case selection and data collection

We used theoretical sampling to select TEs (Yin 1994). Aimed at identifying specific groups of people who possess characteristics relevant to the social phenomenon being studied, theoretical sampling is especially appropriate where the purpose is to generate robust understanding, rather than measure the phenomena in question (Suddaby 2010;



Thompson 1999). As our objective was to understand the influence of ethnic ties of TEs entering their home country and compare different TEs within this sub-group, rather than compare TEs entering their home country with those that did not, we narrowed the target population to TEs of Indian origin in the USA. India has been an important source of skilled IT talent to the USA since the 1980s (Dossani and Kenney 2002; Majumdar 2007; Nanda and Khanna 2010; Solimano 2006). A strong domestic industry drawing upon a relatively large number of engineers and a concomitant explosion in IT demand in the USA since the 1980s have been responsible for the outflows of skilled personnel from India. US-based Indian migrant entrepreneurs are highly represented in IT (Hart and Acs 2011; Liu et al. 2014), founding 15% of all Silicon Valley start-ups (Saxenian 2005) and accounting for more than a tenth of all patents issued in the USA in the late 1990s (Agarwal et al. 2008). Many of these entrepreneurs have also taken Silicon Valley entrepreneurial models back to India, while continuing to maintain connections with the USA. The rate of partial or full returnees rose from 2% in early 1990s to approximately 10% a decade later (Sonderegger and Täube 2010).

Under the 2013 Science, Technology, and Innovation Policy, the Indian government aims to establish Technology Business Incubators and science-led entrepreneurship institutions and increase gross expenditure on scientific research and development to 2% of GDP in order to position India among the top five global scientific powers by 2020 (Shukla et al. 2014). With 58% of Indians considering entrepreneurship as a desirable career option and about 66% perceiving a high level of status and respect for entrepreneurs, entrepreneurial risk-taking is becoming widely accepted in India; however, it is still relatively low compared to other countries, which may impact the ease of accessing ethnic ties in venture founding. Studies have documented the significance of ethnic ties for knowledge transfer (e.g., Saxenian 2002, 2005) or creation of new business opportunities (e.g., Zaheer et al. 2009) by US-based Indian professionals or migrant owners of small, established IT firms, respectively. Yet, with few exceptions (e.g., Bagwell 2007; Patel and Conklin 2009), entrepreneurship research on TEs from developing economies in the USA is concentrated on the larger and more established Chinese community (Wong and Ng 2002) or immigrants from Colombia, the Dominican Republic, or El Salvador (Patel and Terjesen 2011; Sequeira et al. 2009).

We identified TEs through The Indus Entrepreneurs (TiE). Founded in 1992 by entrepreneurs of Indian origin in Silicon Valley (California), TiE is currently the world's largest entrepreneurial organization with over 10,000 members in 18 countries. We established contact with a subset of TEs based on their profiles in the TiE directory. The second co-author also drew on their contacts in Silicon Valley given the general difficulties of accessing TEs (Drori et al. 2009). As prior TE studies (e.g., Sequeira et al. 2009), we selected those *individuals* who were born in India and migrated to the USA for work or study prior to *founding* at least one venture in the USA and India. Unlike some TE studies that focus on firms *run* by migrants (e.g., Brzozowski et al. 2014) or migrant founders of *international small firms* that maintain a connection with their home country (e.g., Mustafa and Chen 2010), we chose migrant *founders* of *new* ventures in their host *and* home countries. Our approach is consistent with the definition of TEs as individuals that migrate from one country to another, concurrently maintaining business links with their country of origin and currently adopted country (Drori et al. 2009). All individuals were first-generation migrants with operations in both host and home countries.

We conducted 30 semi-structured interviews with 15 TEs in Silicon Valley and 15 corresponding India heads in India, respectively. Although we conducted only two interviews per case, India counterparts of TEs were important “key informants” at an early stage in the founding of TNVs that limited the scope for bias arising from “retrospective sense-making” by TEs (Eisenhardt and Graebner 2007; 28). Our approach marks a departure from prior studies typically reflecting the responses of only the lead decision-maker, usually the founder (e.g., Coviello and Jones 2004). Moreover, our objective was to explore founders’ motivations, which is an individual phenomenon, unlike the formulation of motivations or subsequent performance of their ventures that may necessitate interviewing multiple individuals per case over a period of time.

We conducted interviews between July 2012 and November 2013. We designed an interview guide and administered it to TEs during face-to-face meetings in Silicon Valley. The guide included questions on age, educational and professional background, period of residence in the USA, key business activity, and prior work and entrepreneurial experience. We probed TEs about the nature and role of their ethnic ties, motivations, and home country entry mode strategy. Most interviews were conducted in the respective offices of entrepreneurs in Silicon Valley at a mutually agreed time and were of approximately 90 min average duration. TEs who worked from home were interviewed at a mutually convenient location. We interviewed India heads in India via telephone to triangulate insights from TEs and to verify their role in home country entry by TEs. Each interview lasted at least 60 min and followed direct email introductions from TEs. Both sets of interviews were digitally recorded subject to participants’ consent.

## Data analysis

We analyzed the qualitative data in two stages. First, we developed individual case histories of TEs. Next, we compared these histories to identify overall patterns (Eisenhardt 1989). At first, we wrote stand-alone cases based on both sets of interview transcripts. The primary data were supplemented with information from company reports and websites where possible. The lead author thoroughly read both sets of transcripts between January 2015 and January 2016. Prior studies (e.g., Zain and Ng 2006) identify three phases of the internationalization process: initial internationalization intent, choice of foreign market, and mode of entry, to compare case histories of internationalizing firms; for ventures that are international at the start, stages 1 and 2 are combined. We followed this approach to establish a coding scheme using “motivations” and “entry mode strategy.” Additionally, we used “education or career experiences,” and “ethnic ties,” as key themes identified from the immigrant entrepreneurship literature.

The second co-author subsequently read the transcripts and verified the coding scheme. Informed by a preliminary theoretical framework at the beginning of the paper, both co-authors then established an “event history database” (Garud and Rappa 1994; Van de Ven and Poole 1990) using a chronological sequence of TEs’ migration trajectories, education and/ or career experiences, and use of ethnic ties in TNV formation in host and home countries. We hired two student assistants to create tabular data displays for each case along these dimensions. At the second stage, we undertook cross-case analysis to establish broad categories based on convergence in patterns of

ethnic ties, motivations, and home country entry strategy. We periodically consulted the third co-author to discuss emergent categories and confirm internal validity of the insights. We also asked one of the research assistants to independently compare cases and identify categories to re-validate our understanding and rule out contradictory or alternative explanations. The second set of transcripts was subsequently used to triangulate insights from TEs and verify the nature and role of TEs' ties with these individuals in entering India.

TEs in the sample were 44 years old on average, with the youngest 40 and oldest 60 years old (Table 1). On average, the interviewees had lived in the USA for 23.8 years, minimum and maximum lengths of stay being six and 44 years, respectively. Except for one TE who had migrated to the USA through sponsorship from family, all others first entered the USA for work (four) or study (11). All except two had an advanced (typically MSc or MBA) academic qualification from the USA. All interviewees had prior work experience (average 9.3 years in the USA and 1.5 in India) before transitioning into entrepreneurship. Whereas five individuals were first time entrepreneurs, the majority had previously founded or co-founded at least one independent venture. Ten of 15 TEs had founded their TNV post 2000 and three post 2005. TEs were engaged in a range of technology subsectors such as mobile/advertising, freight/transportation, data storage, chip design, e-commerce, enterprise applications, education, internet/gaming, computer software, consulting, automobiles, and social networking. TEs' India heads of operations were 31.6 years old on average, with the youngest 30 and oldest 58 years old. Two individuals lived in the USA, and 13 lived in India at the time of research. Eleven individuals had obtained their highest academic qualification in the USA and four in India. All except one had prior work experience in the USA. On average, these individuals had 9.6 years of work experience prior to their current position. We present brief case histories of TEs and their India heads in Table 2.

