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Reference:

Vancluysen Sarah, Calfat Germán, Pesántez Blanca.- Return for development or 'business' as usual? The Ecuadorian experience

Migration and development - ISSN 2163-2324 - 6:2(2016), p. 232-252

Full text (Publisher's DOI): <http://dx.doi.org/doi:10.1080/21632324.2016.1152766>

To cite this reference: <http://hdl.handle.net/10067/1327250151162165141>

**Return for development or ‘business’ as usual?
The Ecuadorian experience.**

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Ecuador is a highly interesting context to explore the dynamics between migration and return. Since the election of president Rafael Correa, a new migration policy framework has been established. A lot of attention is paid to returnees and their potential contribution to the nation’s development. Official assessments of these measures, however, are lacking. This article provides a general insight into the experiences and obstacles with which return entrepreneurs are confronted in this region. Fieldwork was conducted in the Ecuadorian provinces of Azuay and Cañar. The stereotypical idea of ‘migrants coming back with a lot of money’, does not seem to correspond with reality. Abroad, these migrants find themselves in a weak socio-economic position and experience difficulties to collect financial, human as well as social capital. The economic activities they engage in upon return, can often be perceived as forms of necessity entrepreneurship. The government measures, such as loans provided by the Banca del Migrante and the service delivery at the Secretaria Nacional del Migrante, are evaluated rather negatively. Hence, we propose a number of policy improvements such as the conditionality of financial support and the provision of technical assistance before and during the initiation of the returnees’ entrepreneurial activities.

Keywords: return migration, entrepreneurship, migration policy, Ecuador

This article is part of an Institutional Research and Cooperation Project under the title: “International Migration and Local Development” financially supported by the VLIR-IUC programme with the Universidad de Cuenca in Ecuador. Sarah Vancluysen also acknowledges the assistance of Maria José Rivera Ullauri and the logistic support of the Universidad de Cuenca in Ecuador during field work.

1. Introduction

To study the phenomenon of migration and return, Ecuador is a highly interesting setting. The first big migration wave took place during the 1970s, but it is only since the end of the 1990s that migration became such a nation-wide and complex phenomenon. In this country international migration often happens in an irregular way, which makes it difficult to record (Castañeda & Valle, 2010). In 1999, Ecuador was struck by a severe financial crisis (Boccagni, 2011). This resulted in a record net migration rate in 2000 (Castaneda & Valle, 2010). During the period of 1999 – 2005, between 1 400 000 to 1 600 000 persons have left the country (Herrera, Moncayo & Garcia, 2012). Up until now, the United States, Spain and Italy have been the most popular areas of destination. They count 472 855, 451 184 and 92 228 Ecuadorian immigrants, respectively (United Nations, DESA-Population Division & UNICEF, 2014). In previous years, the return of migrants appeared as a novel feature of the Ecuadorian context (Herrera et al., 2012). The increase in returns can be explained by two main factors: the economic recession as well as the restrictive migratory approach in the main countries of destination (Mejia Ochoa, 2012).

Since the election of Rafael Correa, the country is facing vast policy changes to deal with this phenomenon. A lot of attention is paid to returnees and their potential contribution to the nation's development. Substantial projects and measures have been initiated. Nonetheless, only little is known about how the migration experience can help returnees get forward and what these people experience when setting up a business. Evaluations of the measures implemented by Correa's administration are lacking as well.

The general objective of this study is to explore whether return entrepreneurs do play a role of development and to examine the experiences returnees are confronted with during the process of return and setting up a business. Herewith, two specific objectives are considered. First, we analyse whether once back in Ecuador, the financial, human and social capital collected abroad is used for activities that foster the returnee's or even the region's development. Secondly, we put side by side the official position of the Ecuadorian government concerning return policies and the experiences of the returnees themselves. To find an answer on these interesting questions, fieldwork is conducted in the Ecuadorian provinces of Azuay and Cañar as the highest outmigration rates, relative to its population, are noted here (Herrera et al., 2012).

1.1. Return migration and entrepreneurship

When migrants return to their country of origin, this can either be because of their own decision or it can be obliged by certain authorities, political unrest or natural disaster. The Organization for Economic Co-operation and Development (OECD) defines return migration as *'the situation where a migrant goes back to his home country after living in another country for some period of time'* (Dumont & Spielvogel, 2008).

According to Cassarino (2008), returnees' disposition to achieve personal success strongly depends on the extent the return is prepared for. This 'return preparation' results from two factors: 'resource mobilization', which means the ability to mobilize tangible (e.g. savings) as well as intangible (e.g. social capital) assets and 'preparedness', what comes down to the willingness and readiness of migrants to return home. Hereby, the aspects financial, human and social capital are seen as the most important variables explaining a returnee's success. Today, only little is known about the exact 'contribution' of migration for returnees, especially from their own point of view (Ghimire & Maharjan, 2015). It is in this dynamic, that we take keen interest in this study.

To begin with, in development contexts, businessmen are confronted with credit market constraints, which can be circumvented by households with one or more migrants or returnees (Cuevas & Paredes, 2013). In this article, financial capital is perceived as the money one has saved in the destination country. In view of previous findings, it is expected that the money saved abroad makes it easier for the returnees to reintegrate on the labour market and realize their entrepreneurial ideas. Nonetheless, it is not only the amount of savings itself that matters, how the money is being invested is important too (Cassarino, 2008).

