Transnational entrepreneurship in emerging markets

The Colombian case

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Abstract

Purpose – The purpose of this paper is to discuss the transnational entrepreneurial activities of Colombian emigrants to the USA in the context of the Colombian government's policies and initiatives aimed at encouraging and facilitating emigrants' transnational entrepreneurship. It examines the profile of Colombian emigrants, the entrepreneurial transnational activities they pursue and the actual and potential role of the government in instigating and shaping these activities.

Design/methodology/approach – The paper analyzes data obtained from focus groups with migrant families and interviews with governmental officials and an expert researcher. It also evaluates secondary data sources relevant to the subject of the paper.

Findings – The impact of transnational activities of Colombian migrants upon Colombian economy and society is much lower compared with the activities of migrants in other countries and with the potential these activities could have for contributing to the economic development of Colombia. Possible causes of this include: the specific characteristics of the Colombian emigrant and entrepreneur profile, the fragmentation of transnational networks of the migrants and the lack of governmental strategies to support the development of transnational activities of migrants.

Originality/value – The paper contributes to the debates on emigrant–state relation through offering an analysis of migrant entrepreneurship, technology and knowledge transfer and investment activities of Colombian emigrants in the home country. It also provides recommendations for policy action and concrete government programs that might encourage greater involvement of Colombian migrants in high value-adding activities that could benefit the country's development.

Keywords Transnationalism, Colombian migration, Transnational entrepreneurship

Paper type Research paper

Introduction

Emigration, formerly viewed as disadvantageous for the sending state, has recently been acknowledged as a potentially important "catalyst of development" (Boyle and Kitchin, 2014, p. 17). One perspective from which to explore the diverse ways in which migrants can contribute to the economic and social development of their country of origin is through the lens of transnationalism, an approach developed within sociological studies (Basch *et al.*, 1994), which explains how migrants, through their

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daily activities, build and maintain economic, social and political relations that link their countries of origin and destination, creating transnational "social fields" of action. Through their transnational activities, migrants participate in the social, economic, cultural and political environment at home (Portes *et al.*, 2007).

While there is no consensus regarding which activities carried out by migrants can be considered transnational, frequently included in this category are remittances, international trade, circular labor migration, political participation at home, expatriate activities at home, activities that reinforce the home society culture (such as social remittances, travel to home country, folk music exchanges), business creation and international entrepreneurship. This paper focuses on the last category on this list. Migrants, by the very nature of their circumstances, are in an excellent position to constantly innovate: thanks to their networks and international exposure, they get to know new people and new technologies and develop new skills (Corvino, 2011). As has been argued in the literature (Drori *et al.*, 2006; Eckstein and Najam, 2013; Saxenian, 2005; Song *et al.*, 2001), all of these resources and capabilities can potentially be used to establish new businesses, create jobs and transfer knowledge to migrants' countries of origin. Therefore, transnationalism in general and transnational entrepreneurship in particular can become tools to support the socioeconomic development of the country of origin of the migrant, especially in the case of migrants coming from emerging or developing countries.

The extent to which emigrants' activities can have an impact upon the country of origin's development is partly influenced by the home government's policies and initiatives, aiming at mobilizing emigrants as resources for the sending state to draw on (Cohen, 2008; Sahoo and Pattanaik, 2014). Through purposefully designed strategies, states are in the position to take advantage of the emigrants' tendency to engage in "emigrant-led transnationalism" that has as its main objective serving the interests of the emigrants and their families and to shape it towards "state-led transnationalism" that will benefit the country's economic and social development (Bravo, 2014; Gamlen, 2008; Margheritis, 2007). In this regard, one of the shortcomings of transnationalism theory is that it does not adequately explain the emigrant–state relation (Fitzgerald, 2009), an issue whose importance has been raised by a number of scholars over the past decade (Boccagni, 2014; Boyle and Kitchin, 2014; Eckstein and Najam, 2013; Fitzgerald, 2009; González Gutiérrez, 2006; Lafluer, 2011). This paper contributes to the literature on transnationalism and the emigrant–state relation by exploring the transnational entrepreneurial activities of Colombian emigrants to the USA (USA) in the context of their other transnational activities and of the actual and potential role of the government in instigating and shaping these activities.

Colombia, an emerging country with around 10 per cent emigrants (Colombia Nos Une, 2013), has a heterogeneous migrant population, with emigrants representing diverse places of origin and destination (Urrutia Montoya, 2003). Most Colombian migrants are, on average, better educated than both Colombian residents (Medina and Posso, 2009) and other Latin American (LA) migrants in the USA (Aysa-Lastra, 2007; Polanco, 2009). Thanks to their levels of education and skills, their transnational activities and the remittances they send to Colombia, Colombian migrants could play an important role as investors in Colombia. However, extant literature suggests that because of the specific structures in place in the country of origin of the migrant and the Colombian migrants' characteristics, their degree of engagement in transnational

entrepreneurship is low as compared to the level seen in other migrant communities (Eckstein and Najam, 2013; Saxenian, 2005; Song *et al.*, 2001).