## Findings

All TEs in our sample continued to live in the USA, rather than relocate to India, during the process of forming their TNVs. The primary reason for their decision was the desire to remain close to their customers in the USA. Whereas for case C, it was important to be the "face of the service company" in the USA, for case K, being part of the Silicon Valley ecosystem was critical to building and commercializing new technology. We found three broad patterns in TEs' use of ethnic ties, motivations, and entry strategy in forming their TNVs in India. We use uppercase (e.g., case A) to denote TEs and lower case (e.g., case a) to refer to their corresponding India heads. We present direct quotes for each TEs' ethnic ties and motivations in Table 3.

### **Economic motivations to enter India and direct entry into India**

Cases A through H entered India to exploit a perceived market gap, take advantage of low cost and talent, and leverage time zone differences between the USA and India (Table 3). A combination of being of Indian origin, cost differential and awareness of the capability of Indian engineers, and continuous support to service a global market all 7 days a week, motivated these individuals.

**Table 1** TEs and India heads of operations

Case	Age	Highest degree, major, country obtained	Prior work experience in India (years)	Prior work experience in the USA (years)	Year of migration to the USA	Industry sector	Year of entry into India for TNV	Average annual frequency of travel to the USA or India	Size of TMT for TNV	Total no. of people in TNV in the USA and India
Case A	52	NA	2	4	1987	Software	2002	4	3	225
Case a	47	MBA, India	13	0	NA		NA	3	2	800
Case B	60	PhD, CS, USA	1	8	1977	Enterprise application	1998	1	2-US	60
Case b	57	MS, CS, USA	2	8	1981		NA	2	(in US)	60
Case C	53	MBA, USA	0	14	1984	IT	2000	2	4	100
Case c	40	MBA, India	4.5	14 (5 in Germany)	NA		NA	2	2	70
Case D	60	B.E., EE, India	7	25	1997	Software-based product	2000	1	14	25
Case d	31	MBA, India	8.5	0	NA		NA	1	10	125
Case E	47	MBA, India	11	2	1999	Education	2001	2	4	80
Case e	41	B.E., Computer Engineering, India	2	18	NA		NA	0	3	80
Case F	51	MBA, USA	0	15	1989	Storage	2000	2	5	16
Case f	38	B.E., India	10	10	2000		NA	4	4	27
Case G	48	MBA, MS, USA	0	5	1985	Automobile	1997	2	4	20
Case g	58	NA	2	0	NA		NA	6	4	20
Case H	40	MBA, USA	2	12	1995	Social networking	2011	2	1	4
Case h	35	MCA, India	3	0	NA		NA	2	1	15
Case I	60	MBA, USA	0	10	1978	Software	1991	4	?	50
Case i	42	B.E., ET, India	16	0	NA		NA	4	3	15
Case J	52	MS, CS, USA	0.16	12	1981	IT	1993	2	6-US 1-China	2400+

Table 1 (continued)

Case	Age	Highest degree, major, country obtained	Prior work experience in India (years)	Prior work experience in the USA (years)	Year of migration to the USA	Industry sector	Year of entry into India for TNV	Average annual frequency of travel to the USA or India	Size of TMT for TNV	Total no. of people in TNV in the USA and India
Case j	48	C.A., India	18	NA	NA		NA	4	5-India	1800
Case K	51	MBA, USA	3 (in Taiwan, NZ, Middle East)	10	1986	Internet of things	2010	3	4	40
Case k	52	MS/MBA, USA	0	5.5	1984		NA	1	(in US)	700
Case L	58	MS/MBA, USA	0	11	1970	IT	1997	2	8	100
Case l	47	B.E., EC, India	6	0	NA		NA	?	3	80
Case M	46	MS, CE, USA	0.5	6	1988	Semiconductor	2003	0	7	28
Case m	30	MS, EE, USA		5	2004		NA	0	7	40
Case N	47	MS, CS, USA	0	15	1987	E-commerce	2001	3	3-US	40
Case n	30	B.E., Electronics, India	10	NA	NA		NA	2	4-India	7
Case O	40	MBA, USA	1	9	1995	Social media	2006	1	4	10
Case o	38	Australia for studies	13	0	NA		NA	1	2	15

**Table 2** Case histories of TEs and corresponding India Heads

Case	Brief history of TE	Brief history of India head
A	First came to the USA as employee of India-based company. Worked for a start-up and then at a fast-growing US company for 6 years. This is his first venture.	Completed mechanical engineering from a premier technology institute, then worked at an Indian public sector company for 5 years. Completed MBA from a premier management institute. Worked at IT firm before joining this venture.
B	First came to the USA for PhD in computer science and electrical engineering; worked for research lab and Korean electronics company for several years, and a start-up prior to starting own ventures; founded three ventures in the USA including current one; entered India for former US-based employer.	First came to the USA to study for masters degree; manages India operations from the USA. Worked with TE at former company in the USA.
C	Came to the USA for MS in industrial engineering and MBA. Worked for four companies before starting own venture. Founded two ventures before current one; entered India for former US-based employer.	First came to the USA after obtaining executive MBA from University in India; prior work experience in Germany for large technology company managing global delivery of services; returned to India to set up office for TE.
D	Came to the USA to study MS in electrical engineering. Worked at a large IT company for some years, and then did MBA from premier US B-school. Worked at a consulting firm for a year and for a US telecom company for 7 years. Quit the company when it was acquired. Founded one venture before the current one; set up India division within former, large US employer.	No prior work experience in India. Migrated to South Africa as a child and then to UK.
E	Came to the USA after completing bachelors and masters in India. Worked for two multinational companies in India for 11 years. Came to the USA as employee of an Indian IT company where he worked for 2 years. Worked for an Indian analytics company. Founded two other start-ups before current one.	Earned bachelors in computer science in India and then worked for an Indian multinational corporation. Worked for a Dutch bank, and two large IT multinational companies in the USA before pursuing MBA in the USA.
F	Migrated to the USA with her husband after marriage and completed Engineering degree in the USA. Worked at a large US IT multinational company for 10 years after graduation and enrolled at [a US university]. Worked in a start-up that later got acquired. Did consulting work at her husband's firm, and then at her previous employer. Helped [another large IT company] in USA in setting up their India operations. She looked into outsourcing companies in India while working in previous companies. No start-up experience prior to founding current venture.	Studied in India, then worked in R&D for a company for 3 years. Moved to [another city] in India and worked for another 3 years before joining TE's venture.
G	Founded start-up in India after bachelor's degree in India. Came to the USA to study systems engineering after which he worked for 3 years in an IT company in the USA. Earned MBA, interned at [a large US-based IT company] and then worked for a defense company in USA for 2 years. Looked into deployment in India while	Completed bachelors and masters degrees from India. Founded a venture in healthcare equipment with classmates and in software to leverage family business in hotels. Merged operations with a friend in USA for 2–3 years before joining TE's venture.