Secondly, a migration experience can upgrade people's skills and knowledge, putting them in a better position to initiate an enterprise (Hamdouch & Wahba, 2012). Under the broader concept of 'human capital' we categorize skills, knowledge and experiences acquired abroad. Whether human assets can bring along a beneficial impact on return success, is determined by the type of activities migrants were engaged in abroad (Ammassari & Black, 2001). Moncayo and Herrera (2011) signal the difficulties to which Ecuadorian migrants are confronted to put in practice their labour skills in host countries. Consequently, we wondered which activities the returnees of our sample had exercised being a migrant, and most importantly, if they applied some of these skills during the start-up or maintenance of their enterprise.

Thirdly, strategic relationships established abroad can be another facilitator for the establishment of a business upon return (Cuevas & Paredes, 2013). As for ‘social capital’, we are referring to the potential wealth obtained from social networks or connections (Ammassari & Black, 2001).

In general, people are either ‘pulled’ into entrepreneurship by positive factors (e.g. need for achievement) or they are ‘pushed’ by rather negative situational variables (e.g. risk of unemployment) (Verheul, Thurik, Hessels & van der Zwan, 2010). This distinction is related to the compelling difference between necessity and opportunity entrepreneurship. Necessity entrepreneurs are mostly unskilled persons looking for a source of income as they cannot find an alternative on the regular labour market. The start-ups of these individuals are often situated in saturated sectors, in which competition is fierce and profit margins only marginal (Newland & Tanaka, 2010). Opportunity entrepreneurs, by contrast, are mostly high-skilled individuals focusing on high growth or knowledge-based sectors. These activities yield much higher profits and benefits (Rosa, Kodithuwakku & Balunywa, 2006). Researchers underline the importance of making a distinction between different types of self-employment. When a person works on his or her own account, this will probably generate a smaller impact on employment and growth compared to ‘real’ entrepreneurs (i.e. owners of companies with paid employees) (Piracha & Vadean, 2010; Ordeñana & Arteaga, 2012).

According to Koolhaas and Prieto (2013) returnees have a higher chance to end up with self-employment. In this situation, starting a small business can be seen as the solution for the difficult reintegration on the labour market, or as a conscious choice for the ones who collected economic or human capital. Analysing entrepreneurship in Ecuador, Acs (2006) mentions the contradiction between the country’s high level of self-employment on the one side and the very low per capita income on the other side. The 2012 report of the Global Entrepreneurship Monitor made clear Ecuador’s opportunity-to-necessity ratio is equal to the that of other Latin-American countries (2.6), but lower compared to innovation-driven economies (4.81) (Ordeñana & Arteaga, 2012). Taking into account all these elements, we did expect a certain degree of necessity entrepreneurs in our sample.

1.2. Return policy in Ecuador

Many argue Rafael Correa is the first president that attaches a sufficient amount of attention to the phenomenon of migration in Ecuador. An unprecedented emphasis is

put on the potential return of citizens living abroad. Emigrants are no longer seen as 'traitors'. Instead, they are now depicted as model citizens, who sacrificed their own life for the more general welfare of the country (Boccagni & Lagomarsino, 2011).

Correa has come up with a panoply of measures to tackle the inefficiencies and lost opportunities in the country's approach to migration (Schurr & Stolz, 2010). Two breaking points can be identified, inducing a shift in the Ecuadorian migration policy. The first important event was the approval of the actual *Constitución de la República del Ecuador* in 2008. For the first time this text includes the rights, securities and services for the protection of migrants and their families. The creation of the *Secretaría Nacional del Migrante* (SENAMI) in March 2007, can be seen as a second breaking point (Moncayo & Herrera, 2011). This ministry is specifically dedicated to the care, protection and development of migrants, inside as well as outside Ecuador (Barrera, 2009). In May 2013, Correa announced the SENAMI would change into the *Viceministerio de Movilidad Humana* (Andes Info, 2013).

SENAMI makes use of a dual strategy. First, projects are initiated to stimulate local development and job creation. Secondly, a plan for voluntary return '*Plan de Retorno, Voluntario, Digno y Sostenible*' is designed (Herrera et al., 2012). The program delivers a great deal of incentives and benefits, aiming to facilitate reintegration of Ecuadorian expatriates upon return (Boccagni & Lagomarsino, 2011). It is composed of two steps. First of all, SENAMI developed a new customs agreement. In this agreement, a duty-free treatment of personal goods and working tools of returnees is foreseen. Secondly, pilot plans are initiated to reintegrate returnees in the national labour market (Boccagni, 2011).

An important part of Correa's political strategy is devoted to stimulating entrepreneurial activities. This even resulted in the establishment of the so-called *Banca del Migrante*. The Banca del Migrante is a financial institution with the aim to respond to the compelling financial needs of Ecuadorian migrants, returnees and those left behind and to guarantee a productive investment of their resources (Herrera et al., 2012; Schurr & Stolz, 2010). Agreements of cooperation were signed between the Banca del Migrante and numerous cooperatives (Cooperativa de Ahorro y Crédito Jardín Azuayo, 2013). Loans up to USD 20 000 were offered (Moncayo, 2011). Two specific lines of credit are of importance in the context of this study. The line '*Mi Proyecto productivo en Ecuador*', supports the initiation or growth of productive enterprises in manufacturing and other small industries. Interest rates are between 10.50% - 12.50%

per annum, with a term of 48 months (Zambrano, 2013). The other line of credit, '*Mi negocio*' intends to stimulate business growth in trade and services (e.g. tourism, food services). Interests rates are between 12 and 14%, with a term of 36 months (Cooperativa de Ahorro y Crédito Jardín Azuayo, 2013).