The majority of studies of Colombian emigration have addressed the migrant profile, the impact of remittances and remittances' cost (Cardenas *et al.*, 2010; Díaz, 2006, 2008; Gaviria, 2004; Guarnizo, 2005, 2006; Medina, 2008). Few, like Guarnizo (2003), have studied the transnational and entrepreneurial activities of Colombian migrants. Responding to Guarnizo's (2003) call for exploration of the impact of transnational activities of migrants on their country of origin and building on the growing scholarly interest in the emigrant–nation nexus (Boyle and Kitchin, 2014; Fitzgerald, 2009), this article addresses the following questions: What transnational entrepreneurial activities do Colombian migrants pursue? What are the reasons behind the migrants' choice and extent of transnational entrepreneurial activities? What is the Colombian government's role in shaping migrants' transnational entrepreneurial activities? What policies and initiatives should the Colombian government undertake to encourage and facilitate transnational entrepreneurial activities of the migrants?

The remainder of this article is structured as follows. First, we present the socio-economic profile of Colombian migrants and offer an overview of extant literature on migration and transnationalism in the Colombian context. Further, we explain our methodological approach. This is followed by a critical discussion concerning the actual and potential role of Colombian migrants in business creation and technology transfer, including the policies and initiatives of the national government in this area. Finally, we provide recommendations and conclusions regarding the ways in which the Colombian government could encourage and facilitate transnational entrepreneurial activities of the migrants, thus generating a positive impact upon the country's social and economic development.

Socio-economic profile of Colombian migrants

Extant research suggests that Colombian migrants are, on average, better educated than other LA migrants in the USA and other non-migrant nationals, earn more money than their Colombia-based counterparts, experience lower unemployment rates, are less likely to work in casual jobs, are slightly more likely to be female than male, come primarily from middle class backgrounds and, in the majority of cases, send remittances back to Colombia (Cardenas *et al.*, 2010; Cardona Sosa and Medina, 2006; Gaviria, 2004). Gaviria and Mejía (2005) state that Colombian migrants tend to cultivate a close relationship with the country, and around 65 per cent of them have considered returning. Cardenas *et al.* (2010) show how while earlier migrants had lower education levels than more recent ones (Gaviria, 2004), their higher degree of adaptation had granted them higher incomes. There is also a "brain drain" element to Colombian migration, as migrants represent around 7.3 per cent of the educated population of the country (Gaviria, 2004). At the same time, returnees are, on average, less educated than migrants who do not return (Medina, 2008; Medina and Posso, 2009).

Colombian emigration is nowadays much more diverse than in the past. While they preserve their identity and keep ties with the country at various levels (Ministerio de Relaciones Exteriores, 2008), compared to other migrant groups, Colombians are fragmented. This can be explained by the lack of mutual trust amongst Colombian migrants, stemming from the fear they might feel because of the risk of being associated with the illegal drug business (Guarnizo, 2006). While drug-related activities forced

many people to migrate, they also motivated some to settle outside Colombia to work as distributors or dealers in the illegal drug business (Garay and Rodriguez, 2005; Guarnizo and Díaz, 1999). This has generated in other Colombian migrants reluctance towards integrating themselves with fellow Colombians or Colombian groups in the USA. As a consequence, migrants have created both formal and informal networks that tend to be small, fragmented and closed (Aysa-Lastra, 2007; Guarnizo, 2006).

Colombians represent the highest number of South American immigrants in the USA and are the South American group with the largest refugee and asylum status volume in this country (Cardenas and Mejia, 2006). Likewise, this immigrant group shares similar socioeconomic and demographic characteristics to the US born population, in relation to levels of income, unemployment and education. However, compared to other migrants from the region, Colombians have a longer history of emigration to the USA, have higher naturalization rates and higher education levels, although most of them do no work in highly cognitive jobs. The majority of Colombian migrants in the USA are women, come primarily from urban areas and represent a heterogeneous composition with regard to social status (Aysa-Lastra, 2007; Cardenas *et al.*, 2010; Orozco, 2005; Polanco, 2009).

Colombian emigration and transnational entrepreneurial activities

Transnational migrants are those who keep constant and multiple contacts within the borders of diverse countries, configuring their identity between two or more nation states (Schiller *et al.*, 1992). Their activities in different spheres make up what Guarnizo (2003) refers to as "transnational living": all the economic, political, social and cultural cross-border relationships established by migrants to recreate their culture and environment in the place of destination. The literature on transnationalism does not provide an unambiguous definition of transnational activities (Stodolska and Almeida Santosba, 2006). Typically, however, the term covers remittances, migrant entrepreneurship, cross-border trade, telecommunications, political participation in the country of origin, tourism and cross-border traveling and technology and knowledge transfers.