**Table 2** (continued)

Case	Brief history of TE	Brief history of India head
	working for this company. Founded one start-up before current venture.	
H	Completed graduation in engineering in India and worked as a sales engineer for 2 years. Came to the USA to study entrepreneurship at [college]. Worked for large IT companies and did some independent consulting for clients in the USA and India. Worked for 12 years before founding own venture.	Studied computers in India and then worked for a start-up for 5 months. Founded own start-up with three others.
I	No prior work experience in India. Comes from an entrepreneurial family. Came to the USA to study MS and MBA, and later worked for 10 years before founding own venture. Founded five ventures before current one; established business link with India for all ventures.	Completed bachelors in electronics and communication engineering in India; worked for the Government of India before joining TE.
J	Came to the USA to pursue Masters in computer science. Worked for large US IT company for 10 years in marketing and engineering management role. Left to start a (transnational) venture with operations in India that got acquired by a consulting firm.	A Chartered Accountant who joined as head of finance at TNV in India. Worked for family business for 3 years, and founded a financial advising company of his own. Currently India and China Operations head at TNV.
K	No prior work experience in India, or doing business with India. Came to the USA to earn masters and then worked for [large US-based IT company] for 5 years and [a smaller company] for a couple of years. Founded two start-ups before current venture.	
L	Spent childhood in UK and then moved to the USA with family. Completed undergraduate and graduate degrees in electrical engineering in the USA. Worked for IBM after Bachelors and then for a start-up for 5–6 years after Masters. Founded one venture before current one.	Studied in India, later worked for R&D for a company for 3 years. Moved to [another city in India] and worked for another 3 years before joining TEs' venture.
M	Worked in India for 6 months. Migrated to the USA with her husband and completed masters in computer science. Worked for [large IT company] for 5 years and then for [another large IT company] for a year. Founded a chip design company before current venture.	Completed Bachelors in India and MS in the USA; returned to India for personal reasons in 2010. Accepted his first job at TE's venture upon graduation.
N	First came to the USA for graduate studies. Then joined large technology company in the USA. Quit it to work for a start-up. Then worked at an IT company. Founded one start-up before current venture.	Completed bachelors in Chennai and then worked for eBay and Paypal India but often visited the USA for work. Founded own mobile gaming company in India, which was later acquired by the TE.
O	Completed bachelors from premier technology institute in India and then came to the USA for work. Studied MBA from US university. Worked for an IT company for 3 years before pursuing MBA. Worked for start-up for a year and then for another small company for a couple of months. Founded two start-ups before current one.	Completed master's degree from Australia. Worked for a start-up in Bangalore (India). Then worked from India for an Australian-based company for 3 years. His first venture was as a consultant.



**Table 3** TEs' ethnic ties and motivations for TNV formation: direct quotes

Case	Ethnic Ties	Motivations
	Ia. Professional (and alumni) ties in the USA	Economic motivations
B	<p>“You end up developing a professional network outside of XXX (engineering school in India) as well, once you are in the world. But what happens what I see is, within YYY (former employer), I met a bunch of XXX people...my co-founder, his family was from Bangalore. His father was in the military and they lived in the Cantonment Area, which is why we chose Bangalore as our R&amp;D place...the fact that he is from XXX [top engineering school in India] Madras helped me a lot in assessing his capabilities. There is a stamp of approval”</p>	<p>“There are three reasons. First reason is that, we as a business need to be 7 by 24 h. India is roughly 10–12 h behind over here. Number two is, you know, we do technical work, operations work. There is talent in India that can perform those tasks...third reason, is more cost effectively than doing everything out of US. The Indian origin is definitely there so we are very aware of having been trained in Indian engineering colleges and the capability and talent that is available”</p>
	Ib. Personal (non-family) ties in the USA or India (to substitute for lack of professional ties)	Economic motivations
A	<p>“So we were looking at somebody to head our XXX center [in India]. I knew somebody who was from my school in the XXX area. So went to him and told him our story. So he jumped in and came on board...the university is probably the strongest network. The friendships that are made there tend to be the strongest”</p>	<p>“Me, having worked at XXX [Indian company in US], I knew how to make it work. If I hadn't worked in XXX, we probably would've waited for longer before we set up our India center”</p>
C	<p>“I went to my network in India through XXX's [brother in US] network. I found one of his old colleagues and I made him the MD and like employee to be the GM and I moved them into an office...so it was purely a trust somebody who will manage the money and get us our environment and send a junior person from here to be his shadow to run the technical delivery piece. That's how we worked up... “In India we always ask for that network. Where are you from? What is your thing?”</p>	<p>“...in early 1990s and I was in the industry head, so I used to go and sell this thing. So during that time they wanted to develop something called Supply Chain Planning for that industry. So I became the main guy behind that initiative. Help, developed the products, so when it came out...I had this vision. I wanted to be an entrepreneur. I don't want to be inside a company. So I gave up everything and I said, I will start this company. So I walked with four other guys from XXX [former employer] and we set up YYY [TNV]”</p>
D	<p>“Biggest network is XXX [engineering college] Bombay. Networks are successful because of your personal connections. Just because I spent 11 years in YYY [former company in US] doesn't mean that everybody is sort of... my YYY network is the next big network for me but that is also with people with whom I had solid good relationships. In XXX also, you can boil it down to my hostel and department”</p>	<p>“In search of cheap labor and 'second' pool of talent But in my previous company (XXX), I had a pretty large development team in India and I visited India once every 3 months...and then I started this with another gentleman”</p>
E	<p>“I think he [brother-in-law] knows case e from the past and I think they went to college together or something I'm not sure. Yes he's [case e's] based in India and he's never traveled out. He's [brother-in-law is] originally from XXX [city in India] that's how he knows case e”</p>	<p>“So then coming here [US] I got an assignment which was focused on creating a new division and that was for XXX [India-based employer in US]...so there was lot of money which was getting invested into new companies and that money were seeking out to you know help with these companies to grow or build the products in India offshore. So that was what I did for a couple of years</p>

**Table 3** (continued)

Case	Ethnic Ties	Motivations
F	“...my parents live in XXX [city in India], so I went back to XXX and I was looking for something in XXX and so when I advertised I got a bunch of companies in XXX and individuals coming and we were having discussions, but it turned out that we ended up going with someone who actually was my personal connection. He was a family friend’s son...and that is how our Indian operation started”	and then I got the green card then I said ok let me get back and do something” “I actually initiated an outsourcing initiative for my division when I was at XXX. And so understood basically how an Indian operation worked...what was required from our side to manage an Indian operation, how you would work with them, what made sense to leverage there in India and what changes needed to be made here with our mode of operation in the US to accommodate an outsourced operation. So I got involved there pretty early..... I had you know I left India when I was 19, and so then I didn’t have any idea of working in India, but I learnt that through these projects that I worked on. So then I started YYY [TNN]....”
G	“There are two people there [in India]. One is the head of business, other is head of operations. And the head of business is actually alumni from my brother’s University in India”	“Yes, defense company in XXX [city in US] and then I was working with them on some automation tools which could be applicable into the U.S. or even in fact in India. So I did some evaluation in India”
H	“I managed to get a software engineer who is from Indian origin and he helped me...I found him through a friend and she introduced to me this person”	“...if somebody is selling their services software services to companies in the US and they wanted to talk to somebody at noon time, they are not going to call India. So I was that front end for companies in India...I was with XXX [former employer in US] and they had massive layoffs...they got rid of 80% of marketing department. Once that happened, So I said let me do something related to India”
	Iia. Family ties in the USA or India	Emotional motivations
I	“My dad helped me get a few thousands of dollars of loan. He would give me money initially to get going. That was least impactful when you have to raise a few million dollars, though I got \$20–50,000. For my first venture, my family helped me in raising money. My brother in law who helped me get my operation going. He has his own business. So he gave me an office space in a building...And also my father helped because he had a brand name in India. In those days, people never joined start-ups in India. Operationally also he helped run it. For my second company, I appointed him the chairman there. To get power connections is hard in India. We needed his experience, how it goes on with the government, who to negotiate with, who to talk to in customs, now I have my own organization”	“...my father was a chairman of XXX [public sector company in India] and also of YYY. What I could see was a person who came from very small interior village, became the industry chairman in India of a large public sector company. He always used to tell me that I have to come to the US to know how entrepreneurship works. His influence was there. I could get his influence in terms of ideas. I grew up listening to him. He came from a small village, not speaking English to being extremely proficient. He was friends with people in the US. So I had that exposure. When I came here, I always had it in mind that I had to have my own companies. That’s how I got started...so cost of course helps, but that was not the main driver at that time”
J	“My brother. He was one of the early co-founders...He did MBA from Delhi and he was sort of the business development guy”	“India was there right from inception, when I started the company. For me there were two things. One, wanting to be an entrepreneur.