In 2013 the activities of the Banca del Migrante were put to a hold. Resources were transferred to the *Corporación Nacional de Finanzas Populares y Solidarias* (CONAFIPS) (Tello, Cáceres, Martínez & Urgilés, 2012). Public information about this, however, is almost non-existent and specific reasons are not mentioned. During the four years of existence of the Banca del Migrante (until 2012), 3342 operations were run and an amount of USD 29 730 944 has been provided as credit. Information about the beneficiaries of the Banca del Migrante is presented in table 1. The effect of the beneficiaries' activities on the generation of employment is limited. In more than half of the cases where credit was granted by the Banca del Migrante (52,33%), no or only one job was created. This very low average employment creation does not come as a surprise if one considers the self-employment character of the business activities, the preference for individual initiatives instead of shared business with partners and the high share of necessity entrepreneurs among the beneficiaries of the credits.

Table 1. Information beneficiaries Banca del Migrante

Type of migrant						
Family of migrant		Migrant abroad		Return migrant		Total
2297		34		1011		3342
(68.73%)		(1.02%)		(30.25%)		(100%)
Gender						
Male		Female		Not known		Total
1486		1626		230		3342
(44.46%)		(48.65%)		(6.88%)		(100%)
Destination country						
United States		Spain		Italy		Other
1725		1283		102		232
(51.62%)		(38.39%)		(3.05%)		(6.94%)
Number of employees generated						
0	1	2	3	4	≥ 5	Total
342	1407	927	325	146	163	3310
(10.33%)	(42.51%)	(28.01%)	(9.82%)	(4.41%)	(4.92%)	(100%)

Source: own compilation (data base "beneficiarios", Banca del Migrante)

Another important initiative in the context of return migration and entrepreneurship is the set-up of *El Cucayo*. El Cucayo is a competitive fund to invest in micro-businesses. The risk of an investment is shared between the Ecuadorian state, that

delivers a part of the capital, and the migrant or returnee, who elaborates a business idea or productive project (Moncayo & Herrera, 2011). Next to start capital, expert advice is foreseen as well. The fund was created for a period of 36 months, beginning from November 2008. In total, a budget of USD 6 250 000 was foreseen (Moncayo & Herrera, 2011). For individual projects, contributions up to USD 15 000 were possible, for collective projects this could mount up to no less than USD 50 000 (Barrera, 2009). Having in mind these conditions, the ‘happy few’, recipients of a non-reimbursable contribution by the government, were probably well-prepared entrepreneurs.

Reactions on these new policy measures seem to be ambiguous. Ecuadorian migrant associations and representatives question the viability and sustainability of the projects. Quite some skepticism is also caused by the gap between the stated commitment and the opportunities that are actually available for returnees. Considering that the economic situation of local non-migrant residents is far from optimal, benefits accruing to returnees are perceived as discriminatory, tilting the balance in their favour (Boccagni, 2011).

Migration management can be seen as the flagship of Correa’s discourse. It is part of the broader nationalist ideology of ‘*la patria ya es de todos*’, pursued by him and his political party Alianza Pais. The amount of attention paid to migrants can be seen as a strategic move: by appealing to them, Correa attempts to attract this group as potential voters (Schurr & Stolz, 2010). It can be argued that a mercantilist view on migration prevails (Clavijo Padilla, 2013). Migrants, at least those with a certain economic capacity, are incentivized to play the role of potential investor or partner in development projects.

2. Data and methods

2.1. Data

Fieldwork was conducted in the provinces of Azuay and Cañar – both located in the south centre of the Ecuadorian highlands. This is an ideal context for this research, as the country’s highest outmigration ratios are observed here and as they are among the regions in which most of the credit of the Banca del Migrante was granted. Table 2 presents the number of beneficiaries and the amounts of credit provided per year, for these two provinces.

The collection of the data took approximately eight weeks. In view of the limited time available, a balance had to be found between including a diverse range of respondents on the one hand, and guaranteeing a thorough analysis thereof on the other hand. For this reason, it was decided to include in-depth interviews with twenty respondents. The sample includes ten beneficiaries of a loan given by the Banca del Migrante. The beneficiaries were found using lists, provided by several cooperatives. To achieve a good amount of diversity in the sample, the actual beneficiaries were selected by purposive sampling. Additionally, another ten return migrants were sought. To get the right number of non-beneficiaries, the so-called ‘snowball method’ was applied, as this is an ideal way to search people with a hard to identify profile (Brikci & Green, 2007).

Table 2. Number of beneficiaries and amount provided (in USD) per year (Azuay and Cañar)

Province	2009	2010	2011	2012	Total
Azuay					
Nr. beneficiaries	93	249	481	412	1.235
Amount provided	975.625	2.179.021	4.482.634,76	4.050.076	11.687.356,76
Cañar					
Nr. beneficiaries	128	88	57	39	312
Amount provided	1.013.090	658.510	558.100	357.500	2.587.200

Source: own compilation, based on Tello et al. (2012).

2.2. *Methods*

The empirical data are obtained through in-depth interviews, with return migrants engaging in entrepreneurial activities being the key informants. In view of the exploratory nature of this research, the use of in-depth interviews seemed optimal to shed light on diverse important elements, that maybe were not yet considered. The interviews were conducted in Spanish, the official language of Ecuador, and took place in the respondent’s place of residence. A qualitative questionnaire was prepared as a general guide for the interviews (appendix). Respondents were encouraged to talk about broad subjects such as their reintegration into the home country. There were, however, specific elements in which we took keen interest. When these were not cited by the respondents themselves, a clarification of these aspects was explicitly asked for. The data were analysed thematically.