According to Eckstein and Najam (2013), transnationalism allows migrants to transform their communities and countries of origin. While not all emigrants engage in transnational activities of entrepreneurial nature (Portes *et al.*, 2002), some – typically voluntary (Corvino, 2011), circular and returnee migrants (Riddle *et al.*, 2010) – establish transnational businesses and engage in entrepreneurship. However, as Fitzgerald (2009) argues, transnational activities tend to decrease with the time the migrant stays abroad, and in general, these activities are mainly carried out by first-generation migrants. For the governments of the countries of origin, there exists a tension between trying to cultivate links with their extraterritorial population and protecting their communities from the adverse impacts of emigration, such as depopulation and cultural changes (Fitzgerald, 2009). Nevertheless, there is empirical evidence that migrants' transnational entrepreneurial activities can have a positive impact on the development of the home country (Boyle and Kitchin, 2014; Sahoo and Pattanaik, 2014).

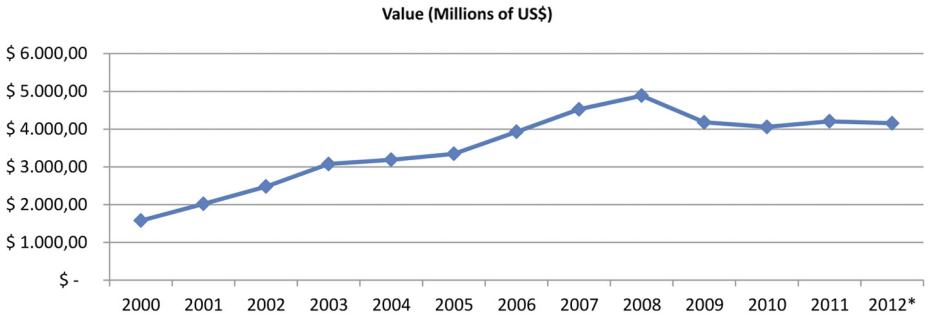
Transnationalism gives rise to a unique class of entrepreneur, namely, the transnational entrepreneur, taking advantage of her or his connections with two or more countries. Using transnational ties (Sana, 2005) and networks (Light *et al.*, 2003), as well as savings obtained through remittances to increase venture funding (Jones, 1998; Vaaler, 2013), migrants establish transnational businesses and get involved in

entrepreneurial activities. Studies suggests that many migrants become entrepreneurs upon return (Rapoport and Docquier, 2005) and that the accumulation of capital, while working abroad increases the likelihood of an individual becoming an entrepreneur back in the country of origin (Massey and Parrado, 1998; McCormick and Wahba, 2001).

The fact that most Colombian migrants are middle class, educated, maintain ties with the country and send remittances (Aysa-Lastra, 2007; Gaviria and Mejía, 2005; Medina and Posso, 2009; Polanco, 2009) implies that they could have the ability to accumulate the capital needed to invest in Colombia. To date, however, few studies have addressed transnational activities of Colombian emigrants and in particular their transnational entrepreneurial activities. The main focus of scholarly attention has been on remittances, most likely because of the increase in their volume and frequency in recent years (Figure 1).

Most remittances come from the USA and Spain, where the majority of contemporary Colombian migrants live (Mejía Ochoa, 2006). According to Gaviria and Mejía (2005), remittances are principally used for food expenditures (26 per cent), utilities (19 per cent) and health services (16 per cent), with around 50 per cent of the remitters saving a portion of the money. Arguably, those savings could be redirected towards more productive investment and transnational activities of a greater added value for the Colombian economy.

Guarnizo and Díaz (1999) published the results of a working project aiming at identifying a transnational community of migrants from Cali and Pereira (two Colombian cities) living in the USA. The authors established a lack of evidence for the existence of a transnational Colombian community, but they identified a complex and fragmented network of transnational relations amongst Colombian migrants (Guarnizo and Díaz, 1999). Guarnizo *et al.* (1999) have argued that the extent of Colombians' transnational activities is affected by the personal and social characteristics of individuals and is negatively influenced by their lack of confidence, the social fragmentation of Colombian migrant population and, as previously explained, a fear of being associated with illegal businesses. Another possible explanation for the lack of cohesion of Colombian migrants in the USA can be sought in that most of them come from urban origins where social cohesion is lower, that the Colombian society is divided by region of origin and class (Aysa-Lastra, 2007) and that Colombian migrants are dispersed geographically and do not tend to form ghettos (Díaz, 2006). The low level of



Source: Own elaboration based on data from the World Bank (2013)

Figure 1.
Annual remittances flow in Colombia

cohesion negatively affects the migrants' ability to discover venture opportunities (Vaaler, 2013).

Gaviria and Mejía (2005) describe other transnational activities of Colombian migrants: most of them send remittances, around 70 per cent receive Colombian products, around 20 per cent belong to a Colombian association, 40 per cent belong to a Colombian pension fund, 80 per cent make telephone calls to Colombia at least twice a week and the majority have relatives living in Colombia. Additionally, the authors point out that Colombian migrants with higher levels of education have fewer connections with Colombia. Even if Colombian emigrants maintain links with the home country, they do so with their families, but – perhaps partly because of the aforementioned lack of trust – to a much lesser extent with national institutions or their communities. Relatively few Colombian migrants in the USA own family businesses, get involved in communitarian initiatives or the activities of political parties (Mejia Ochoa, 2006).

