

Unlocking Business Opportunities for Immigrants Returning to Their Home Countries

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This study aims to identify and analyze business opportunities available to immigrants returning to their home countries through a Literature Review approach. Returning immigrants bring valuable skills, capital, networks, and knowledge gained while living abroad, creating potential for starting and growing businesses in their homeland. Their international experience often allows them to recognize and capitalize on untapped market opportunities with a fresh perspective. Key factors that drive the success of these businesses include supportive economic conditions, newly acquired skills, stronger financial capital, and support from international business networks, providing access to broader markets and partnerships. However, these immigrants also face challenges such as cultural differences, complex business regulations, limited access to capital, and potential stigma or social discrimination. Economic, political, and social conditions in their home countries further influence the success of their ventures. Findings from this review offer valuable insights for governments and relevant institutions in formulating supportive policies for immigrant entrepreneurs, and inform future research exploring specific factors impacting the economic engagement of returning immigrants.

1. Introduction

Working abroad offers Indonesian citizens opportunities for better economic and social prospects. In 2020, Indonesia ranked second in Southeast Asia, after the Philippines, for the number of migrant workers sent abroad (BPS, 2020). A 2023 BP2MI survey revealed an increase in migrant workers to 200,761 in 2022, reflecting strong interest in overseas employment. This migration has positively impacted Indonesia by reducing unemployment, increasing household incomes, and improving living standards. Japan remains a popular destination for Indonesian migrant workers due to attractive employment opportunities in agriculture, fisheries, manufacturing, and caregiving. High wages and economic stability, coupled with Indonesian workers' reputation for discipline and commitment, make them desirable employees (Trisnaningsih, 2013). However, returning migrants often face challenges, including limited skills and inadequate financial planning, which hinder their ability to transition successfully into productive economic activities at home (Suyanto, 2018; Pitoyo, 2010).

Return migration presents entrepreneurial opportunities, as returning migrants often bring financial, social, and human capital (Mayr & Peri, 2008). Their skills and networks can foster new businesses, contributing to local economic growth (Gomez et al., 2015). Migrants with transnational ties and entrepreneurial mindsets are better positioned to succeed, especially with

policy support for training and business development (Haas & Fokkema, 2011). Despite these opportunities, many migrants require tailored programs to improve their skills, manage finances, and integrate into the local economy effectively (Tengeh & Nkem, 2017). Understanding the dynamics of return migration and fostering entrepreneurship among returnees is essential for maximizing their potential contributions to national economic development. By leveraging their experiences and resources gained abroad, migrants can address economic challenges and enhance their communities' resilience.

As the global economic landscape continues to evolve, the entrepreneurial potential of migrants remains significant. Tengeh and Nkem underscore the importance of informal financial associations, such as stokvels in South Africa, which can provide critical support for immigrant entrepreneurs facing financial constraints (Tengeh & Nkem, 2017). Such models can be adapted and applied in various contexts to support returning migrants in their entrepreneurial endeavors. Conducting a comprehensive literature review is essential for understanding the opportunities available in home countries. Through such reviews, insights can be gained from previous research on factors affecting migrant opportunities, including employment prospects, entrepreneurial climates, and market needs. This approach also helps identify trends, challenges, and successful strategies used by migrants who have successfully adapted or thrived in host countries. Thus, literature reviews not only map existing opportunities but also provide valuable insights into the best approaches for leveraging opportunities for returning migrants.

2. Literature Review

Cross-border labor migration is not a new phenomenon in many parts of the world. While it has existed for a long time, international migration, including labor migration, has increased significantly in recent decades (Noveria & Romdiati, 2022). International labor migration is driven by various factors. According to the neoclassical economic theory introduced by Harris and Todaro in 1970, international labor migration stems from disparities in economic development and wage differentials across regions (Gheasi & Nijkamp, 2017). This theory suggests that workers are inclined to migrate to countries with faster economic growth and higher wages.

Furthermore, dual labor market theory explains that international labor migration occurs due to labor demand in developed countries (Wickramasinghe & Wimalaratana, 2016). This implies a strong demand for workers in advanced economies, prompting migration from countries with slower economic development. Consequently, international labor migration flows predominantly from countries offering lower wages and limited economic opportunities to those with higher wages and rapid economic development. For the countries of origin, international labor migration provides benefits such as a reduced labor-to-capital ratio and remittances sent by workers employed abroad. These remittances contribute significantly to the economies of migrant workers' home regions, alleviating poverty and improving household income levels.

Business Incubation

International migration, including labor migration, has been a long-standing phenomenon and has increased significantly in recent decades (Noveria & Romdiati, 2022). International labor migration is driven by multiple factors. According to the neoclassical economic theory proposed by Harris and Todaro in 1970, international labor migration results from economic development disparities and wage differences between regions (Gheasi & Nijkamp, 2017). This theory posits that workers tend to migrate to countries with faster economic development and higher wages. Additionally, dual labor market theory explains that international labor migration is driven by labor demand in developed countries (Wickramasinghe & Wimalaratana, 2016). This demand creates a

flow of labor migration from countries with slower economic development and lower wages to those offering better economic prospects and higher earnings. Migrant workers' countries of origin benefit from reduced labor-to-capital ratios and remittances sent by overseas workers. Indonesia has long been a significant contributor to international labor migration, with numbers increasing yearly across various countries (Bachtiar, 2011). According to Noveria and Romdiati (2022), the availability of job opportunities abroad has significantly contributed to absorbing Indonesian labor. Amid limited domestic employment opportunities, many Indonesian workers capitalize on overseas employment, primarily in low- and middle-skilled job categories.