3. Results

Before discussing the findings of our study, some basic information about our sample is presented. The majority of our respondents (thirteen) migrated to the United States. Four spent their migration period in Spain, two in Italy and one in Chile. The sample includes three beneficiaries of El Cucayo as well. One of them was a beneficiary of both the Banca del Migrante and El Cucayo, the other two only relied on the latter fund. More information on the respondents can be found in table 3. The most interesting elements that came to the surface during the fieldwork will be discussed per objective. The argumentation is clarified with a certain number of fragments from the interviews.

Table 3. Information respondents

Nr.	Beneficiary	Destinatio n	Years	Pre-migration	Activities	
					Abroad	Present
1	Yes	Spain	10	Secretary	Nanny, sewing	Shop disguising clothes
2	No	U.S.	8,5	Craftsman (shoes)	Cleaning, cooking	Grocery shop
3	No	U.S.	14	Sales	Sales, cooking, gym	Spa/fitness/hairdr esser
4	No	U.S.	40	Student	Waitress, sewing	High couture clothes
5	No*	Chile	1	Employee hotel, selling underwear from Chile	Cooking	Restaurant
6	Yes	U.S.	4	Transport	Delivering sandwiches, parking guard	Taxi
7	No*	U.S.	7	Interior designer	Construction	Construction
8	Yes	U.S.	23	Jewelry (parents' business)	Cooking	Restaurant (closed)
9	No	Italy	8	Secretary	Domestic service	Stationary store
10	No	Italy	0,25		Transport	Unemployed
11	Yes	U.S.	19	Student	Cooking, gardening, Construction	Internet café (for sale)
12	Yes*	Spain	10	Design clothes	Cashier, storage	Textile, design clothes
13	Yes	Spain	9	Administration	Customer service, domestic service	Transport guinea pigs
14	Yes	U.S.	9	Jewelry	Jewelry	Unemployed
15	No	U.S.	3	Teacher (cooking)	Chocolate production	Chocolate shop
16	No	U.S.	20	Student	Construction	Internet café
17	No	U.S.	20	Construction	Cooking, painting	Transport (closed)
18	Yes	Spain	18	Accounting assistant	Domestic service, cleaning, cashier	Stationary store
19	Yes	U.S.	7	Teacher	Construction	Trade in clothing
20	Yes	U.S.	5	/	Cleaning	Sewing studio

*Beneficiary El Cucayo

3.1. *Contributions from the migration experience*

When the participants were talking about their migration period, the return to Ecuador as well as the initiation of their businesses, financial aspects were always the central point of discussion. Sometimes returnees succeed to bring along a certain amount of savings, but this scenario is not self-evident. The stereotypical idea of ‘migrants coming back with a lot of money’, does not seem to correspond with reality – in spite of the wage differences. Several possible explanations can be given for this. For one thing, young people sometimes run up debts to finance their trip to the country of destination. What is more, migrants often send a part of their income as remittance or are situated in a difficult financial position themselves. Analyzing the destination of the remittances sent, as well as the savings the returnees bring to Ecuador, a common approach can be identified. First of all, remittances are sent to family members to ensure a certain level of income for partner and children, to cover for parents’ medical expenses, to support brothers and sisters, to improve the family’s wellbeing in general. Secondly, remittances are intended for housing: for family members that are left behind or to save for a house to live in after return. Often, these two factors absorb most of the money earned abroad. Several migrants of this sample declared they had come back without any savings and had to search for a new livelihood.

The only thing that I want them to think about is that people come from there without anything. Few are those who manage to bring a lot from there, the majority doesn’t. The majority of women that comes from there, comes for the children, not because we got tired. For the children... It does not matter if your pockets are full or empty but you have to get back for them. So for those women I think there should be a bit more support (Female, 36 years, United States).

A common difficulty is that returnees often dispose of little or even no capital to start a business. In this context banks require certain guarantees, such as disposing of a house and other valuable properties, before a credit is granted. These requirements are not easily met by the returnees. Migrants who do come back with a relatively high amount of money, often invest most or even everything in their house and hence are left without any capital for a business either. In some cases, the house was seen as a status symbol. Some took over certain elements they had seen in their former host country, such as a fancy shower or bath tub and were very proud of this. Nonetheless, most of the respondents found themselves in a worrisome financial position. With ‘investments in

housing', they mean building and decorating a very basic home, in which they live with their family. The extra money these people gathered abroad, they used to ensure a roof above their children's heads. As they often cannot bring along any savings, or they invest a lot in housing or consumption, returnees need to seek for capital to realize their productive plans. Consequently, the returnees often get caught in a vicious circle of loans and repayments.

I made a mistake, I made a mistake. We did not start with a lot of own capital. We started with little capital. So I had to apply for a credit here, a credit there, a credit there, and together, we took an account of some USD 55 000. [...] Until I got health problems and that is when we decided to sell it (the first business). [...] I think we have recovered one fourth of the capital, nothing more. [...] [...] We invested about USD 60 000 – 75 000 in goods, and we sold the business for USD 22 000. We did not recover anything, no. No one would pay us what was really there. [...] The first loan we got was in CACPE. The next was the *crédito del migrante* (loan provided by the Banca del Migrante), [...] That one disappointed us, practically. Here started the damage. Then we had to take another credit, an economic advancement as well. And then we took one in the JEP, then... In the JEP we took two credits more. In COPAC AUSTRAL also another (Female, age unknown, Spain).

In other cases, the respondents did bring a significant amount of savings and did not have to rely on external credit when engaging in entrepreneurial activities. These persons have proved to be the most successful entrepreneurs at the moment of our fieldwork. In general, however, several returnees were severely in debt. The reason for return is quite clarifying: some returned because they had saved a sufficient amount of money, others because of less favourable reasons, such as unemployment abroad. Naturally, individuals' socio-cultural integration is linked with their return intentions (Bilgili & Siegel, 2015).