Portes *et al.* (2002) compared transnational entrepreneurial activities of the migrant populations of El Salvador, Dominican Republic and Colombia in the USA. The authors established that of the three groups, Colombians create the lowest volume of transnational companies and that those migrants with better connections, more highly adapted and who have stayed for a longer time abroad are less likely to create transnational companies. These findings have been confirmed by Orjuela and Rodríguez (2006) and Orozco (2005). What is not clear, however, is whether those migrants who have spent less time abroad but are more highly educated than average are more likely to engage in transnational entrepreneurship.

Further insights into the low level of transnational entrepreneurial activities of Colombian migrants are offered by Medina and Posso (2009). The authors explain that Colombian migrants are employed primarily in low skilled jobs. For migrants working in low skilled jobs, becoming successful transnational entrepreneurs is not an easy-to-accomplish livelihood option. They do not have the experience of being exposed to technologically advanced knowledge and innovation and, therefore, cannot transfer such knowledge to their country of origin. Still, as the latest wave of Colombian migrants are more highly qualified (Urrutia Montoya, 2003), potentially in the future, they could work in more highly skilled jobs that could support the creation of transnational companies, the transfer of knowledge/technology and higher value-adding pursuits.

Another aspect of transnational activities of Colombian migrants is investment in real estate in Colombia, which seems to have a particular significance, as discussed by Gomez (2005). In this specific area, the government of the country has taken an active role – for example, through its Colombia Nos Une program (CNU) – in organizing fairs to promote the purchase of Colombian real estate by Colombian migrants, so they can use their remittances for a more durable investment, as a way of increasing their volume of savings or as a means of reducing capital constraints for business creation, as real estate can serve as a collateral for business loans. In New York alone, these fairs have attracted more than 33,000 visitors and businesses for US$103m in seven years [Cámara Colombiana de la Construcción CAMACOL), 2011] between 2005 and 2011. Other NGOs, such as Comfama or Comfenalco, have launched similar programs, with the aim of channeling remittances into the purchase of real estate or the creation of small businesses for relatives living in the country. According to a recent report from a US

network, 10 per cent of the 160,000 homes annually sold in Colombia are bought by migrants (Univisión, 2012).

As the transnational activities of Colombian migrants, and especially their entrepreneurial activities, could have a significant impact on the country's development, it is important to examine the type and extent of entrepreneurial transnational activities pursued by Colombian migrants in the context of the Colombian government's policies and initiatives aimed at encouraging migrants' transnational entrepreneurship. A thorough understanding of the factors influencing these activities is necessary for the government's ability to develop effective programs to increase their volume and channel them into more productive uses.

Methodology

The empirical data discussed in this article are derived from nine focus groups conducted with migrants and their families, with the total of 27 families: three interviews with government officials from the Ministry of Foreign Affairs and Proexport (Colombian agency for promoting Colombian exports, tourism and investment) and two with researchers specializing in Colombian migration (please see Table I for more information about the sample). The interviews were semi-structured and inquired into a number of broad areas associated with the transnational activities of the migrants (e.g. motivations for emigrating to the USA, extent and type of connections with Colombia, current and planned future involvement in entrepreneurial activities). They aimed at generating rich descriptions and gaining a deep, contextualized understanding (Dana and Dana, 2005) of migrants' involvement in transnational entrepreneurial activities. The interviews were carried out in Spanish and translated into English by one of the authors.

The analysis began with both authors independently performing "literary readings" and "interpretative readings" of the transcripts (Mason, 2002) to identify possible patterns. We then carried out a detailed content analysis (Bourque, 2004; Miles and Huberman, 1994), using the ATLAS TI software for qualitative analysis to support the coding process.

Secondary data regarding the Colombian government's policies and initiatives towards the Colombian migrants living in the USA were obtained from policy documents and conference papers presented at a number of relevant conferences and symposia, such as the 12th Annual International Business Research Forum: "Diaspora investment and entrepreneurship: the role of people, their movements, and capital in the international economy" (The Fox School of Business, 15th October 2011, Philadelphia, USA), Mi Casa con Remesas (Country Club de Ejecutivos, 2nd August 2010, Medellín, Colombia), Seminario Oportunidades Humanas y Medicion de la Pobreza en Colombia (Universidad EAFIT, 6th June 2010, Medellín, Colombia), Perspectivas económicas de América Latina 2010 enfocado en el papel de la migración internacional y de las remesas en el fomento del desarrollo (The Organization for Economic Co-operation and Development – OECD and Colombian Ministry of Foreign Affairs, 13th April 2010, Bogotá, Colombia) and Migración internacional, retos y oportunidades para el desarrollo (Comfenalco, 10th March 2010, Medellín, Colombia). The secondary material was analyzed using content analysis methods (Krippendorf, 2012).

