

Diaspora Entrepreneurship- A New Impetus towards Building a Strong Start-Up Ecosystem

Dr. Mala Rani¹, Dr. Anupama Mahajan², Ms. Surbhi Talwar³

¹Associate Professor, Bharati College, University of Delhi, malarani072@gmail.com

²Professor, Bharati College, University of Delhi

³Assistant Professor, NCWEB, University of Delhi

Abstract : *Many countries are making efforts to attract Diaspora entrepreneurs aiming to set-up start-ups for their embedded advantages like innovation and creativity, and to help in employment generation in addition to the huge investment opportunities. This paper attempts to understand the uniqueness of Diasporas entrepreneurs and the state and evolution of the start-up ecosystem and gives insight into the Diasporas start-ups in India. To attract Diaspora start-ups to bring in creativity and innovation while facing challenges in achieving India's development and financial advancements forms the scope of the paper.*

Although developing countries recognise the advantages of attracting Diaspora direct investors and entrepreneurs to their countries, they are struggling to succeed in their goal, especially those which have internal and external disturbances either due to civil society or foreign enemies. And if there are peaceful conditions, abhorrent tax laws, lack of local resources such as financing, and red-tapism and corruption act as huge deterrents for entrepreneurs from pursuing economic activities in such a country and compel them to rather find business opportunities somewhere else. This paper attempts to discuss Diaspora entrepreneurship and its nature, the environment that is best suited for Diaspora direct investment in countries of origin, and the effective strategies adopted by some countries to attract Diaspora entrepreneurs.

Key-Words: *Diaspora, Diaspora entrepreneurs, Eco-system, Start-up*

INTRODUCTION

The word Diasporas is derived from a Greek term 'diaspeirein' meaning dispersion. "Diaspora

communities have been explained to be dispersed from a centre to more than one place while preserving links, communication and relations with their original homeland" (House of Commons, 2004). Diaspora entrepreneurship refers to entrepreneurs who have their feet in two countries, home country also known as Country of Origin and host country often referred to as Country of Residence. They are able to develop their businesses by taking advantage of Diaspora policies by countries that are promoting entrepreneurship in their Diasporas. Regardless of the advantages brought in by Diaspora entrepreneurs, many developing countries have been struggling in attracting them. A number of studies have proved that the country of residence is benefited in terms of better products, new technology and higher job creation, with the inflow of high-skilled labour (Kerr, 2016; Hunt, 2010 and Bosetti, 2015). Salter (2015) argued that in almost all nations, the transient workers are by nature twice more enterprising in comparison to the local population.

Keeping in view the fact that there are not many diaspora entrepreneurs in India; therefore, this study has been undertaken to understand

- ◆ the state of diaspora entrepreneurs in India, their role towards the development of the start-up ecosystem in India and to analyse the challenges faced by the Diaspora entrepreneurs in India.

To better understand the contributions of the Diaspora entrepreneurs in the development of the economic system

of a country, several research efforts have already been fostered, yet the elements that make vital contributions in the development of a successful start-up ecosystem are poorly explored. Some studies have shown that the Diaspora entrepreneurs possess distinctive network structures and other capital structures that domestic entrepreneurs miss (Vertovec, 2004). Based on the literature available a few initial assumptions related to the role of Diaspora entrepreneurs in development of the start-up environment have been made.

- ◆ Diaspora Entrepreneurs acts as a bridge between Countries of Origin and Residence
- ◆ Diaspora Entrepreneurs bring unique human capital to Country of Residence
- ◆ Transnational social networks help entrepreneurs to cross fertilise the economic systems of both the countries.

For attaining the objectives of the research and test the assumptions stated above, information and data is gathered from the secondary sources. A number of studies (cited in the text) were analysed in detail, literature was thoroughly searched and various schemes announced by the Government of India were studied to understand the state of diaspora entrepreneurs in India.

The results so achieved are stated as ‘Recommendations’ and ‘Conclusion’.

DIASPORA ENTREPRENEURSHIP

The word Diaspora initially was used to refer to the Jewish Diaspora but now it is being used to include any historical mass movement of people of common extraction (Ember, 2004). Various studies show that Diaspora entrepreneurs have been successfully contributing towards the development of the economic system. Yet, the relationship between Diaspora entrepreneurs and the start-up ecosystem is in its initial stages. Silicon Valley is one such example where roughly 50% of newly incorporated companies were founded by immigrant high-tech and engineering firms