Looking at table 3, it stands out that a high share of the respondents ended up in the food sector. The majority of the respondents engaged in a professional activity that was not related to his or her pre-migration activities and most importantly, for which no diploma was required. Previously obtained experiences and diplomas seem to lose their value once a person crosses the Ecuadorian borders.

There I began working as a seamstress, because my degree as a teacher was not valid, I had to study everything again to 'revalidate' [...] So I dedicated myself to sewing.

Because if you study you cannot work, and if you do not work, you do not eat. So I decided to go for eating (*laughs*) (Female, 59 years, United States).

You start there, it is not that you can take a certain position. Because, for example, to be a cashier you have to have the Spanish nationality first. So there, I was a housemaid, I cleaned floors, you do what you can. You pursue the job that you can. You don't care about the place, as long as you do an honest job (Female, 47 years, Spain).

An essential question was whether or not the returnees succeeded in applying their newly acquired experiences and skills at home. Throughout the interviews, two types of relevant experiences could be distinguished. For a couple of respondents, the professional experience abroad was the ultimate motive for initiating a similar activity upon return. Moreover, the confrontation with a developed country's labour market and working culture, seemed to be the perfect experience to get familiar with useful abilities and working methods. The general abilities the respondents stated to have learned were accuracy, working fast, responsibility and efficiency, among others.

What I learned was precision, what it is when a job is well done, a way to operate, a tremendous tempo - not like here: with a lot of patience (*laughs*). There, everything is mechanical, everything synchronized, all based on time, the clock, everything. 'That much pieces in that time'. If I make seven now, next time I will have to make nine, then twenty, then twenty five, then thirty at the same time. So, that is what I have learned a lot, yes: to be very disciplined and orderly with work (Female, age unknown, Spain).

Attention was also drawn to the different working methods in Ecuador, where certain sectors struggle with a lack of professionalism and appreciation for detailed work. Only a small minority of the respondents took part in a certain training or course abroad. Except for respondents who followed an English course or a small, job-related training, new academic qualifications were scarce. Mostly, the migrants are very dedicated to their job, work many hours a day and have no time left for other activities. Moreover, in the case of migrants, the access to trainings or similar activities proves to be rather difficult.

I: Did you obtain any academic qualification abroad?

R: That is difficult for us, Ecuadorians. Since, being a migrant, they don't give you any opportunity there. We are talking about us, older people, it is difficult, they don't give

opportunities. It is very difficult in that country, to give us opportunities. We are like thieves, we are persecuted, we are not welcome. There is racism in that perspective (Male, 37 years, United States).

Unfortunately, the reintegration into the Ecuadorian labour market does not always work out as expected. Two main reasons were identified during the interviews. First of all, the migrants are relatively 'old' upon return. For employers, this entails higher costs. As a consequence, the search for a new job proves to be quite a disillusion.

In the beginning, in view of my age – I was forty-two – it was a bit difficult. Experience does not matter [...] They always closed the doors because of my age. I presented my CV in some places, but those places did not accept me because they said "maximum until forty years" and I was forty-two (Female, 47 years, Spain).

Secondly, the returnees often do not possess any diploma. They left being young and hence, did not finish any higher education. After having spent years abroad, they are confronted with a different society, a different Ecuador, in which academic qualifications do seem to matter. Often, it is the combination of these two reasons that makes the return to home rather difficult.

Here I do not do anything now. I have found it difficult to find work here. They do not want to give me work in view of my age. [...] if you don't have the documents that you have studied, they don't want to give you work anywhere. It has become difficult. And that makes one regret to having returned to here, to Ecuador. Because one comes with the intentions to start a business but you are impeded, when you don't have the documents that you finished college or were in a university. They don't facilitate anything. So this was a total illusion that I had when coming back. It is not easy. I try to start something and they don't give facilities, they don't help me. I want to start another business, they don't help me either. [...] So when we are back here, we are nothing, because we haven't studied. [...] We go when we are young and do not manage to study. We come back older and they close every opportunity for us. There should be a form of support for these people (Female, 36 years, United States).

The returnees did not always have an ideal, positive motivation to start their business. Due to a lack of alternatives on the regular labour market, this was often 'the easiest option available'. These people in question did not have any plans to start their own business when they arrived back in Ecuador. The concept of 'necessity

entrepreneurship' seems to be applicable here. The enterprise does not emerge as an answer to a certain market demand, nor as an application of the experiences gained abroad. Rather, the entrepreneurial activities seem to be an easy answer on the question "what now?" Neither the sector, nor the activities in which these people start to engage, are given much thought. Often, this depends upon elements such as the availability of a place or the location of a house.

I wanted to start any business. But as I had a location downtown, I used that place. It was next to the college and those things. So I wanted to see if a restaurant worked there, but it didn't (Male, 44 years, United States).

So, as my brother had already a store selling oils, filters, car parts, he said to me "we can start an additional shop, but with another line [of products], because I already have the customers". He already had the mechanics, he had everything, for us... He gave me the location, for free. He helped a lot with suppliers, he brought me all the clients he could. He helped me to start the business. [...] It was last minute, but it was the best option available for us at that time. [...] This plan (*Plan Retorno*) promised facilities to run businesses, that our life would be easy. A migrant that tries to be productive here, has to work in trade. Because I say, "what else can a migrant do?" Only do business. That is all we can do, we cannot easily resume our studies (Female, age unknown, Spain).