Todaro (2000) argues that migration is primarily driven by rational economic considerations involving the cost-benefit analysis, both financially and psychologically. There are two main reasons for migration: first, the expectation of securing employment; and second, the prospect of earning a higher income in the destination area compared to the place of origin. Todaro's assumption is that expected earnings in the destination remain higher than in rural areas over time, even after accounting for migration costs. Mantra (1999) defines population mobility as the movement of individuals across geographical boundaries within a specific timeframe. The experience of working abroad not only provides migrant workers with new perspectives on life but also significantly impacts remittance flows from destination to origin areas. Economic factors, such as limited employment opportunities and low wages in the place of origin, are key determinants of these remittance flows. However, social factors, including family ties and social obligations, also play a crucial role in shaping these dynamics. Consequently, international work experience affects not only individual economic conditions but also exerts a substantial social impact on home communities through remittance distribution. This underscores the importance of considering both economic and social factors in understanding the dynamics of remittance flows.

Personal Financial Management

Personal financial management refers to the process of effectively managing money and assets to achieve desired financial goals. It is crucial as it helps individuals avoid excessive debt, achieve financial objectives such as buying a home or securing a comfortable retirement, and build financial security through emergency savings, insurance, and proper investments. Responsible financial management includes cash management, savings, and credit management (Zhao & Zhang, 2020). Credit management involves timely payments, maintaining credit limits, and making down payments ((L. Liu & Zhang, 2021; T. Liu et al., 2021; Norvilitis & MacLean, 2010). Effective financial management enables individuals to improve their quality of life, plan for the future, and control emotions related to money. Therefore, personal financial management is key to achieving financial stability and overall well-being. Financial management is particularly vital for migrant workers, as they face unique challenges in managing their finances both while working abroad and upon returning home. According to Ingale (2022), financial management involves various financial decisions made by individuals, including saving, debt management, tax payments, retirement planning, and overall financial well-being.

3. Methodology

The concept of a review article is pivotal in academic discourse, serving as a synthesis of existing knowledge, identification of gaps, and a foundation for future research. Review articles can be categorized into various types, including systematic reviews, rapid reviews, and integrative reviews, each with distinct methodologies and objectives. Systematic reviews are characterized by their rigorous approach to literature synthesis, often employing predefined protocols to minimize bias and enhance reproducibility. They aim to answer specific research questions by systematically

searching for, appraising, and synthesizing research evidence (Sataloff et al., 2021). In contrast, rapid reviews, while also systematic in nature, prioritize speed over comprehensiveness, making them particularly useful in time-sensitive contexts such as public health emergencies (Harker & Kleijnen, 2012). However, the methodological rigor of rapid reviews can sometimes be compromised due to shortened timelines for literature searching and article retrieval, leading to potential biases. This highlights the importance of transparency in reporting methods and limitations in both rapid and systematic reviews (Ganann et al., 2010). Integrative reviews, another form of review article, are designed to provide a comprehensive understanding of a particular topic by synthesizing diverse literature, including empirical studies, theoretical articles, and grey literature (Elsbach & Knippenberg, 2020). These reviews not only summarize existing knowledge but also offer new insights and perspectives, thereby advancing the field (Elsbach & Knippenberg, 2020). In summary, review articles play a crucial role in the academic landscape by synthesizing knowledge, guiding research, and fostering scholarly communication.

4. Results and Discussion

The impact of business incubation and financial training for immigrants is a multifaceted subject that encompasses various dimensions of entrepreneurship, financial literacy, and the unique challenges faced by immigrant entrepreneurs. Business incubation programs and financial training initiatives are critical in providing the necessary resources and skills that can significantly enhance the success rates of immigrant-owned businesses. Business incubation serves as a vital support system for immigrant entrepreneurs, offering them access to essential resources such as mentorship, networking opportunities, and financial assistance. These programs are designed to foster innovation and growth among startups, particularly those owned by immigrants who may lack familiarity with the local business environment (González & Campbell, 2018). The importance of creating an inclusive marketplace is emphasized by Johnson et al., who argue that multiple stakeholders must collaborate to enhance intercultural competency and support immigrant entrepreneurs. This collaborative approach can help mitigate the barriers that immigrants often face, such as discrimination and limited access to capital.

Financial training is another crucial component that can empower immigrant entrepreneurs. Research indicates that financial literacy is directly linked to better business outcomes, including improved financial management practices and increased revenue (Bongomin et al., 2017). For instance, Fatoki highlights that immigrant entrepreneurs often encounter challenges in securing funding from traditional financial institutions, which can hinder their business operations (Fatoki, 2014). By participating in financial training programs, these entrepreneurs can develop the skills necessary to navigate the financial landscape more effectively, thereby enhancing their ability to secure funding and manage their businesses successfully.