in 2005 (OECD, 2010). Safran (1991) has characterised Diaspora entrepreneurs as individuals who are able to preserve a solid and enthusiastic relationship with their native country. Most recently many studies have been conducted to understand the role of Diaspora entrepreneurs in development of the start-up ecosystem of their home country through return movement (Riddle and Brinkerhoff, 2011; Kapur, 2001; Freinkman, 2000). Researchers Dalziel, 2008 and Hull, 2010 in their study explained the crucial position of immigrant entrepreneurs in the development of the US economy as they are often more pioneering, inventive and efficacious than the other native firms. Kloostermann (1999), attributes the ability of the Diaspora to bring in successful ideas to their mixed entrenchment in the shared networks of Diaspora. Rouse (1992) explains bi-focality as the ability of diasporans and their descendants to be able to have different perspectives to see the world. These unique characteristics of the Diaspora entrepreneurs provide them with a large pool of information, experience and information, which domestic entrepreneurs have no access to (Dalziel, 2008; Aliaga-Isla and Rialp, 2012;). Whereas the domestic entrepreneurs can make use of local networks only, using their vast network, diasporans are in a position to identify opportunities and maintain their motivation (Harima, 2014) using the support from people accessible to them. Despite being diffused across many nations, Diaspora entrepreneurs uphold an interest and relationship to their home country. Making full use of these advantages, Diaspora entrepreneurs identify entrepreneurial opportunities in a more successful way than their domestic counterparts.

START-UP ECOSYSTEM

As ‘Start-up’ is a new term, there is no single definition of start-ups. “Start-ups, often tech-enabled, generally combine fast growth, high reliance on innovation of product, process and financing, utmost attention to new technological developments and extensive use of innovative business models, and often, collaborative platforms.” (EC, 2016). They usually create a novel

service or product, aimed at solving a problem. Therefore, it won't be wrong if we say that start-ups are fairly young companies still searching for their business model. A start-up ecosystem is an agglomeration of independent variables creating ideal conditions for entrepreneurial pursuits in high-growth businesses (Spilling, 1996; Stam, 2014; Mason and Brown, 2014).

Even though the terms 'start-up ecosystem' and 'entrepreneurial ecosystem' are being used interchangeably in the literature, there is a difference between these closely related terms. The term 'entrepreneurial ecosystem' consists of an environment including small and medium sized businesses to high-growth businesses whereas 'Start-up ecosystem' describes the favourable environment for high-growth businesses. Considering the differences, in our study we use the term 'start-up ecosystem', focusing on start-up companies. Novelty, commercial affluence and job creation are some of the outcomes of a successful start-up ecosystem (Mason and Brown, 2014). One such example of a successful start-up ecosystem is Silicon Valley.

A lot of research has been conducted on studying the impact of different factors on the development of the ecosystem, whereas the research on the factors in development of the startup ecosystem is still in its early stages. Fuerlinger (2015) commented that the state plays a critical part in setting the groundwork for the conception of an encouraging entrepreneurial environment by modelling the dogmatic environment. Kantis and Federico (2012) illustrated the government's steering role in providing venture capital. The state plays a dynamic part in the marketing of entrepreneurial culture (Kantis and Federico, 2012) by inducing social values and demeanours. Higher educational opportunities and institutes also act as another factor in the development of an ecosystem. Cultivating entrepreneurial mindsets through university action propel inventions and creativity (Hooi and Ling, 2012).

Other than the roles of the Government and educational institutions, the roles of drivers of economic development have once in a while been investigated to date. A parcel of endeavours has been identified studying environment meta-structures such as start-up communities (Van Weele, 2014; Cohen, 2006). Analysts have centred on the ways that native start-up communities offer bolster to entrepreneurs by contributing know-how and empowering and rejoicing the role models that enthuse new generations (Feld, 2012; Davidsson and Honig, 2003; Van Weele, 2014; Isenberg, 2010) and proclaims that entrepreneurship is a communal phenomenon (Anderson and Gaddefors, 2016). In spite of the fact that the past investigation offers a few important experiences into factors of the ecosystem, there is a need for a substantial relationship between the existence of a particular factor and its precise effect on development of the ecosystem. This inadequacy in past inquiries shoots from the need of a conventional structure, which makes it outlandish to equate the former discoveries. It is worth knowing here that a few researchers have endeavoured to create a conceptual model (ANDE, 2013; Isenberg, 2011; Ahmad and Hoffmann, 2007; Neck et al., 2004). However, these models endure from primarily two escape clauses i.e. inadequately hypothetical foundations and a need of a coherent structure. A model developed by Juling (2016) was the first model to reflect these shortcomings and illustrates the capital structures of entrepreneurial ecosystems (Lachmann, 1978; Foss and Klein, 2012). Our basic preposition that the variables of the ecosystem contribute specific assets to a start-up ecosystem is in accordance with the fundamental standards of the capital model (Juling, 2016), which testifies that an ecosystem entails amalgamation of various resources.