What is the exact relevance of these findings? The majority of our respondents can be considered as 'own account workers'. In our opinion, the sample included only four people that did have one or more employees in service. Most of the entrepreneurs could not afford any employee costs. Several times, it was explicitly mentioned these costs are out of proportion, compared to their moderate income. What is more, a couple of respondents were in need of searching for a new job themselves. Clearly, the impact of the activities in question on the local employment does not appear to be very strong. Additionally, the effects of necessity or opportunity driven activities on economic growth strongly vary. According to Shrivastava and Shrivastava (2013) the effect of necessity entrepreneurship can even be inexistent. Countries in which entrepreneurs are more motivated by economic opportunities – instead of necessities – are characterized by higher levels of income (Acs, 2006). On average, enterprises that started up out of necessity are smaller and have lower growth expectations (Poschke, 2013). Obviously, this is worth reflecting on, as the results of this study suggest that the number of

Ecuadorian return migrants ending up in necessity entrepreneurship should not be underestimated.

The role of strategic social connections or networks seems to be rather limited in this context. In general, the respondents of this sample indicate not to have built up a lot of social contacts during their time abroad. Often, they spent a large part of the day on the work floor and returned straight back home afterwards - to take care of the children, for example. After all, for most respondents, the main goal is to save a substantial amount of money in a certain period of time and to send it or take this back home. This can be illustrated by the example that quite some respondents who had lived in the U.S., did not master the English language. Moreover, this language barrier makes the establishment of fruitful connections rather difficult.

During each interview, the returnees were explicitly asked whether they had been part of a Ecuadorian or non-Ecuadorian organization while abroad. Besides a couple of exceptions, the answers were negative. Merely one of the respondents indicated to have participated in an Ecuadorian charity organization. None of the respondents mentioned to have gone back to their former destination country to maintain certain relationships, friends or connections. The ones who got back – or those that are willing to – are motivated by the presence of a family member or partner.

An important aspect that became apparent during the interviews, is that migrants in this region are very family-centred: before, during as well as after their migration. The majority of the respondents mentioned the presence of one or more family members in the destination country when talking about their decision to migrate. Family is often the reason to migrate as well as to return. Furthermore, family members are in most of the cases the ones delivering the strongest support for the business upon return. The key role played by the family in each period is illustrated by the next fragment.

When I arrived in Chile, my cousin was preparing a children's party for her son. So, she said "I want something different than they do here". [...] So I organized it [...] People started to call me if I could help them prepare things. So, that was my job the whole time. She (cousin) was in a group of doctors, it was a 'high social circle'. They had meetings and I gave a cooking course, with some recipes, sauces, and those things. [...]

I: What was the reason for your return to Ecuador?

R: One day I realized... What did I do over there? My family was far away, my house... I was only running away from people. So I said "How stupid, what am I doing here?" I am going to my country. [...]

(Upon return) I presented my cv in some places, but those places did not accept me because they said "maximum until 40 years" and I was 42. So, I said "What will I do, I have to do something". [...] My sister told me "why don't you prepare meat?" You love cooking, you cook very good. That way, I started with (cooking for) the family, than for neighbours, then for offices in the neighbourhood, ... [...] When Elizabeth (other sister) came, the two of us decided to set up the tiny location here at the corner. We sold fast food, some lunch too. [...]

I: How did you hear about the El Cucayo Fund?

R: From a niece, she worked at SENAMI. She told us about it. Because of my sister Elizabeth. Because I was already here and she returned in 2006 or 2007. So it (El Cucayo) got established in the year she came back. That is why we applied (Female, 52, beneficiary El Cucayo, Chile).

Having in mind the professions the respondents were active in (table 3), the connection with a social network does not seem to be very relevant. For their present entrepreneurial activities (table 3), foreign resources are often not needed. In this context, it was because of the help of family members that they could reduce costs, share risks or transfer information for their actual enterprise. This is comparable with the findings of Ordeñana and Arteaga (2012), who underline the crucial importance of social capital in the form of family and friends for Ecuadorian firms. The respondents mostly referred to their side of the family. Several of the informants were divorced, as a consequence of the lengthy separation caused by migration.

3.2. *Evaluation government programs*

It was attempted to clarify how the approach of the Ecuadorian government can be compared with the real experiences of the actors themselves. Boccagni (2011) already signalled the disparity between the stated commitment and the opportunities that are actually available for returnees. This finding was strongly confirmed: in general, the respondents perceived a lack of governmental support.

3.2.1. *Banca del Migrante*

The beneficiaries themselves have only very little knowledge about this program. All of them received a loan with the benefits related to 'being a migrant'. Nonetheless, they

are often not familiar with the name Banca del Migrante or have no idea about the specific content. Is there a general lack of information or have the respondents of this sample not informed themselves properly?

*Jardin Azuayo*¹ supplied a credit of USD 5000. I think it was at 12%. What kind of help is that? That is not help. Imagine, you are asking a certain amount of money, to start a business. Any bank will give it with that interest rate. So then, I wanted to extend the credit a little more and asked a second loan. And the second loan was no help. They were already charging me 15% and more. [...] They say that they are helping, while it is not help, not in any aspect. [...] Because if you are paying 12%, they could give you that at any other bank. But if I have USD 10 000 or 100 000 in my bag and I go to the bank to live from the interests, they will not pay me more than 8%. So, (it is) 8% in comparison with 12%. They already have a profit. They benefit from people that come from abroad. And that money rotates and they lend it to other migrants at a higher price. So, who wins? Who loses? (Male, 42 years, United States).

The most frequent complaints are all touched upon in the citation above. For starters, the interest rate is considered to be too high. Secondly, several beneficiaries told they were removed from the migrant benefits when they asked for an extension of credit. Thirdly, the respondents complained about the guarantees required by the cooperatives.