**Table 3** (continued)

Case	Ethnic Ties	Motivations
		Again that's sort of the Silicon Valley environment. Clearly that was the big piece of the draw. The second, I definitely wanted to be connected with India in some fashion. Any business or pursuit. If it didn't have an India component, I would not have left XXX [employer in US]. So connecting with India was very important"
K	"So when I first started in 1996, my brother in law was working for a government company. So I told him "Hey, would you like to join me?" My sister joined more as a HR kind of a function... My father was the chairman. My father in law also helped in the initial setting up. He comes from an engineering background. He helped in the infrastructure, the cubicles and the layouts and location and all of that. So my father, father in law, brother in law, sister, were all kind of a initial help to setting up of the system"	"I always wanted to do something for my country. That was one emotional factor."
M	"I don't know if I'm saying it right but YYY [husband] helped me a lot in just motivating me to do things. I do on my own but the initial push you get"	"Then [after masters in US] I went to XXX [IT firm in US].. there I had a friend who was [working] in the same room as me....So he was starting a venture. He interacted with me for six months. He asked me to be a partner in his company to start out his business. Then I talked to YYY [husband] and actually I was involved in business with him from even day one that I got married. He had business before. He had computer manufacturing before. So I used to help in a lot of these even besides my work I used to help in terms of you know product, their marketing what the strategy, where, what products are getting manufactured, everything. We had manufacturing also in India. I knew what it was. So he said why you want to do with someone else, why don't you start on your own?"
	Iib. Personal, non-family ties in the USA or India (to substitute for lack of family ties)	Emotional motivations
L	"I grew up very rapidly in technology companies in USA....a friend of mine, a guy who had worked with me for 5 years, he said, "Hey look my brother is in India and he is in XXX bank....he wants to start a company. Can we do part of what you are doing in India? And can we grow the business from India and you give me the cost." I said no problem, you know, your brother is in India, he grew up in India, we will start a company in India"	"The only time I went back to India was a plane trip to India when I got married. That was it, okay, after that I came back. After coming to England, I didn't go back. Came to USA, I didn't go back; after education, only at the time of marriage, just happened to go...so my exposure to India was not pretty much as more like anybody else. But I always had this feeling that I said I am going to start a company [in India].."

**Table 3** (continued)

Case	Ethnic Ties	Motivations
	III. Professional ties (from internet or online recruitment agencies) in the USA	No clear motivation to form TNV
N	“We were hunting for a Ruby [on Rail]’s developer...I just did kind of [an online talent] search in India and on came 30 people and 15th or something was a guy from XXX [city in India] and I am from YYY [city in the same state]. So I read XXX and I was like I better call this guy. I called him up and we just hit it off”	“You know like there were not any opportunity to do anything and I had in the back of my mind that I really wanted to join a smaller company and see if I can have more of an influence and control over the direction of things that I work on. So thinking that...that’s when I quit XXX [employer in US] and joined another...smaller company [with] about 60–70 people as head of their products to actually see if I could make more of a difference there and it didn’t really work out that well. I thought about what are the ways in which I can feel like you know important enough...making more decisions, having more control of things and what became clear to me that if I wanted to be on the marketing product side of things for [a] guy who is a non-founder is really hard to do. So it was becoming clear that if I wanted to do what I really wanted to do I have got to start my own company”
O	“It was quite random. We were struggling to find iPhone talent. Somebody [hiring agency in US] told us, this guy is available, we talked to him and he seemed ok. We’d never met him. He was based out of India, but I said let’s compute the total gamble we are taking...So I said let’s take the 10 k gamble. What’s the worst that can happen?...Then he had a brother, another person, another person, he had a whole team working for us”	“I started with an 8000 company, then 80 person, then eight person and then a three person company, till then I had nothing left. I had to start my own company. It was a very gradual process of going down that path”

These TEs were aware of the benefits of doing business in India because of their prior experience of establishing operations in India, typically as employees of US- or India-based companies doing business in India or as consultants for clients in the USA and India. As a former employee of an Indian company in the USA, case A learned “how to make it work,” while case E created a new division in India. Case F explained how initiating an outsourcing division and managing a cross-cultural team in India helped her understand the cultural nuances of conducting business in India. Joining an international defense organization after his MBA gave case G experience of “doing an evaluation in India.” For cases F and H, the transition to consulting acted as a bridge between paid and self-employment. Both helped clients in India outsource work to the USA as part of former consulting assignments outside of their large employers. Independently developing and managing these partnerships helped them understand the competitive environment and instilled the confidence to “do something in India.”

These TEs emphasized the importance of “finding someone” to establish a direct presence in India. Case A said he could potentially enter several low-cost locations other than India; he had considered China in the past, but “could not figure out how to make it

work”. He was planning to work on “a project or two” in Vietnam “to see how it goes” before setting up on his own. Case C had long intended to found a TNV in India to take advantage of India’s low cost and talent, but was unable to do so without networks he could trust with his money in India. For case A, sending someone from the USA was important to transferring the “DNA” and ensuring future growth. Cases B and D believed that skilled individuals in the USA had an “experiential difference” from those with international work experience in India. It was important to define a work culture consistent with the value system in the USA. Cases A, C, and E wanted to build capacity in India. Whereas cases A and C wished to develop the local technical skill-set, case E expected case e to “constantly evaluate and identify others” in India to “make it grow.”

Cases A through H used ethnic ties in the USA to set up in India. Cases B, C, D, E, and G attributed the use of Indian ethnic ties to being in Silicon Valley. Even though he developed a professional network outside of his alumni network, case B ran into his Indian alumni network at his place of work. As Indians in the Valley “drove business,” especially in IT, it was not unusual to know someone with an India connection. A common source of technical skills in the Valley, Indians typically had a business connection with India, which made it easier to use them for entry into India. For case H, who initiated an alumni network in Silicon Valley outside of the workplace to find a “home away from home,” it was important to feel part of some “group” while doing something on one’s own. The following quotes from cases C and H are representative:

Predominantly in this business of services or tax services is driven by a lot of Indians in the business, right, and the connections are always, so every Indian guy has something going on somewhere in India. However, small or big they have. There is something happening. I know somebody who knows somebody type of model (case C).