To discuss the entrepreneurial activities of the Colombian migrants in the context of other transnational activities they pursue, and in relation to the Colombian

Table I.
Demographic profile of participants

Family group	Participant pseudonym	Gender	Age range	Education level	Years living abroad	Place of destination	Social status before departure	Main reason to migrate
1	Luis	Male	50-60	High school	14	New York	Medium-medium	Opportunity
	Maria	Female	45-50	Undergraduate degree	16	New York	Medium-medium	Study
	Juan	Male	15-20	Middle school	6	New York	Medium-medium	Opportunity
2	Jose	Male	50-60	Middle school	10	Connecticut	Medium-low	Economic
	Clara	Female	50-60	Middle school	1	Connecticut	Medium-low	Economic
	Pedro	Male	30-35	High school	1	Connecticut	Medium-low	Economic
3	Lina	Female	30-35	Undergraduate degree	8	Miami	Medium-medium	Opportunity
	Lucas	Male	30-35	Undergraduate degree	8	Miami	Medium-medium	Opportunity
4	Carlos	Male	35-40	Undergraduate degree	6	Miami	Medium-high	Job offer
	Ana	Female	35-40	Undergraduate degree	6	Miami	Medium-high	Job offer
	Eliza	Female	20-25	Undergraduate degree	1	Miami	Medium-high	Job offer
5	Andres	Male	30-35	Undergraduate degree	5	Miami	Medium-high	Investment opportunity
	Diana	Female	30-35	Undergraduate degree	28	Miami	Medium-high	Mother migrated
6	Nora	Female	50-60	High school	29	Miami	Medium-medium	Husband migrated

(*continued*)

Table I.

Family group	Participant pseudonym	Gender	Age range	Education level	Years living abroad	Place of destination	Social status before departure	Main reason to migrate
7	Isabel	Female	20-25	Undergraduate degree	4	Miami	Medium-medium	Job offer
8	Esteban	Male	30-35	Master	9	Charlotte	Medium-high	Study
	Valentina	Female	30-35	Master	5	Charlotte	Medium-high	Study
9	Rita	Female	25-30	High school	4	Miami-Kentucky	Low	Job offer
	Victor	Male	25-30	High school	1	Miami	Low	Wife migrated
10	Paula	Female	25-30	College degree	10	New York	Medium-medium	Father migrated
	Claudia	Female	25-30	College degree	10	New York	Medium-medium	Father migrated
11	Fabiola	Female	50-60	Undergraduate degree	11	New Jersey	High	Security
12	Bernardo	Male	60-70	Undergraduate degree	45	New Jersey	Medium-medium	Opportunity
	Marta	Female	60-70	Undergraduate degree	42	New Jersey	High	Husband migrated
13	Adriana	Female	45-50	Middle school	9	Orlando	Medium-low	Economic and security
14	Marcela	Female	45-50	Undergraduate degree	11	New York	High	Economic and security
15	Camilo	Male	50-60	Master	30	New York	High	Opportunity

(*continued*)

Table I.

Family group	Participant pseudonym	Gender	Age range	Education level	Years living abroad	Place of destination	Social status before departure	Main reason to migrate
16	Juana	Female	40-45	Undergraduate degree	9	Orlando	Medium-high	Economic
	Gabriel	Male	40-45	Undergraduate degree	9	Orlando	Medium-high	Economic
17	Nina	Female	50-60	High school	33	Orlando	Medium-high	Study
	Nestor	Male	50-60	High school	32	Orlando	Medium-low	Opportunity
18	Lorena	Female	50-60	High school	40	Orlando	Medium-high	Husband migrated
19	Kelly	Female	35-40	Master	12	New York	High	Security
20	Yolima	Female	35-40	Undergraduate degree	6	Atlanta	Medium-medium	Company transfer
	Jean	Male	35-40	Undergraduate degree	6	Atlanta	Medium-medium	Husband's transfer
21	Rafael	Male	40-45	Postgraduate studies	14	Atlanta	Medium-medium	Partner migrated
	Ricardo	Male	40-45	Undergraduate degree	14	Atlanta	Medium-medium	Economic
22	Ariana	Female	25-30	Undergraduate degree	5	Atlanta	Medium-medium	Husband migrated
	Aron	Male	25-30	Undergraduate degree	12	Atlanta	Medium-medium	Parents migrated
23	Sebastian	Male	35-40	PhD	13	Atlanta	High	Investment opportunity
24	Cristina	Female	35-40	Undergraduate degree	8	Atlanta	Medium-medium	Family reunification

(*continued*)

Table I.