CONTRIBUTIONS OF DIASPORA ENTREPRENEURS IN THE GROWTH OF START-UP ECOSYSTEM OF THE COUNTRY OF RESIDENCE

Although the role of Diaspora entrepreneurs in

advancing the economy of the country of residence has been well studied, yet the study of its impact on the start-up ecosystem of the country of residence is still at its preliminary phase. Taking hints from the existing researches we can assume that Diaspora entrepreneurs play a critical part in the development of the capital structure within a start-up ecosystem. First, Diaspora entrepreneurs are instrumental in augmenting the prevailing human capital by bringing supplementary and distinctive human capital augmented with knowledge and technology to the country of residence from their country of origin. The advanced technology and knowledge brought in by the diasporans lead to increased competitiveness amongst the participants in the start-up scene of the country of residence. Meyer et al. (1997) argued that the fact that many diasporans acquire academic qualification and practical experiences in their home countries, which can be perceived as 'brain gain' to the country of residence's start-up ecosystems. Along with being academically qualified, Diaspora entrepreneurs are bi-focal in nature which gives them the capability to switch between different cultures and values. This gives the Diaspora entrepreneurs a chance to make use of business opportunities that go unnoticed by the local entrepreneurs (Harima, 2016). Secondly, Diasporas can access diverse networks in two countries (Elo, 2014; Kuznetsov, 2008). Social networks of the Diaspora entrepreneurs are useful in creating allies between ecosystems of both the countries. As commented by Safran (1991), the strong connections of the Diaspora in home as well as host country provide them with the ability to combine the economic capital in both countries. Also, it is a well established fact that to finance their businesses Diaspora entrepreneurs make use of social networks (Johannisson, 2000; Rath, 2002). Diaspora entrepreneurs are in a position to reinforce financial capital for their start-up through self-funding as well as from the country of origin through their strong social networks. Also, co-ethnic businesses are known to motivate Diaspora entrepreneurs to invest. As a result, Diaspora entrepreneurs easily use their

social networks to approach their investors. Diaspora entrepreneurs are also instrumental in reinforcing the cultural capital in the country of residence by influencing the start-up environment with their entrepreneurial mind set. Similarly, we can say that the Diaspora entrepreneurs have access to infrastructural capital in more than one country. Governmental policy support is also of utmost importance for regional entrepreneurial activities (Gilbert, 2004; Audretsch, 2007). Thus, we can say that Diaspora entrepreneurs are instrumental in capital interweaving by using their diverse social network in acquiring financial funding contributing towards expanding economical capital with the help of infrastructural and governmental support.

START-UP ECOSYSTEM OF INDIA

The start-ups ecosystem consists of various stakeholders, other than the entrepreneurs including investors, service providers, educational and research institutions, and big companies. In India the Ministry of Commerce and Industry in Department of Industrial Policy and promotion (DIPP) in its notification dated 11 April 2018, has illustrated start-up as "an entity shall be considered as a start-up: i) Up to a period of ten years from the date of incorporation/ registration, if it is incorporated as a private limited company (as defined in the Companies Act, 2013) or registered as a partnership firm (registered under section 59 of the Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2008) in India, ii) Turnover of the entity for any of the financial years since incorporation/ registration has not exceeded one hundred crore rupees, & iii) Entity is working towards innovation, development or improvement of products/ processes/ services, or if it is a scalable business model with a high potential of employment generation or wealth creation" (Source: <https://www.startupindia.gov.in/>).

The last two decades saw the evolution of the Indian start-up ecosystem, witnessing the entry of many more

participants providing support in different forms. In the late 90's, internet connectivity was non-existent and the support system was negligible. The next decade witnessed a change, and the market welcomed more start-ups. Some of them got settled while others left in infancy. One such initiative was made in 2009 by the Bangalore-based e-commerce start-up, known as Flipkart. The past decade has been witnessing a rapid evolution of the start-up ecosystem in India. Also India was ranked number two in being the best funded start-up hub in the world (Start-up Genome, 2015). The Government of India came up with the flagship initiative called "Start-up India", in the year 2016, with the prime focus to build a strong ecosystem for promoting and nurturing domestic start-ups which would lead to generation of employment opportunities and sustainable economic growth. Programs such as "Atal Innovation Mission", "Make in India", "Digital India" and "Skill India" are initiatives of the Indian government which have attracted Diaspora start-ups to invest in India. India has become one of the top destinations for start-ups. Although Bangalore has been successful in attracting a lot of Diaspora entrepreneurs, Delhi is also catching up faster in the race. Many more cities are attracting more foreigners to start-up their business as they see India as a country of vast opportunities. In the words of David Back, co-founder of Zoomcar *"what works abroad doesn't necessarily work in India, but a whole lot of other things do work in India. There are lots of opportunities to be tapped and there is scope of humongous growth in this country"*.