...but even doing something on my own, I was seeing to be a part of some group, some team, those were the thoughts, now that I am here I have that Indian community, home away from home...being in Silicon Valley, you come across many Indians, that familiarity when you meet an Indian is comforting, here is a person who understands cricket, you can have discussion...like seven different families, we meet every three months and they are all based here. That network has been built in Silicon Valley, which is helpful. In case I want to go on my own, it won’t be difficult because now I have a network outside the workplace. That helps (case H).

We found two sub-patterns in TEs’ use of ethnic ties to enter India. Case B drew on professional ties from prior work experience in the USA, using personal, Indian alumni ties to verify the antecedents of this individual. Others (cases C, D, E, and G) called on family in the USA (or India) for introductions, to make up for the lack of professional ties, in some cases even going to India to find relevant connections.

#### a) Ethnic professional ties in the USA

Case B, who first came to the USA to earn a PhD in Computer Science and Electrical Engineering and obtained varied work experience at a research lab, a Korean electronics company, a start-up, and a company that entered India to do business, respectively, met case b at his former place of work and invited him to partner after

several years of association. Case B felt confident about establishing a direct presence in India due to the presence of case b's family in his hometown, Bangalore. Case B decided to open an office in Bangalore, where case b' father, a military officer, also lived. He felt case b would be able to visit Bangalore more often to keep an oversight on the India office than he himself could. Case B used his Indian alumni network to verify the antecedents of case B prior to sending him to India. Although case B knew case b for a long time, having graduated from the same engineering school in India helped him endorse case b's credentials and gave him "a stamp of approval" in assessing his capabilities. Case D agreed that his Indian alumni network was his biggest network despite a strong professional network in the US.

- b) Substitution of ethnic personal (non-family) ties in USA or India for lack of professional ties in the USA

Where they were unable to find anyone from professional ties, TEs reached out to family or friends in the USA for introductions to establish a direct presence in India. Where they gained introductions in the USA, they used professional ties to shadow these individuals to India to add to local skill sets or growth capacity. In some cases, TEs themselves went to India to seek new ties.

Cases C and G went through their respective brothers, appointing former colleagues or friends of their brothers in India. Case E appointed his US-based Indian neighbor's (and close friend's) friend in India. Case H entered India after a friend in the USA recommended a friend in India to develop technology for case H's dating application. Even though case C's network at his former employer was his "biggest asset," he was always on the lookout for people from his hometown to start-up in India. He felt he could trust these ethnic ties with managing his money, even if they fell short on technical or managerial skills. In other cases like case E, ethnic ties were important given the nature of the business. Case E, who was setting up schools for the local Indian market, was concerned that non-Indians would not understand his "recession-proof" business of elementary education in India:

No, the US guys won't know, why would they put in money there? It's difficult to convince somebody for this type of a model. If the product is here or the market is here then people might, but otherwise it's difficult. Indians here know what is the state of education, what is the cultural affinity to education right. Even if people don't have money they want to send kids to school. Here people won't understand this concept. So therefore they would doubt whether there is a market at all or not. For us, we know education in India will always have a market. It's a recession proof business (case E).

These TEs sent other individuals from the USA to shadow those they found through personal connections. Case C sent an employee to shadow his brother's former colleague whom he appointed in India. Case E sent case e to India to shadow the individual initially recommended by case e. Whereas case C wanted to develop the local technical skill-set, case E wanted case e to "constantly evaluate and identify others" to "make it grow." Where they were unable to depute anyone from the USA, TEs themselves went to India to search for locals. Subsequently, they returned to the USA, bringing local personnel from India for short periods of training in the USA. Case A went to India and reached out to a college friend in

Delhi to head their operations there. He emphasized that his University in India had one of the strongest alumni networks. Case F, who knew “many Indians in the Valley,” traveled to her hometown to search for relevant skills after a prior failed attempt to locate someone in the USA. She recruited case f upon re-connecting with him at a family wedding in her hometown in India. She developed a strong bond with case f, whom she completely entrusted with local operations.

In all cases, TEs reached out to personal, non-family links after failing to find someone reliable through ethnic (or non-ethnic) professional or family networks. Case E first tried reaching out to TiE in Silicon Valley, but the organization was of no direct help. For case A, TiE was more important for providing inspiration. In other cases, family was available, but perceived unimportant for business. Even though case A had family in India, they provided emotional, rather than business, support. Case E’s family helped raise angel money; however, he believed friends were more important than family:

TiE is a place you go to get inspired. But for some other people, they’ve been able to raise money using TiE connections. For us it’s not really been that much....They (family) are important because they are with you. They are taking the bet with you. But not in terms of, at least in our business (case A).

Yes so again I have just put it not as TiE particularly but networking organizations where through them I would have reached out to people, or they would have provided a forum to reach out to people so you go there and meet people and network. But formally there’s no help or I have not gone to them nor have they helped... in terms of Angel investments, yes family has helped...it’s more friends than family I would say” (case E).

Cases C, F, and H had many non-ethnic ties in the USA; however, those connections were more useful for growing the business rather than setting up in India. Case C said he was on a constant lookout for “old friends...in India” despite having “a vast network” at his former employer. Case F extensively used her industry network to grow her business in the USA. She was also member of a women’s networking organization in the Valley. The following quotes from cases C and F are representative:

And I also contentiously built a network at XXX [US technology company and former employer], so lot of Germans, lot of Europeans, so I can pick up the phone and get something done, so I carried that network and I maintain that network. Interestingly enough I have been looking at some old friends of mine in India. I met them in Egypt. Recently, we thought of starting a company together again. He wanted to do something in embedded system, so I had some connections in the US so we started. So I am always exploring for that network (case C).

Then I ended up knowing a lot of people in that industry, network and system management industry. So I leveraged those connections quite heavily to grow my business, my network and system management business. A lot of my customers came from that network. My partners came from that network, resources came from that network. I’ve also been part of some women’s organizations, that’s also, because a woman tech entrepreneur is also a community (case F).



## Emotional motivations to enter India and direct entry into India

Cases I through M established a business link with India due to emotional reasons and strong desire to give back to their homeland through their ventures. In all cases, immediate family played a significant role in inspiring these individuals to become entrepreneurs, and these TEs drew on the family for forming their TNVs. Cases I, J, and K were strongly influenced by family while growing up in India, while case M found encouragement from family after migrating to the USA (Table 3).

Cases I, J, and K, who migrated to the USA to earn masters degrees, narrated their strong personal motivations to become entrepreneurs underlying their decision to migrate to the USA. Prior work experience at start-ups and exposure to role models in the Valley reinforced these motivations. Case I, a serial entrepreneur who had founded and sold five ventures, was strongly influenced by his father, a senior executive at a large Indian company, who urged his son to pursue the American dream based on his recognition of the predominance of large corporate houses and perceived bleak prospects for entrepreneurship in India in the 1970s. Working at three start-ups and finding a successful Indian mentor in the Valley, who shared the same perspective, gave case I the confidence to venture on his own.

These TEs felt obligated to contribute to the welfare of their homeland rather than establishing a business link with India for purely economic reasons. Case I explained his purely emotional decision to enter India for his first venture (Table 3). He emphasized that cost was not a driver for him. Unlike those who outsourced back-office work in India for wage arbitrage, doing R & D and cutting edge work in his hometown in India was one of the main motivations for his entry into India.