All the beneficiaries of this sample obtained their loan at an interest rate of 12 to 13%. Regarding this interest rate, a lot of dissatisfaction was noticed as the difference with other regular credits is minimal. In view of the high costs and uncertain income, initiating a business can be a complex matter. Hence, many suggested to lower the interest rate. One possibility is that the migrants were used to the lower interest rates implemented abroad and therefore were discouraged when they applied for credit at home.

Multiple beneficiaries complained that the initial benefits as a migrant did not apply to them anymore. They asked for an extension of the credit, to invest in new material for instance. As the credit exceeded a certain limit, they were moved to another category (e.g. micro-businesses). A lack of clarity was experienced as they were not acquainted with alternative formulas.

¹ A savings and credit union cooperative active in the region since 1996.

Two or three months passed, I wanted to obtain money and asked for USD 3000 more. Then, they removed me from the credit for migrants. They told me that if they would give me USD 3000 more, it is not credit for migrants anymore but credit for micro-businesses. In that case the interest rates would be very high, as the enterprise I was going to initiate would probably generate a lot of money and so, I would have leftovers to pay the credit. But that is false, when you start a business, one year, one year and a half, you don't know what is going to happen with your business (Female, age unknown, Spain).

With regard to the ease with which the credit was obtained at the cooperatives, the respondents disagreed. Some perceived the procedure to be very smooth. Often, the comparison was made with regular banks which had previously rejected initial demands for credit. At the same time, other respondents signalled the difficult requirements coupled to this credit. One of the complications, for example, was the obligation to submit a labour certificate. Migration in this region is mostly of the irregular type, making it rather tricky to deliver a proof of the labour one has fulfilled abroad. One respondent even admitted to have bought a false certificate for no less than USD 2000. In general, returnees experience administrative requirements as too complex, while several beneficiaries complain about the excessive value of guarantees.

Two years ago, I got a credit of USD 5000, here, only for the *papeleria* (stationary shop). I had to mortgage the house of my sister. For USD 5000! [...] I had to mortgage the savings of my parents, of the house they sold. That are already two houses. To give me USD 5000. Do you think that is good? Out of desperation... And what if I don't pay, what happens with the house of my sisters and the savings of my parents? For USD 5000. In what a world are we?! [...] So many things they ask you! You are exposing your whole professional life, family life (Female, 47 years, Spain).

Undoubtedly, the beneficiaries of this sample have a negative attitude with regard to the services provided by the Banca del Migrante. The feelings that could be recognized during the interviews can be summarized as frustration, disappointment and even irritation. Nevertheless, conclusions cannot be drawn from this finding. It should be kept in mind it is the responsibility of the banks to protect their clients against excessive financial risks. The same applies to the 'impossible' guarantees that are required. Cooperatives need to manage these requirements in function of the client's risk profile. This is considered as a standard approach. After all, the cooperatives need

to ensure that the whole amount will be paid back. Nevertheless, as the proceedings of the Banca del Migrante were not that clear for the respondents, lessons should be drawn from these cases.

3.2.2. Government support in general

People from different positions hold distinct opinions towards the government's approach. Those who were embedded in a comfortable financial situation and did not make use of the services foreseen, have a neutral or even positive attitude towards the government. Those who did call in the support of the government, evaluated this negatively afterwards. Despite the rise in attention for the issues of migration and return, people report having made vain pleas for help. Migrants perceive the message that the government will welcome them upon return, but experience a feeling of being left behind once they are back.

They say “everybody helps you, being a migrant”. I have been here for two years, two years and three months approximately, with my father who is dying. Nobody was able to say “we will help you with this”. I had to leave my parents and run this here (small enterprise). This does not progress, it does not work out. There is no help, you don't have any help. So all that shocks you, when you come from one country to another. It strikes you so much because you don't know how to act, you don't know how to integrate, you don't know what to do, even if you have your family here [...] You feel helpless, you feel like a useless person [...] And I assure you that if I go and say, to all those groups that say they help migrants “I need to start a business, help me”, they are not going to help me (Female, 47 years, Spain).

With regard to the Secretaria Nacional del Migrante, some referred to the disappointing way they were treated at the offices of this secretariat. In a country in which migration is such a frequent phenomenon, the staff was expected to master more capabilities. The majority of the returnees had no knowledge of their benefits. The information that was given, did not provide an answer on the questions posed. An interesting remark was that often, the employees refer to websites that can be consulted, while not every returnee in this region masters the skill to work with a computer.

They give you very little information. I think they lack some more training, so that they can give you information that is complete. Because many times I was left without knowing what to do, I am honest. [...] Not all the people have the fortune to take a computer and

say, I will go to that part. I know that in one way or another, we have to be up to date. [...] There are very humble people (here), people that don't know what a computer is. And they ask you to look "go and see at that website". For something you are asking a favour [...] I feel very helpless. Many times I had to cry, because I don't know how to get forward. I don't feel capable do get ahead and I don't have any support. I ask support and they don't give me support (Female, 47 years, Spain).

More than anything, the aspect of the Plan Retorno that was criticized the most was the possibility to bring personal goods and professional equipment from the host country to Ecuador. Dissatisfaction was expressed about the complications and transactions related to this service.

You are supposed to benefit from the government bringing your furniture home. Yes we brought our furniture. However, it would have been better if we did not do that, because it come along with a lot of transactions, too much problems at the customs post. [...] and two or three, or even four times we had to go to Guayaquil to complete the transactions. I mean, everything is not as it is depicted by the government. The return plan, that is as incorrect as possible (*laughs*) (Female, age unknown, Spain).