India is a country having a large and fast-growing market, political stability as well as educated workforce. The Government of India is taking steps to ensure the ease of doing business in the country. Unsaturated markets provide a great opportunity to the Diaspora entrepreneurs to build a successful start-up business. Though Indian markets are not easy, and it usually takes around 4-5 years to experience high market growth, it has been seen that a number of Diaspora

entrepreneurs have entered in the service sector rather than the manufacturing sector. This is due to undue long processes for approval, commencement of business operations, land ownership procedures, difficulties in getting multiple clearances etc. despite of all these difficulties it is worth noting that if the Diaspora entrepreneurs are able to establish manufacturing units then it would add to not only employment opportunities but also investment venues.

Figure 1. Levels of Commitment to Diaspora Entrepreneurship



Source: www.migrationpolicy.com

Every entrepreneurial project has five levels of involvement. These levels of involvement or commitments start with networking, mentoring, training, investment, and end with venture capital and partnerships in the ascending manner (see Figure 1). While a combination of all five levels of engagement is likely to foster entrepreneurship, for a variety of reasons including availability of resources and time, and the different actors involved at each level, the more passive forms of support at the base of the pyramid are likely to proliferate and scatter more quickly than the more active forms of support near the top. Such organizations that support entrepreneurship among the Diaspora provide a wide range of services and are unique in many key ways.

CHANGING LANDSCAPE OF THE START-UP ECOSYSTEM

Due to the existing differences in the corporate culture of India and the West, it has been visibly difficult for Diaspora entrepreneurs to survive in the country. To top it all, being a Diaspora start-up becomes all the more challenging in a country which is yet to develop a market model which is less regularised and less bureaucratic. Bureaucratic delays, frequent regulatory changes in certain sectors and lack of investor trust are a few factors that lead to dampening the spirits of the Diaspora entrepreneurs.. Although, the government is doing a great job to promote the image of the country and government organisations like the *Niti Aayog* are providing great support to the government in attracting the Diaspora entrepreneurs through these changes. A number of Diaspora start-ups have been established in India in recent years. A wide range of sectors such as e-commerce, food delivery, smart mobility, fashion, health and wellness etc. have seen the emergence of the Diaspora entrepreneurs. Despite several roadblocks, many foreign nationals have been successful in fulfilling their start-up ambitions in India. The past decade has witnessed rapid evolution of the start-up ecosystem of India. India's rank in "Ease of Doing Business Index" provided by the World Bank also improved from 130 in 2016 to 100 in the year 2017. Despite the advantages, it is surprising to know there are no specific policies to attract Diaspora start-ups in India, especially when promoting and attracting foreign investment to the country is what we want. The focus of the "Start-up India" initiative is primarily on encouraging and motivating the domestic start-ups and developing a robust start-up ecosystem. "Back in the 1990s when I came to India, it took me a year to get my company registered as a foreign national. Now it takes a matter of weeks," says Mikael Gislen. He moved to India from Sweden in 1994 and successfully runs Gislen Software, in Chennai. Diaspora entrepreneurs find it challenging to adapt to the culture mainly. A lot of Diaspora

entrepreneurs have moved back to their home countries failing to adjust to the cultural difference. According to one entrepreneur Moran, American people may be sceptical about venturing into Indian markets because of other infrastructural elements and traffic, and pollution and all of that," According to him another difficulty faced by them was communication barriers, predominantly verbal communication. Even though these difficulties pose a roadblock in the early stages of the start-up system, yet many diasporans have got a hang of it and succeeded in their start-up endeavours. As observed by start-up owner Greg Moran cited in Economic Times, most of the start-up owner's hail from an engineering background, having studied from the prestigious IIT's and NIT's, yet only a few have the knowledge or expertise in terms of business. According to him, engineers are good at producing innovative products like an app or something, but lack business knowledge. To understand the business economics, there is a need for a systematic approach, to take the venture to the next level. With the changing perceptions revolving around the Diaspora start-ups and increasing examples of successful diasporans, many more entrants can be seen in varied fields of operations. A large number of Diaspora start-ups have been observed in the food and beverages sector, where entrepreneurs set up restaurants and food supply chains.

CHALLENGES FACED BY DIASPORA ENTREPRENEURS IN INDIAN START-UP ECOSYSTEM

There are typical challenges that start-ups face around the globe. Certain obstacles, however, are more peculiar to the Diaspora entrepreneurs starting a solo business. India traditionally had an image of being an unfavourable place to establish a business by Diaspora entrepreneurs due to a number of factors such as political instability, cultural diversity, bureaucratic and regulatory framework, and quality of life which pose hurdles like pollution, poverty, hygiene etc.