Moreover, the significance of cultural and language proficiency cannot be overstated in the context of immigrant entrepreneurship. González and Campbell identify the need for immigrant business owners to achieve cultural proficiency within their host communities, which can facilitate better market integration and customer engagement (González & Campbell, 2018). This cultural adaptability, combined with financial training, can significantly enhance the entrepreneurial capabilities of immigrants, enabling them to leverage their unique backgrounds while effectively engaging with diverse customer bases. Furthermore, the role of social capital in immigrant entrepreneurship is critical. Wang et al. emphasize that the trustworthiness of social networks can facilitate the learning of tacit business knowledge, which is essential for navigating the complexities of the local market. Immigrant entrepreneurs who engage in business incubation programs often benefit from these networks, gaining access to mentorship and advice that can enhance their business acumen. This social capital, when combined with formal financial training, can lead to a more robust understanding of both market dynamics and financial management.

The intersection of financial literacy and entrepreneurial success is particularly pronounced among immigrant populations. Studies have shown that higher levels of financial literacy correlate with better business performance, including increased sales and profitability (Munyuki & Jonah, 2021). For instance, research conducted in Bosnia and Herzegovina demonstrated that entrepreneurs who participated in financial literacy programs experienced significant improvements in their business practices and financial outcomes. This finding underscores the necessity of integrating financial education into business incubation initiatives aimed at immigrant entrepreneurs. Moreover, the challenges faced by immigrant entrepreneurs often extend beyond financial literacy and access to capital. The importance of understanding the specific financial literacy needs of immigrants, as these can vary significantly based on their backgrounds and experiences. Tailoring financial training programs to address these unique needs can enhance their effectiveness and ensure that immigrant entrepreneurs are better equipped to make informed financial decisions.

In addition to financial training, the provision of conflict management and intercultural communication skills is essential for immigrant entrepreneurs. Johnson et al. advocate for training programs that equip business owners with the skills necessary to manage conflicts and navigate intercultural interactions effectively (Johnson et al., 2013). Such training can help reduce misunderstandings and foster a more collaborative business environment, ultimately contributing to the success of immigrant-owned enterprises. The impact of business incubation and financial training extends beyond individual entrepreneurs; it also contributes to broader economic development. Immigrant entrepreneurs play a crucial role in job creation and economic growth within their communities. By supporting these entrepreneurs through incubation and training programs, policymakers can harness their potential to drive local economic development (Bates & Robb, 2013). The interplay between business incubation, financial training, and the unique challenges faced by immigrant entrepreneurs is a critical area of study. By providing targeted support and resources, stakeholders can empower immigrant entrepreneurs to overcome barriers, enhance their financial literacy, and ultimately succeed in their business endeavors. The evidence suggests that such initiatives not only benefit individual entrepreneurs but also contribute to the economic vitality of their communities.

6. Conclusion

The findings from this study emphasize the critical role of business incubation and financial training in enhancing the entrepreneurial success of returning immigrants. Immigrant entrepreneurs bring unique assets, including international experience, diverse networks, and acquired skills, which enable them to identify untapped opportunities and contribute to their home country's economic development. However, they face challenges such as cultural differences, regulatory complexities, limited access to capital, and potential social stigma, which necessitate targeted interventions. Business incubation emerges as a vital mechanism, offering mentorship, networking opportunities, and access to financial and non-financial resources. These programs not only facilitate innovation and market integration but also help immigrant entrepreneurs navigate the unique challenges they encounter. Similarly, financial training is integral in improving financial literacy, a critical determinant of entrepreneurial success. Enhanced financial management practices, better access to funding, and increased profitability are notable outcomes of such training, as corroborated by various studies.

Cultural proficiency, social capital, and conflict management are additional factors influencing the success of immigrant entrepreneurs. Programs fostering intercultural competence and providing social networking opportunities can mitigate barriers such as discrimination and promote better market integration. The combination of financial literacy, cultural adaptability, and social capital creates a robust foundation for sustainable business growth. Policy implications of

this study highlight the need for governments and institutions to develop inclusive and tailored programs that address the specific needs of returning immigrants. By integrating financial education with business incubation, stakeholders can empower immigrant entrepreneurs, fostering economic growth and job creation within their communities. Future research should further explore the intersection of entrepreneurship, financial literacy, and cultural dynamics to deepen understanding and refine interventions that support immigrant entrepreneurial endeavors.

7. Recommendation

To improve business incubation and financial literacy for Indonesian immigrants in Japan, programs should be tailored to their cultural needs, offering language support and guidance on local regulations. Financial education should focus on budgeting, tax planning, and entrepreneurship, utilizing digital platforms for accessibility. Access to capital can be enhanced through microfinance programs and grants. Policymakers should consider incentives for immigrant-run businesses, while future research should explore the impact of digital tools and conduct longitudinal studies on immigrant business success. These steps can significantly support the growth of immigrant businesses and financial capabilities.

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