Family group	Participant pseudonym	Gender	Age range	Education level	Years living abroad	Place of destination	Social status before departure	Main reason to migrate
25	Clarisa	Female	35-40	Master	13	Atlanta	Medium-high	Study
26	Darla	Female	30-35	Undergraduate degree	6	Atlanta	Medium-high	Husband's transfer
27	Helen	Female	35-40	Undergraduate degree	12	Atlanta	Medium-medium	Husband migrated
Government	Mateo	Male	35-40	Master	2	Miami	Medium-high	Work
Government	Luisa	Female	50-60	Doctorate	12	Miami	High	Work
Government	Cecilia	Female	25-30	Undergraduate degree	–	Bogot	Medium-high	–
Expert	Diego	Male	40-50	PhD	–	Medell	Medium-high	–
Expert	Carmen	Female	50-60	PhD	–	Bogot	Medium-high	Study

Notes: Transnational activities of Colombian migrants in the USA: a qualitative exploration
Source: Own elaboration of the authors

government's policies and initiatives towards migrants' activities, we have divided the analysis into three themes:

(1) Factors influencing individuals' willingness to engage in transnational activities;

(2) factors affecting types and volume of investment and entrepreneurial activities; and

(3) government initiatives to promote transnational and entrepreneurial activities.

Analysis

Factors influencing individuals' willingness to engage in transnational activities

The willingness to engage in transnational activities, as exhibited by our research participants, is positively affected by the *sense of connection* individuals have with their country of origin. Overall, Colombian migrants declare a strong sense of belonging to a Latin context and actively cultivate their Colombian identity, as expressed by one of the research participants:

> The places I frequent the most are Latin places, Latin restaurants, Latin markets […] I eat Latin products. Every time my mom comes, she brings me food from Colombia, mainly arepas (Ana).

This desire to maintain links with the region of origin would suggest that there is a high scope for Colombian migrants to get involved in diverse transnational activities, including transnational entrepreneurship. As Sana (2005) argues, transnational ties and the ability to keep constant and multiple contacts at home can increase the likelihood of migrants to become transnational entrepreneurs. However, migrants' *lack of trust* towards each other, their *weak social cohesion*, their *fragmentation* and the *fear* of being associated with the illegal drug business can bring about in them reluctance towards getting involved in transnational activities, as illustrated below:

> I thought I wouldn't want to be close to Colombians, because I was afraid. You know, I associated Miami with drug trafficking, and Colombians have a bad name here […] that's frightening (Lina).

The fragmented migratory networks Colombians in the US form adversely influence their informal relations and community membership. This prevents them from being able to lower the transaction costs of investments and from forming business associations (Vaaler, 2013). Transnational activities are also affected by the *distrust towards public projects* Colombians tend to exhibit (Aysa-Lastra, 2007), as exemplified by the following excerpt:

> And people ask […] well, for example, where is the money from the lotteries that are supposed to support the health system? Aren't they closing hospitals? (Luis)

All these factors, along with the aforementioned fear of association with the illegal drugs trade, create barriers that have a negative impact on transnational activities of Colombian migrants in general (Aysa-Lastra, 2007; Guarnizo, 2006) and on migrant entrepreneurship in particular (Turkina and Thanh Thai, 2013). Besides, considering that *unfavorable local conditions* at home might have influenced individuals' decision to migrate, the same conditions may well affect negatively their potential willingness to invest and to participate in transnational entrepreneurial activities at home.

Factors affecting types and volume of investment and entrepreneurial activities of Colombian migrants

Gaviria and Mejía (2005) show that real estate occupies a prime position in the investment portfolio of those Colombian migrants who invest back in their home country, with 54.3 per cent investing in real estate, 11.5 per cent in automobiles, 8 per cent in the stock market, 4.3 per cent in electrical appliances and 21.9 per cent in other activities. The final category includes entrepreneurial activities, showing that the overall level of migrants' engagement in entrepreneurship is low.

The accounts of our research participants reflect the presently predominant interest of Colombian migrants in investing in real estate:

> I think the best investment is real estate (Jose).
>
> If somebody asks me for advice on where or what to invest in, I always tell them to invest in Colombia in real estate (Luis).

Investment in real estate does not generate technology and knowledge transfers, innovation or added value. Nevertheless, it is motivated by and, indeed, results in *improving the livelihood* of migrants and their families, thus contributing to advancing the socioeconomic development of those families and the country in general. Besides, buying a home has become a middle-class option to *save money* for the future, as pointed out by the expert researcher we interviewed:

> One kind of a "straight forward" saving for somebody from the middle class is real estate. Middle class citizens in Colombia are not typically thinking of investing in the stock market, or in treasury bills. What they do think about is buying a house. That is the first thing. Eventually to create a small business with a relative living in Colombia […] and in case they don't plan to return, they can anyway guarantee some sort of financial support for their children or any person depending on them in Colombia (Diego).

The interview data also demonstrate the existence of micro-level *knowledge transfers*, whereby learning and experiences acquired earlier in life are used to develop a business. This confirms the findings of the literature which also suggest that technology and knowledge transfers are directly related to the knowledge acquired by migrants abroad through formal education and work experience (Medina and Posso, 2009). As one of our interviewees said while looking at his wife:

> Life is odd, right? Do you remember how I used to go to the restaurant where you worked, and there was a bathroom there where I used to sell my watches? […] and now I'm working on something really similar (Luis).

Today, this migrant owns an international jewelry trading company, but he admits that the roots of his business can be traced back to his early transnational experiences.