This section of the paper tries to understand the challenges faced by Diaspora entrepreneurs in the start-up ecosystem of the country. To begin with, many Diaspora entrepreneurs acknowledged difficulties in understanding the process of entering the Indian start-up market. Although the ‘Start-up India Hub’ portal aims at consolidating all the information on one website, yet many Diaspora entrepreneurs don’t find it user friendly. The website doesn’t provide information required by Diaspora entrepreneurs to start-up businesses in India. The ever-evolving government policies also result in lack of clarity. For example, the “Start-up India” policy is designed to help only domestic Indian Start-ups, whereas “Make-in India” policy focuses on attracting Diaspora entrepreneurs to manufacture in India whereas, most of the diasporans face impediments in recruiting and supervising a team, managing the customers and developing a showcase technique. Also, India does not have any policy for extending special visas for start-ups. Though the diasporans feel that the local skilled labour can be appointed at a lower cost, yet they often find it strenuous to get a workforce with the right skill or fail to understand the process of accessing the right skill. Therefore, they have to bring in people to train the locals. Although the Diaspora entrepreneurs are well equipped with technological and academic knowledge, the lack of business knowledge poses a great hurdle in the success of the start-up.

Most start-ups in their early stages are bootstrapped, i.e. they are self-funded through the founder’s capital or from borrowings from friends and family. Other start-ups become self-sustaining from the profits and revenues earned. Yet, running a successful transnational start-up requires a considerable amount of capital. Many Diaspora entrepreneurs plan to scale their business, for which they start searching for investors. However, even after receiving a positive response on their products and market validation, finding a right investor in the country of residence is a difficult job. In order to build a successful start-up, diasporans need to bridge

the information gap that exists between those who provide a product and those who use it. However, this is particularly difficult for the Diaspora entrepreneurs owing to the different culture, languages, ethnicities and religions. Also, the customers are equally diverse. Furthermore, there is a disconnect between the Diaspora start-up founders who are well-educated and come from different countries and the customers, for whom they aim to build products. Diaspora start-ups often have not enough understanding of the customers and their needs, attributable to the different living environments. Another big challenge for Diaspora entrepreneurial start-ups is to find markets for their products as Indian markets appear tough to make way into. This is because the markets are almost saturated with many already existing firms and more entering the market. Another reason why Diaspora entrepreneurs find it difficult to penetrate Indian markets is the disadvantage they face as compared to large companies. Larger companies are more competent in dealing with bureaucratic regulations, and the government also prefers to sign contracts with established companies due to their strong financial position. In the context of communication with the customers and retention of the customers, Diaspora entrepreneurs are at a back foot. Another issue faced by Diaspora start-ups is collection and timely payment for their products and services, especially when start-ups are not charging customers through digital means for payment. Majority of job seekers prefer to engage themselves with large companies, offering more stable jobs than working with start-ups due to their inherent risk. Diaspora entrepreneurs running a start-up face an additional snag in hiring talented workforce arising from a common fear that whether the Diaspora entrepreneur will be in the country of residence for a long haul or not. In addition, start-ups find it difficult to compete with the large companies as far as reputation and compensation structures are concerned. Many of those who start working for Diaspora entrepreneurial start-ups switch to established companies after a few years attributing to the failure of such start-ups in competing

with the reputation and compensating structures of large companies.

Government of India has taken a lot of steps to boost the start-up environment in the country. However, the present regulatory framework has very little to offer to the Diaspora entrepreneurs ambitious of setting up start-ups in the country. In India, the penetration of technology is very low, especially in remote rural areas. Issues such as poor telecommunication, broadband connectivity and internet connection speed add to the poor quality of infrastructure. Entrepreneurs are also laden with the legal incorporation and registration processes which are excessively lengthy and costly requiring a lot of approvals leading to high entry barriers. After the incorporation phase, the Diaspora entrepreneurs have to go through the registration of their set-ups to qualify for various tax benefits. The tax structure of the home countries differs from those of the countries of residence. Diaspora entrepreneurs find it particularly difficult to understand and keep track of filing their taxes regularly, failing which they risk huge penalty payments.

India has weak patent law. Apart from patent filing in the country being low, granting of the patents is also delayed. Therefore, a number of start-ups are concerned about the protection of innovative ideas. Another reason for less number of Diaspora start-ups coming to India is the low share in the budget allocated to the research and development initiatives. Many Diaspora start-ups have commented that due to lack of budget allocated to Research and Development activities, these start-ups fail to show innovation and creativity.