Unlike their counterparts, these TEs had very little or no prior experience of doing business in India. Case I, for example, who came to the USA at 21 years of age, had to rely on his own credibility to attract people as he had no idea of doing business in India: "I'd never done business. I'd left India when I was 21 years old. So my father said, what does it take to do business in India? Also I had to rely on my credibility to attract people" (case I). Case J explained that he pioneered the wave of outsourcing to India by Indian owner-founders of high-tech companies in the USA in the 1980s due to his strong emotional bond with India. These TEs relied on family in the USA or India to establish a direct presence in India. Where family no longer existed, TEs substituted non-family personal ties in the USA for the lack of family ties.

### a) Family ties in the USA or India

Cases I, J, K, and M first called on family in India to set up and acquire physical infrastructure for the local office (Table 3). Whereas case I relied on his father, case J appointed his brother as head of India operations. Close family members in India were trusted personnel that helped TEs reconnect with the local environment, with which the TEs themselves had long lost touch. Reliance on family was also imperative for signaling legitimacy and attracting other employees in a scenario where small firms found it difficult to attract talent due to potential recruits' preference for large companies and well-known corporate brand names.

In all cases, family members helped recruit local personnel in India through referrals or their credibility in the local market. They also enabled access to physical

infrastructure to establish a direct presence. Case I's brother helped him secure office space, build cubicles for setting up the office, and access the Ethernet, while his father helped attract employees. Case K's father, father-in-law, brother, and sister-in-law all contributed skills and lent credibility to the venture. Family also helped tide over cultural differences or TEs' lack of exposure to local work culture and practices in India. As case I explained, family played an important role in navigating the local business and regulatory environment and relating to others at the workplace in India.

These TEs used family ties in India despite the availability of non-family (ethnic and non-ethnic) ties in the USA. They believed trusted networks based in the USA could falter without market-specific knowledge and local experience. Both trust and local market knowledge and experience were important to effectively establishing a physical presence in India. For example, case M, who was first approached to enter India by a colleague at her former place of work in the USA, gained the confidence to enter India from her husband who had already established a business presence in India and readily shared his local office in India with his wife.

b) Substitution of personal (non-family) ties in USA for lack of family ties in the USA or India

Where there was no family in India, TEs substituted personal, non-family ties for the lack of strong family ties to set up in India (Table 3). Case L migrated to the USA with his family when he was 8 years old. He had not visited India since migrating to the West, except to marry in India much later. Although he had neither close family nor prior experience of doing business in India, he felt like re-connecting with India through his venture due to strong emotional reasons and took up the opportunity when a friend in the USA introduced him to his brother in India.

**Motivation to form venture in the USA and arm's length entry followed by direct entry into India**

Cases N and O initially decided to form a venture after work stints with large and small companies in the USA. Both TEs worked at several small companies in the course of their respective careers, before deciding to start up on their own. Whereas case N yearned for more independence and decision-making autonomy, case O saw the founding of his own venture as a natural career move after successively working for small companies. However, neither TE had any prior intention of entering India at the time of venture founding. Case O, for instance, explained his previous employers' unsuccessful attempts to establish an India connection, which is why India was not a part of his own plans:

One of the things that I had seen at my previous companies was that they had established India office much later. So the processes were not there to support an India operation. We spent three times around 12 million dollars trying to do an India operation many times, and each time it was unsuccessful for a variety of reasons (case O).

Both TEs ended up locating and selecting skilled individuals of Indian origin while searching for specialized technical skills for their ventures through the Internet or

recruitment agencies in the USA (Table 3). Both used personal, alumni networks to validate the credentials of these individuals. Although case O found case o via the Internet, as case o shared the same alma mater and they had common alumni connections, this gave case O the confidence to partner with case o for his TNV.

In both cases, TEs invited these individuals to interview in the USA. They described developing a strong sense of trust in these individuals despite prior lack of acquaintance. In both cases, the personnel they hired ran their own independent ventures in India. The TEs recruited these personnel as contractors or employees, but soon invited them to join as co-founders. These individuals helped the TEs assemble a team in India, and both TEs subsequently acquired their India operations to establish a physical presence in India within 15 months of inception:

In the beginning of this year, we ended up acquiring them. So now they are fully dedicated to XXX [TNV], even though they have a separate entity name. Now they are operating as a fully based subsidiary, though it's not legally a subsidiary. It turns out our user interface designer is a part of the team which is very unique, because we are doing very advanced mobile user interface design, which is hard to find those skill sets here....Everyone else is through him [Case o]....He brought the whole team. We haven't actually done recruiting because it is new. We've only had them as full time operations since April. It's very young. We started this company only 15 months back. We started to work with case o only a year back, with this team in fall (case O).

Both TEs cited using extensive ethnic and non-ethnic ties for their entrepreneurial ventures in the USA in the past. However, as case N noted, ethnic, especially Indian alumni, networks in the USA were very valuable for growth of his venture, but not for setting up in India. Case O had a British colleague at his former company and another non-Indian team member who he later brought in for his TNV:

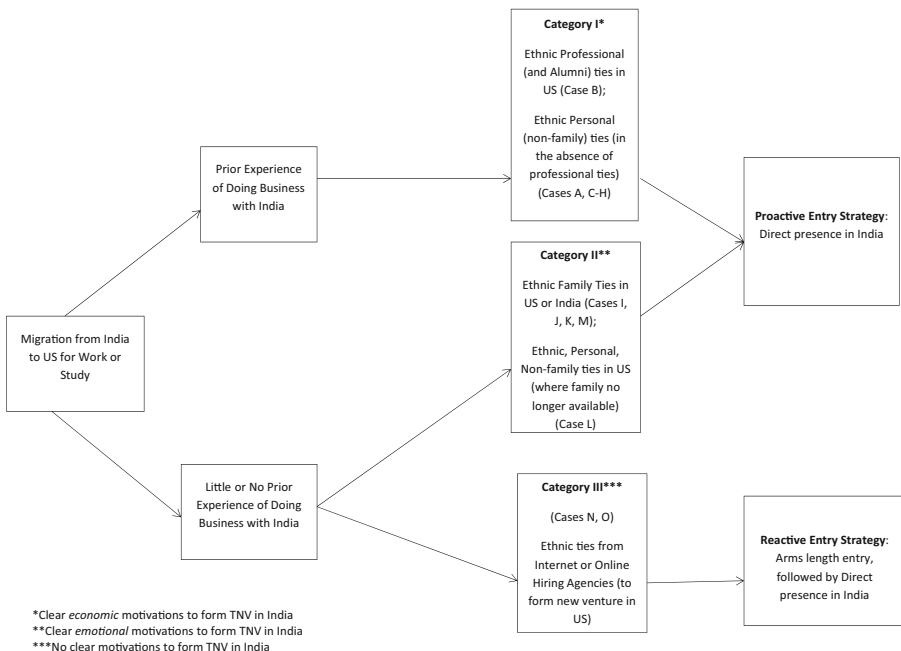
Two of them worked with me at XXX [former company]...One was Indian, the other was a British guy. Tracy, I ended up meeting her through my VC firm....I knew I was going to do something fashion and I wanted someone who truly understood fashion not the Silicon Valley fashion converts. So I ended up meeting a lot of people. Tracy and I just clicked and she became a part of my incubation and brainstorming process, etc. then when I first thought of XXX [TNV], she was one of the first people I brought in and she loved it. So she decided to join the venture (case O).