Guarnizo and Díaz (1999) describe how the majority of successful Colombian transnational entrepreneurs in the USA have created their predominantly medium-size companies in the trading area, thanks to their *small, closed networks* consisting of relatives and friends. Those entrepreneurs come from middle to upper economic classes are more highly educated, have a better command of English and used to work in highly qualified jobs before emigrating (Guarnizo and Díaz, 1999). Nevertheless, those companies do not contribute to generating technological or innovative developments, and therefore have, so far, had limited positive impact on the country's social and

economic advancement. While two of the migrants interviewed own transnational businesses, both operate in the area of international trade:

> It is sportive clothing […] it is made in Medellín and I distribute it in Mexico (Lina).

> I always wanted to have my own business. I have had different businesses, but now I am with this trading thing (Luis).

The profile of returnee migrants also gives insights into the reasons behind the limited extent to which Colombian migrants have engaged in entrepreneurial activity. Returnees come back to Colombia later in life, and they usually *intend to retire* rather than set up businesses there (Cardenas *et al.*, 2010). As also found out by Corvino (2011), those who invest in the country seem to do it on a small scale to maintain their family income, creating mainly micro and family businesses. As Cardenas *et al.* (2010) indicate, returnees consistently spend more money on consumption than members of equivalent demographic groups in Colombia who have never migrated. Their ability to maintain higher spending levels can be explained by the fact of owning small investments, such as real estate, generating regular additional income for the owners.

Another important issue that might affect actual transnational entrepreneurship is the amount of capital needed to invest in a productive venture in Colombia. One of the interviewees states:

> I think that in comparison with other groups, investment activities are not very high for Colombian emigrants. This is because Colombian emigrants usually come from a middle class that is being formed in Colombia, but they don't have the economic base needed to invest in Colombia in a big company. This is different from other migrants like the Jamaicans, who work more in groups, and besides the capital needed to invest in Colombia is three times higher than the capital needed by Jamaicans to invest in Jamaica. Colombian migrants work and invest to achieve and keep a financial stability for their families. Colombians' individual investments from abroad are made to attain economic solidity for the family group (Luisa).

Luisa's point adds further explanation to a previously made argument, namely, that fragmented networks and the lack of trust towards fellow migrants affect the way Colombian migrants conduct their transnational activities, that is, through focusing on supporting mainly family members and close friends. Therefore, it is more likely that Colombian migrant entrepreneurs will form family-oriented businesses, given the fact that thanks to remittances they have access to the capital needed to build a small, usually not very technology-intensive, business. However, they might not have enough capital to create a bigger or more technologically advanced business, as they would if they established associations with other migrants or non-migrants at home, with whom they could also share the risks of a new business venture.

Government initiatives to promote transnational and entrepreneurial activities

Governments enfranchise their emigrant population through providing them with various political rights, especially the right to vote from abroad, to gain their loyalty (Boccagni, 2014; Lafleur, 2011). Since the 1960s, the Colombian government has developed diverse strategies to stimulate migrants' political loyalty towards the country through, for example, granting them the right to vote from abroad, to hold double nationality and to have congressional representation (Guarnizo, 2005). In the past decade, the government's attitude towards the migrants has shifted from viewing them

primarily as political agents to considering them as economic actors. The Colombian government has created diverse programs to facilitate and promote the participation of migrants in transnational activities. Key amongst these are CNU, Conexión Colombia (co-founded with private and non-governmental organization (NGO) participation) and a new "Política Integral Migratoria-PIM" (Integral Migratory Policy).

Through CNU, a program aimed at integrating and supporting Colombians living abroad (www.redescolombia.org/colombianosune/), the government aspires to link Colombian migrants with Colombians living in the country and to promote projects that create benefits for both parties (Ministerio de Relaciones Exteriores, 2011). Likewise, Conexión Colombia (2011) aims to connect Colombian migrants with the country through encouraging them to sponsor various local projects. However, these efforts have not been aimed at technology and knowledge transfers and entrepreneurial activities of the migrants, initiatives that could improve in the long term the development of the country. The *Politica Integral Migratoria* (PIM) does mention the need to promote productive investment of remittances, but the projects launched so far have not been directed towards business creation or entrepreneurial activities.

In 2009, the Colombian government published PIM, a policy created to comprehensively support all Colombian migrants [Consejo Nacional De Política Económica y Social (CONPES), 2009]. Among its objectives was the desire to generate investment options to channel remittances into more productive ventures and to support the transfer of knowledge. This new policy was designed to constitute a basis for facilitating business creation by emigrants, supporting the development of the needed skills and knowledge transfers, motivating migrants to become entrepreneurs and involving them in the country's development path through high value-adding transnational activities.

This is potentially a very important initiative, as some migrants strongly believe in the prospects of investing in the country, and with the government's support, their enthusiasm for investment could be turned into concrete action contributing to the country's growth. As one of our research participants – who has, over the years, invested in activities and ventures in different sectors – states:

> Why should you invest in Colombia? Because it has it all […] Colombia is a country to invest in (Maria).