PANDEMICS AND START-UP ECOSYSTEM

Starting in the year 2020, has witnessed a pandemic which has changed the ecosystem of the world altogether. It won't be wrong if we presume that pandemics such as Covid-19 have an impending effect on the still growing start-up ecosystems of many countries. Sequoia termed the corona virus pandemic as The Black Swan of 2020,

and had warned that it may take several quarters to be contained, and the global economy will take even longer to recover from its effects. Start-ups like other companies are struggling in almost all areas of business and many are even on the verge of collapsing. The worst hit of the lot can easily be identified as the start-ups in the travel sector such as providing flight bookings, hotel bookings. However, many start-ups have witnessed a sharp increase in business. Videoconferencing applications are having huge demand amid work-from-home conditions. Gaming and online education providers are also experiencing an increase in users. Online retail start-ups, though, are witnessing high demands, yet they are not able to fulfil the entire demand due to lack of availability of the products. Meanwhile, insurance start-ups are witnessing sharp increases in demand.

Therefore, we can say that pandemics like Covid19 have an obstructing effect on the development of the start-up ecosystem of any country. And if a country has a strong ecosystem preparedness to face such pandemics will surely attract Diaspora entrepreneurs. India should, in fact, prepare it to better utilize the after effects of the pandemic in its favour that can be a catalyst in attracting diasporans.

DISCUSSIONS AND RECOMMENDATIONS

Diaspora entrepreneurs are at an advantage of making use of different types of capital from the country of origin and the country of residence. Many researchers have concluded that Diaspora entrepreneurs add to the development of the ecosystem by integrating the capital structures of the different points of operation. Diaspora entrepreneurs further are instrumental in the development of the start-up ecosystem of any country by reinforcing the individual capital structure. One such successful example is that of Silicon Valley. Therefore, many developing countries are making efforts to attract high growth start-ups from different countries to help boost their own start-up scenario. Although

many countries have adopted nationalist measures to protect their domestic industries, many others have come up with innovative measures to attract Diaspora entrepreneurs. In this context, it is observed that Diaspora entrepreneurs migrate voluntarily to develop their businesses in different countries providing favourable living and working conditions. Countries are formulating legal and regulatory frameworks which are easily understood and complied with by the Diaspora entrepreneurs. Governments willing to attract Diaspora entrepreneurs are offering start-up visas to launch Diaspora start-ups in the country. The Indian government must take cues from visa regulation policies of other countries successful in attracting Diaspora start-ups. After evaluating the start-up idea of the Diaspora entrepreneur, start-up visas can be granted. Based on certain criteria such as annual turnover, creativity and innovation and job creation opportunities, residence and work permits can be granted for one or two years. One of the reasons why Diaspora start-ups do not feel comfortable in establishing business in India is due to the long-time taken to grant clearance for setting up of business. These delays can be reduced if the state and centre government work together to provide a fast track mechanism to reduce delays and provide facilities to the Diaspora start-ups.

The tax structure of the country is complex for a Diaspora entrepreneur to understand. Diaspora entrepreneurs starting a solo business in a country like India would like to have lower as well as simpler tax regime which can be easily understood and complied by them. In addition to a simpler tax structure, Diaspora entrepreneurs appreciate fiscal incentives provided to them.

Diaspora entrepreneurs face many problems such as communication barriers, cultural divide, language diversity, political and economic instability and adverse living conditions such as high levels of pollution, poor hygiene facilities and civic amenities. It is well known that the governments of developing countries

are in favour of attracting big established multinational countries, but if they realise the role of start-ups in economic development, then an easier path can be paved for the operations of the Diaspora start-ups. To cope up with social obstacles, Diaspora entrepreneurs look up to their support groups. Start-up business visionaries share common encounters, challenges and intellect sets (Van Weele, 2014). These support groups help each other in providing help in understanding the different cultures, languages and attitudes of the country of residence. Therefore, any country which provides a favourable environment to the diasporans, is able to succeed in attracting the Diaspora entrepreneurship in the start-up ecosystem. A strong cyber security law is required to attract and protect Diaspora start-ups in the country that bring innovation and creativity. In this context the government of India must learn from some of the successful countries like China. As discussed earlier that weak patent laws in the countries pose one major turnoff to the Diaspora entrepreneurs, therefore the government of India must make efforts in speeding the filling process of the patents and also strengthen the law so as to protect creativity and innovation. The current unpredictable situation associated with the pandemic poses a question: will India equip itself fast to become the next hub for Diaspora entrepreneurs?