## Discussion

The role of ethnic ties for TEs is consistent with insights about founding and growth of migrant entrepreneurs' firms (Aldrich and Waldinger 1990; Basu 1998). Compared to non-ethnic ties, ethnic ties confer trust and provide "group feel," especially for diaspora entrepreneurs with a shared sense of belonging to their home country (Riddle et al. 2010; Vaaler 2013). Additionally, they perform a governance function due to local,

market-specific knowledge in the home country. A novel contribution of our study is that our findings show the heterogeneity in TEs’ motivations and entry strategy contingent on their (a) use of professional and personal (family and non-family) ethnic ties and (b) prior experience of doing business with the home country. We found three categories of TEs in our sample (Fig. 1). First, TEs have *economic* motivations to form a TNV in India, and establish a *direct presence* in India (category I). Second, TEs have *emotional* motivations to form a TNV in India and establish a *direct presence* in India (category II). Finally, TEs in category III have *no prior intention* to enter India and first enter India at *arm’s length prior to establishing a direct presence*.

These findings contribute to the literature in two ways. First, we contribute to the TE literature. There is lack of agreement on the motivations, nature of “business-related linkages” or “resource base” of TEs in their home country (Crick and Chaudhry 2013; Drori et al. 2009). TEs’ social ties, resources, and experience are believed to influence their motivation and choice of strategy to navigate host and home environments (Light and Gold 2000); however, the nature of these resources, or *how* they influence TEs’ motivations or strategy in venture creation in the host and home countries, is little understood (Chen and Tan 2009). Our findings contribute by showing the heterogeneity of both TEs’ motivations in terms of economic and emotional motivations, and their home country entry strategy in terms of proactive and reactive strategy, and sequence of entry (direct and arm’s length followed by direct, entry). Whereas some TEs (category I) are motivated to form a TNV in India to save costs and acquire talent, others (category II) have strong emotional motivations based on inspiration from family. Yet others (category III) have no clear motivations to form a TNV; unlike their counterparts, they enter India by chance, while realizing their entrepreneurial aspirations in the host



**Fig. 1** TEs’ motivations and influence of ethnic ties on home country entry strategy

country. TEs who plan to enter India (categories I and II) establish a direct presence in India at the outset, whereas those who have no such plans (category III) take a reactive approach, first entering India at arm's length, prior to establishing a direct presence.

Consistent with evidence from entrepreneurship research, TEs deliberately and strategically use homophily in venture formation (Phillips et al. 2013; Vaaler 2013). Unplanned entry into the home country by category III TEs also resonates with evidence from the international entrepreneurship (IE) literature suggesting that serendipitous ties develop without any idea of business exchanges that may or may not subsequently take place and lead to potentially viable contacts or collaborations not considered prior to the encounter, triggering a change in strategy (Crick and Spence 2005). Our findings extend prior literature by showing *how* TEs consciously construct a portfolio of ethnic ties to enter the home country to form a TNV, even when they do not plan to do so. Furthermore, we contribute by showing how TEs' entry strategy is contingent on their (a) use of professional and personal ethnic ties and (b) prior experience of doing business with the home country. Where TEs have prior experience of doing business with India, they are motivated to form a TNV for economic reasons, and strategically use ethnic professional (and alumni) ties (they substitute personal, non-family ties in the USA or India for the lack of professional ties) to establish a direct presence at home (category I) (Fig. 1). Where they have little or no prior experience of doing business with India, family ties shape TEs' emotional, non-economic reasons for forming TNVs (where family is inspirational but no longer available, they substitute personal, non-family ties in the USA for the lack of family ties) to directly enter India (category II). These TEs draw inspiration to migrate to, and form a venture in, the USA from family in the USA or India. Their work experience (typically at start-ups in the USA) reinforces their motivations, giving them the confidence to venture on their own. Where they have little or no prior experience of doing business with India and strategically seek ethnic ties to realize their entrepreneurial aspirations in the USA, TEs are reactively led into India to form a TNV (category III). These TEs first envisage setting up an independent venture in the USA; however, they enter India by chance, upon locating ethnic skill sets for their ventures through Internet platforms or recruitment agencies in the USA.

Second, our findings extend the migrant entrepreneurship literature that mainly explores the role of family ties in venture creation in the host country (Basu 1998; Deakins et al. 2007). The specific role of ethnic ties in enabling foreign market entry of migrant owned or managed firms has received research attention (Chung and Tung 2013; Zaheer et al. 2009); however, the few studies on this topic are mainly focused on decision makers in already established immigrant enterprises in the process of internationalization and typically treat ethnic ties as homogenous. Our findings show that while, as for EEs, aspects of family tradition and attitudes to education influence venture formation (category II), TEs go beyond the family to use professional and personal, non-family ties (categories I and III). In unpacking the black box of ethnic ties of TEs as a type of migrant entrepreneur that founds a venture in both host *and* home countries and in demonstrating the heterogeneity in *how* TEs use professional *and* personal (family and non-family) ethnic ties to simultaneously launch a transnational venture, we extend the migrant entrepreneurship literature.

Our findings show that the strategic use of ethnic ties by TEs enables home country entry even when it is unplanned; however, the presence or absence of ethnic ties per se

is not what determines foreign market entry. Rather, different types of ethnic ties are important, and it is important to unpack ethnicity to meet complementary human and social capital needs in transnational venture founding in the home country. Category I TEs use alumni ties to provide a “stamp of approval” to professional ties based on prior work experience, or professional ties to shadow, and compensate for human capital deficits of, otherwise trustworthy, personal ties. Category II TEs use trustworthy family ties that are also equipped to provide necessary tangible and intangible resources such as physical infrastructure, functional skills, or local market knowledge. Those in category III themselves validate ethnic skill sets located through Internet search to establish trust over a period of time. Studies in diaspora and immigrant entrepreneurship emphasize the role of ethnic ties for mitigating institutional constraints in home country entry (Chung and Tung 2013). Our findings, in the context of TEs, show it is important to differentiate ethnic professional from personal ties and recognize their complementarity as sources of necessary human and social capital resources in home country entry for immigrant entrepreneurs.

Even though we do not explicitly consider IE literature, our findings also contribute to extending IE theory. IE research on small, high-tech start-ups spans their pre-founding dynamics; however, with few exceptions (e.g., Hmieleski and Baron 2009; Segaro et al. 2014), studies on IE motivation are limited. Prior studies have explored social ties in international new ventures (Coviello and Munro 1995; Oviatt and McDougall 1994). However, these studies mainly highlight the role of inter-firm relationships with customers or suppliers in influencing foreign market entry in several countries at inception. IE literature also has a limited view regarding ethnicity, and usually focuses on the firm rather than individual entrepreneur (Yeung 2009). Migrant founders’ ethnic ties are rarely unpacked (Brinkerhoff 2009; Riddle et al. 2010). This is an important omission because diaspora entrepreneurs form a novel impetus for IE research, and their use of ties in home country entry likely has implications for rapid entry into other markets. Our findings show how individual founders of new ventures entering their home country may be driven by economic or emotional motivations, and use proactive or reactive entry strategy, and how a combination of ethnic ties and prior experience of doing business in the home country influences their entry strategy. In showing the role of personal (family and non-family) and professional ties of migrant founders of potentially rapidly internationalizing ventures, our study responds to IE scholars’ (e.g., Prashantham et al. 2015; Zaheer et al. 2009) recent call to distinguish between ethnic ties with family and alumni or professional ties with former classmates or colleagues, respectively, in IE research. Future IE research might therefore explore these issues at a firm level.

Based on the above, we suggest the following propositions related to TEs’ ethnic ties, motivations and home country entry strategy:

- Proposition I: TEs with prior experience of doing business with the home country (through an employer in the host country) and using ethnic professional ties (or ethnic personal, non-family ties in the absence of professional ties) in the host country have clear (economic) motivations and establish a direct presence in forming a TNV in the home country.
- Proposition II: TEs with little or no prior experience of doing business with the home country and using ethnic family ties in the host or home country have

clear (emotional) motivations and establish a direct presence in forming a TNV in the home country.