To date, most of the initiatives undertaken through the PIM policy have focused on real estate fairs and on facilitating banking activities for remitters. However, these activities neither promote productive investments nor do they stimulate transnational activities with high added value, such as migrant entrepreneurship and knowledge/technology transfers. Some new initiatives recently launched by CNU have included the organization of online conferences, where successful Colombians living outside the country are put in contact with the locals to share their experiences and provide advice on matters within their areas of expertise. However, the results of this initiative are yet to emerge.

Recommendations for the government

As our analysis suggests, the transnational entrepreneurial activities of Colombian migrants have, to date, been limited. In this respect, government programs aimed at encouraging and facilitating these activities have been only partially effective. To

improve the existing policies and design additional ones, Colombian authorities could draw on the experiences of governments in other geographical contexts. For example, studies conducted in some Asian countries (Lin *et al.*, 2008; Saxenian, 2005; Song *et al.*, 2001) have discussed how emigrants have supported the development of their countries of origin. In most cases, the assistance of the respective governments has played an important role in this. Using diverse strategies, those countries have managed to attract their migrants to invest in the country and to transfer knowledge and technologies back home.

A crucial task for the government is to understand its migrants and to gain their trust towards public projects and towards the prospects of investing in the country. Here, of primary importance for transnational investors is the investment environment at home. Colombian government, therefore, needs to improve the level of economic, political and social stability in the country, along with its relationship and contact with migrants abroad and their networks to enhance transnational activities (Chand, 2012). Coupled with investment in education, infrastructure and technology, this will allow Colombia to create the right environment for encouraging its qualified migrants to generate transnational activities with high added value.

A particular type of transnational activity of Colombian migrants that demands government attention is transnational entrepreneurship. As has been demonstrated, the entrepreneurial projects undertaken by Colombian migrants have primarily been small ventures, involving low value activities, and carried out without the application of high-level technology and innovation. Their impact on the country's economic and social development has, therefore, been low. For this to change, the government needs to include Colombian migrants in its entrepreneurship programs and to motivate them to engage in more advanced entrepreneurial activities. Rather than focusing mainly on real estate fairs, the government should encourage more productive investment in local business projects through entrepreneurial fairs, in which potential entrepreneurs, financial institutions, migrants and government institutions could participate, with the aim to create transnational entrepreneurial initiatives.

The most recent and, at the same time, historically the largest migration wave has been more diverse and has consisted of more highly qualified individuals than the previous ones (Urrutia Montoya, 2003). Therefore, the Colombian government must concentrate on launching projects directed towards these qualified emigrants, motivating them to invest in Colombia, create businesses, transfer skills, engage in transnational pursuits and support innovation within the country, resulting in numerous benefits for its development. Also, as pointed out by Saxenian (2005), it is essential for political leadership to encourage transnational entrepreneurship through removing institutional barriers negatively affecting entrepreneurial activities.

Finally, the Colombian government should pay more attention to networks, as they play an important role in transnational entrepreneurship. Our analysis shows that networks of Colombian migrants are small, fragmented and closed. Even though networks are formed by individuals, the government can promote, through programs such as CNU, the generation of spaces to facilitate the establishment of such networks, where individuals sharing common entrepreneurial interests and potential investment objectives could meet.

Conclusion

Transnational activities of emigrants are a reality. They might not involve all migrants, but their volume can have a significant positive impact on the local economies and communities of sending and recipient nations (Sahoo and Pattanaik, 2014). For personal reasons, many emigrants have an interest in, for example, regularly sending remittances or traveling back to the country of origin, thus engaging in "migrant-led transnationalism". At the same time, the nation state has the capacity to pursue "state-led transnationalism" through instigating and shaping the transnational activities of the emigrants, so that they positively contribute to the home country's economic and social development (Bravo, 2014; Gamlen, 2008; Margheritis, 2007). Our research sheds light on the kind and extent of transnational activities, in particular those of entrepreneurial nature, of Colombian migrants to the USA, setting them in relation to the actual and potential role the Colombian government could play in shaping these activities to benefit the economic and social development of Colombia. Based on a sample of a so far under-researched migrant population, the study contributes to the academic debates on the relation between emigrants and the state in the context of transnationalism (Boccagni, 2014; Eckstein and Najam, 2013; Fitzgerald, 2009; Lafluer, 2011).

Colombia must create strategies to encourage and channel migrants' transnational activities, in particular in the form of migrant entrepreneurship and knowledge and technology transfers, so that brain circulation can take place, leading to capital accumulation in the country. Colombian migrants have invested mainly in real estate and small family businesses in Colombia, characterized by low innovation and technological transfer levels. Although the government has developed a number of strategies to encourage transnational activities, these have not stimulated transnational entrepreneurship and knowledge/technology transfers. The national government must design new plans to motivate migrants' investments in productive ventures with higher value added inside the country, as the ones discussed in this article. Transnational entrepreneurship has the advantage of having not only the financial commitment of its investors but also the transnational networks, international expertise and, last but not least, the emotional attachment of nationals living abroad. Therefore, if successful, then it should play an important role in the future social and economic development of Colombia.

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