CONCLUSION

Every entrepreneur undertakes a new enterprise in expectation of its success so that wealth and jobs gets created and improvement in economic wellbeing takes place. Having bases in two different countries, Diaspora entrepreneurs have unique capability to identify opportunities in their home countries and are emotionally charged to add on to employment generation and economic development in their homelands. It is but natural that the policy makers try to harness and utilise this tremendous resource for economic growth and development of their country. Motivating and incentivising the members of the Diaspora to engage into entrepreneurial ventures is a matter of great concern

for the nation's development policy. But, it has been observed that entrepreneurs do not appreciate too much state intervention in day to day business activities. On the other hand, state-run organisations find Diaspora entrepreneurs as a challenge for their existence, and local businesses may oppose facilities and promotions given to the Diaspora. But, Diaspora entrepreneurs must not be treated as panacea for all ills such as sluggish job creation and slow growth in the economy.

Though it is essential to promote entrepreneurship, not at the cost of distorting the markets. A fine balance between the two is a prerequisite. Additionally, a number of research confirmed that potential Diaspora entrepreneurs will invest and start a business only if the political situation in their home country is stable, there is no civil unrest and sufficient infrastructure is there to create a favourable work environment. Members of a Diaspora are more likely to see opportunities, understand the opportunity structure, and have connections and “cultural capital” that facilitate their undertakings than other foreign investors. On the negative side, they are more likely to face biased attitudes, resentment from natives, and bureaucratic hurdles in their home countries. Governments, multilateral institutions, Diaspora organizations, and other civil society groups must help Diaspora entrepreneurs to tap the resources they need and clear obstacles to realizing their ventures in order to ensure that their efforts create a ‘win-win’ situation for all the stakeholders. These entrepreneurs take risks by tapping the opportunity, bringing investment and innovations in their home country. If given a chance, they have an appetite to engage in high-risk businesses. Since they have roots in their home country, they are better versed with the political, cultural, economic and social environment of the country of origin, and hence have a ‘first-mover advantage’ in the country of origin as compared to non-Diaspora investors.

REFERENCES

1. Ahmad, N. and Hoffmann, A. (2007) A Framework for Addressing and Measuring Entrepreneurship, Entrepreneurship Indicators Steering Group, Paris.
2. Aliaga-Isla, R. and Rialp, A. (2012) ‘How do information and experience play a role in the
3. discovery of entrepreneurial opportunities? The case of Latin-American immigrants in
4. Barcelona’, Latin American Business Review.
5. Anderson, A.R. and Gaddefors, J. (2016) ‘Entrepreneurship as a community phenomenon;
6. reconnecting meanings and place’, International Journal of Entrepreneurship and Small
7. Business.
8. Aspen Network of Development Entrepreneurs (ANDE) (2013) Entrepreneurial Ecosystem
9. Diagnostic Toolkit.
10. Audretsch, D.B., Grilo, I. and Thurik, A.R. (2007) ‘Explaining entrepreneurship and the role of policy: a framework’, in Handbook of Research on Entrepreneurship Policy, Edward Elgar Publishing, Cheltenham, UK.
11. Bosetti, V., Cattaneo, C. and Verdolini, E. (2015). Migration of skilled workers and innovation: A European Perspective. Journal of International Economics
12. Dalziel, M. (2008) ‘Immigrants as extraordinarily successful entrepreneurs: a pilot study of the Canadian experience’, Journal of Small Business & Entrepreneurship.
13. Davidsson, P. and Honig, B. (2003) ‘The role of social and human capital among nascent
14. entrepreneurs’, Journal of Business Venturing.
15. Department of Industrial Policy & Promotion (DIPP) (2018). Conference on National Intellectual Property Rights Policy. Cell for IPR Promotion & Management, Department of Industrial Policy & Promotion, New Delhi..
16. EC. (2016). Europe's next leaders: The Start-up and Scale-up Initiative. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. COM (2016) 733 final. Strasbourg, France.
17. Elo, M. (2014) Diaspora Networks in International Business and Transnational Entrepreneurship – A Literature Review, ZenTra Working Papers in Transnational Studies
18. Feld, B. (2012) Startup Communities: Building an Entrepreneurial Ecosystem in your City, John Wiley & Sons, Inc., Hoboken, New Jersey.
19. Foss, N.J. and Klein, P.G. (2012) Organizing Entrepreneurial Judgment: A New Approach to the Firm, Cambridge University Press, Cambridge.
20. Freinkman, L. (2001) ‘Role of the diasporas in transition economies: lessons from Armenia’, Cuba in Transition.
21. Fuerlinger, G., Fandl, U. and Funke, T. (2015) ‘The role of the state in the entrepreneurship