**Proposition III:** TEs with little or no prior experience of doing business with the home country and using ethnic ties from internet platforms or recruitment agencies in the host country have no clear motivations and first enter via arms length before establishing a direct presence in forming a TNV in the home country.

## Future research

**Our findings have implications for future research.** Compared to TEs in other categories, TEs in category II were engaged in philanthropic activities in India. Whereas case L introduced a system of tying employee rewards to the attainment of specific social goals in his India office, case M engaged in mass education initiatives in several parts of the country. Entrepreneurship literature tends to assume that commercial entrepreneurs hold particular values that facilitate their ability to achieve economic returns, while social entrepreneurs hold values that facilitate their ability to create social returns (Phillips et al. 2013). Our findings suggest that even commercial entrepreneurs may harbor emotional motivations translating into socially responsible initiatives within predominantly for-profit ventures. It might be worth undertaking further research to explore if TEs with emotional motivations are more likely to gravitate towards social entrepreneurship compared to their economically motivated counterparts. Such research may also contribute to the relatively less studied emotional aspects of diaspora engagement with their home country (Riddle et al. 2010).

A small body of literature is beginning to recognize that opportunistic behavior by entrepreneurs leading to the crafting of emergent strategies could lead to enhanced decision-making (Crick and Spence 2005). Moreover, each entry mode is likely to yield different performance levels for international small firms (Dimitratos et al. 2003). Therefore, further research might examine if the performance of category III TEs is superior to that in the other two categories.

We found broad patterns in pace, geographic scope, and long-term growth strategy across the three categories of TEs in our sample. A slow, incremental pace of growth and domestic US market focus (case O, category III) contrasted with rapid growth beyond the USA and India (cases in categories I and II). At the same time, however, TEs in categories I and II differed in their long-term orientation, with more of an emphasis on the USA for category I and on India as a platform for global expansion for category II. Thus, it might be worth exploring the role of TEs' specific ethnic ties in the global growth and expansion of their ventures. How and why do TEs that enter their home country to form a venture subsequently enter other global markets? Is there a link between their use of professional and personal ethnic ties and aspects of global growth and expansion of their ventures, and why?

In our sample, some TEs' India managers (e.g., cases c and e) had gone to the USA from India for work or study and had strong personal reasons to subsequently return home. On the one hand, compared to fresh graduates or individuals who had worked only in India, TEs perceived these "returnees" as being able to more easily connect with the customer base in the USA and have a sense of "base line" expectations (and



timeline) for new product development. On the other hand, TEs reiterated that it was important for returnees not to “be frozen in time” and make a real value addition based on their experience gained abroad, upon returning to India. Therefore, another interesting research area pertains to potential differences in the role of returnees and locals in the performance of TEs’ ventures (Pruthi 2014).

Insights from our interviews also alluded to the changing role of family in TEs’ ventures over time. Although important in the initial stages, family was gradually replaced by other personnel beyond the family in category II, either to bring more expertise to the venture or to prevent the business from serving the family. Evidence from internationalizing ethnic enterprises shows that the extent and availability of family members in the home country not only facilitates entry, but also influences further growth and expansion (Mustafa and Chen 2010). Thus, it might be worth exploring the role of family and non-family ties in the global growth and expansion of TEs in the three categories. What is the role of family and non-family ties in the host or home countries in the growth of TEs’ ventures outside of their home country? How and why does the role of family change over time? It might also be interesting to extend the investigation to *non-ethnic* family ties and explore if they play any role relative to ethnic family (or non-family) ties in home country entry or subsequent growth of TEs’ ventures.

A few limitations of our study also offer opportunities for future research. First, our findings are exploratory. Often, qualitative researchers develop themes, codes and categories to structure data during analysis and insightfully generate beliefs through abductive inference on non-inductive grounds (Lipscomb 2012). We took several steps to avoid “fair guesses” about the meaning and significance of our data, using replication logic to check the findings of each interview against the successive one. Our objective was to generalize conceptually across cases rather than empirically across the entire population (Eisenhardt 1989). We were able to form an all-encompassing view of the transcripts as we ourselves collected and analyzed the data and engaged in consensus formation between three different members of our team in recognition of the fact that more than one interpretation of data is possible. As we ruled out contradictions, we have a fair degree of confidence that our accounts reflect how TEs use their ethnic ties. Yet, our inference may be weak as we are relying on insights from our cases and have no other way to prove causality. Our research is also cross-sectional, rather than longitudinal. Therefore, further deductive or inductive research may be necessary to test our propositions and generalize our findings to a broader population of TEs.

Second, our study is exclusively focused on Indian TEs in the well-known Silicon Valley IT cluster characterized by a high proportion of skilled members of the Indian diaspora in the USA, one of the most common developed host countries for many ethnic groups. The advantages arising from agglomeration economies due to location in a geographic cluster are less important for well-educated migrants compared to less-educated migrants (Vaaler 2013). Nevertheless, the concentration or dispersion of different immigrant diasporas may affect the relative role of individual immigrant versus collective diaspora attributes in opportunity identification in the home country. Other developed countries such as the UK that have also attracted IT personnel from India in recent years (McEwan et al. 2005) and are inadequately researched might be worth exploring in future. It might be fruitful to undertake a comparative analysis of these TEs with those in the USA.

Third, future studies may benefit from selecting TEs and start-up partnerships from multi-ethnic backgrounds attempting to access their respective home countries. Such an approach may enable drawing stronger conclusions about the specificity of ethnic ties in home country entry. For example, different cultures have different perceptions of the responsibility of family and kin. One might infer that transnational family ties may be less strong in cultures where family relationships are less strong (Mustafa and Chen 2010). Fourth, relatedly, our definition of ethnic ties is based on common national background. Although the individuals concerned may share the same national background as in our study, alumni and professional ties are not strictly “ethnic” (Zaheer et al. 2009). Future research may explore more fine-grained differences based on language, religion, or status as migrants, within broadly defined ethnic groups (Light and Gold 2000). Such research may be especially relevant in India due to its ethnic and cultural diversity. Finally, our findings are limited to IT (Rialp et al. 2005). The choice of a single sector minimizes the impact of inter-industry differences (Coviello and Munro 1995). IT firms are also similar to other knowledge-intensive firms, enhancing our understanding of cross-border activity of an important industry sector. However, transnational venture founding of non-high-tech firms may differ from their high-tech counterparts (Anderson et al. 2007).

## Conclusions and implications

Studies have documented the significance of ethnic ties of US-based Indian professionals for knowledge transfer (e.g., Saxenian 2002, 2005) or creation of business opportunities in India (Nanda and Khanna 2010). However, our findings show that TEs are heterogeneous in their motivations and home country entry strategy. Further, TEs’ entry strategy is contingent on their (a) use of ethnic professional and personal (family and non-family) ties to found a TNV and (b) prior experience of doing business with India. These findings contribute to the transnational and migrant entrepreneurship literatures. For TEs, our findings suggest that ethnic ties can pull them to their home country to form a transnational venture even when TEs have no clear motivation to do so and no prior experience of doing business with their home country. However, even when they have clear economic or emotional motivations, TEs must actively seek out a combination of ethnic professional and personal (non-family and alumni) ties to establish a direct presence in the home country at the outset, unless the inspiration to form a transnational venture at home comes from their family.

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