22. ecosystem: insights from Germany', Triple Helix.
23. Gilbert, B.A., Audretsch, D.B. and McDougall, P.P. (2004) 'The emergence of entrepreneurship policy', Small Business Economics.
24. Harima A. (2014) 'Network dynamics of descending diaspora entrepreneurship: multiple case studies with Japanese entrepreneurs in emerging economies', Journal of Entrepreneurship, Management and Innovation.
27. Harima, A., Elo, M. and Freiling, J. (2016) 'Rich-to-poor diaspora ventures: how do they survive?', International Journal of Entrepreneurship and Small Business.
28. Hooi, K.K. and Ling, K.C. (2012) 'What can go wrong? Developing and sustaining an entrepreneurial and entrepreneurship ecosystem within an educational institution', International Conference on Innovation Management and Technology Research (ICIMTR).
31. Hull, G.S. (2010) 'Immigrant entrepreneurs: the face of the New Nashville', iBusiness.
32. Hunt, J. and Gauthier-Loiselle, M. (2010). How Much Does Immigration Boost Innovation?. American Economic Journal: Macroeconomics.
33. Isenberg, D.J. (2010) 'How to start an entrepreneurial revolution', Harvard Business Review.
34. Isenberg, D.J. (2011) The Entrepreneurship Ecosystem Strategy as a New Paradigm for Economic Policy: Principles for Cultivating Entrepreneurship, the Babson Entrepreneurship Ecosystem Project, Babson College, Massachusetts.
35. Johannisson, B. (2000) 'Networking and entrepreneurial growth', in Saxton, D and Lanstrom, H.(Eds.): The Blackwell Handbook of Entrepreneurship, Blackwell, Oxford.
36. Juling, J., Freiling, J. and Harima, A. (2016) 'The eight capital model of entrepreneurial ecosystems', Paper presented at 6th Leuphana Conference on Entrepreneurship, Lüneburg, Germany.
39. Kantis, H.D. and Federico, J.S. (2012) 'Entrepreneurial ecosystems in Latin America: the role of policies', International Research and Policy Roundtable, Kauffman Foundation, Liverpool, UK.
41. Kapur, D. (2001) 'Diasporas and technology transfer', Journal of Human Development.
42. Kerr, S., Kerr, B., Özden, C. and Parsons, C. (2016). Global Talent Flows. Journal of Economic Perspectives.
43. Kloostermann, R., van der Leun, J. and Rath, J. (1999) 'Mixed embeddedness: (In)formal economic activities and immigrant business in the Netherlands', International Journal of Urban and Regional Research.
44. Kuznetsov, Y. (2008) 'Mobilizing intellectual capital of diasporas: from first movers to a virtuous cycle', Journal of Intellectual Capital.
45. Lachmann, L.M. (1978) Capital and its Structure, Sheed Andrews & McNeel, Kansas City.
46. Mason, C. and Brown, R. (2014) Entrepreneurial Ecosystems and Growth Oriented Entrepreneurship.
48. Meyer, J.B., Charum, J., Bernal, D., Gaillard, J., Granés, J., Leon, J., Montenegro, A., Morales, A., Murcia, C., Narvaez-Berthelemot, N., Parrado, L.S. and Schlemmer, B. (1997) 'Turning brain drain into brain gain: the colombian experience of the diaspora option', Science, Technology & Society.
49. Neck, H., Meyer, D., Cohen, B. and Corbett, A.C. (2004) 'An entrepreneurial system view of new venture creation', Journal of Small Business Management
50. OECD (2010) Entrepreneurship and Migrants, Report by the OECD Working Party on SMEs and Entrepreneurship
51. Portes, A., Guarnizo, L.E. and Haller, W.J. (2002) 'Transnational entrepreneurs: an alternative form of immigrant economic adaptation', American Sociological Review.
52. Riddle, L. and Brinkerhoff, J. (2011) 'Diaspora entrepreneurs as institutional change agents: the case of Thamel.com', International Business Review.
53. Safran, W. (1991) 'Diasporas in modern societies: myths of homeland and return', Diaspora: A Journal of Transnational Studies.
54. Salter, P. (2015). The World's Best Entrepreneur Visas. Forbes Media.
55. Spilling, O.R. (1996) 'The entrepreneurial system: on entrepreneurship in the context of a megaevent', Journal of Business Research.
56. Stam, E. (2014) The Dutch Entrepreneurial Ecosystem, Birch research.
57. Startup Genome. (2015). The 2015 Global Startup Ecosystem Ranking. California, USA.
58. Van Weele, M., Steinz, H. and Rijnsoever, F. (2014) 'Start-ups down under: how startup communities facilitate Australian entrepreneurship'.
60. Vertovec, S. (2004) 'Migrant transnationalism and modes of transformation', The International Migration Reviews.