Certain respondents indicated to have lost quite some money – unexpectedly. Although no tariffs have to be paid, the service does not seem to be costless. Furthermore, the objects need to comply with certain criteria. Several respondents had to sell belongings at a very low price, or throw them away. Again, we can ask ourselves the question: did the beneficiaries not inform themselves properly or could these losses have been avoided?

The sample also included three beneficiaries from the El Cucayo fund. Interestingly, this service did not get any negative comment at all. Of course, this is a distinct case, as it considers financial help that is non-reimbursable. Candidates had to come forward with a strong project before they were eligible for this support. One of the respondents, an interior designer, obtained USD 14 400 from this fund to invest in his business. Next to the money, he received technical support from the government (e.g. administration, accounting) as well. He praised both aspects of this help offered.

We entered in a 'contest' that was called the El Cucayo fund. [...] So the government has given us the tools or the people with whom we could work. And in that process they were giving us other advisers, including professors of the University of Cuenca. All those things were very good and certain people also had knowledge of accounting, production and all

those things. So they told us what we needed, what we should know and those things. So they were giving us the people we needed. [...] To start a business I think that one has to have his feet on the ground and has to know that there are obstacles at every turn. What seemed very good to me was the support of the government. That was something that motivated and helped a lot in the beginning (Vicente, age unknown).

3.3. *Entrepreneurial successes and failures*

Different business failures came to the surface during the interviews. Variability of income was a factor that was referred to frequently. Two of the respondents had a store with notebooks and other school equipment. Both indicated that during school vacations, for instance, their income was only marginal. Often the market and its demands were not considered properly – or not at all. As a consequence, the entrepreneurs were confronted with a small and unstable demand.

The positive impact on the local economic development appears to be rather limited. Nonetheless, we should not be pessimistic: a number of success stories were taken note of as well. Interestingly, these cases had several elements in common. Either these persons had saved a sufficient amount of money, making a loan redundant. Or they were financially supported by the El Cucayo fund. Their entrepreneurial activities were in line with the functions they had fulfilled abroad. Next to savings, they also collected human and/or social capital. Sometimes, they bought equipment that could be used in Ecuador. It seemed like they had elaborated a strong and feasible project, taking into account several economic aspects. They were chasing a dream, passion or economic possibility. Altogether, they illustrated the idea of ‘opportunity driven entrepreneurship’.

4. Conclusion

Return migration policies aiming to facilitate a productive reintegration into the home country may seem very attractive. Yet, no good evidence base can be found with regard to these initiatives (McKenzie & Yang, 2014). In this study, we tried to clarify the situation concerning return migration and entrepreneurship in Ecuador, in the provinces of Azuay and Cañar more specifically. Considering the dimension of the phenomenon of migration and return in Ecuador, these findings can be utmost instructive.

The first part of the results informs us on the challenges with which the migrants are confronted during their reintegration back home. The contribution of financial,

human and social capital obtained in the destination country proves to be rather limited. People are constrained due to their weak socio-economic situation abroad, do not always return in favourable circumstances and experience a difficult reintegration on the labour market afterwards. This can lead to instances of necessity entrepreneurship. The returnees are strongly family-centred and rely on the support of their family members during each stage of migration – including the establishment of their enterprises.

Based on the comments made in the interviews and considering the specific context of our research, a number of policy recommendations are listed in table 4. First, it seems desirable to foresee pre-departure trainings, now that the country's economy has regained its stability. The provision of personally and professionally relevant trainings before migrants leave the country can possibly make the search for a job abroad, as well as the reintegration on the Ecuadorian labour market somewhat easier. Financial literacy training could improve the financial decision-making among migrants and their families that are left behind (McKenzie & Yang, 2014). Policy makers should also provide more incentives for adolescents to finish their education before migrating, so that they can rely on their diploma afterwards.

Regarding the situation after return, a couple of policy answers are suggested as well. Job assistance or the teaching of new skills that respond to a need on the local labour market could facilitate the reintegration on the labour market and possibly reduce the unemployment and financial problems among the returnees. Financial support should be better matched with the recognition of valuable and realistic opportunities. Instead of just providing money, the government should rather invest in enhancing skills and competencies (Bloch & Wagner, 2007). This is finely illustrated by the beneficiaries' appreciation for technical support, provided by the government for El Cucayo. Aspects such as the conditionality of financial support based on a sound business plan, provision of technical support or a concrete follow-up were missing with the Banca del Migrante.

Additionally, we want to emphasize that more is needed than the skills and motivations of the returnees alone (Acs, 2006; Lapshyna & Düvell, 2015). The limitations with which necessity entrepreneurs are confronted, often result from an economically unfavourable context (Newland & Tanaka, 2010). We agree with Cassarino (2008) who argues that for a complete understanding of the diverse outcomes of return migration, an approach is needed that includes the aspects of 'structure' as well as 'agency'.

In general, the reactions of the people that participated in the government services in question were rather negative. The majority of the respondents found themselves in a uncomfortable financial situation, an aspect that undoubtedly has influenced their opinion.

Table 4. Policy recommendations

<i>Pre-departure</i>		
Policy measure	Objective	Potential development impact
Pre-departure training: in customs and language of the host country, vocational training (e.g. Philippines' pre-departure orientation seminars (PDOS), IOM migrant training sessions).	Facilitate migrants' adaptation to the new country and labourmarket. Help them foster realistic expectations. Provide a forum in which they can ask questions. Stimulate long-term thinking.	Raise in migrants' productivity and earnings.
Financial literacy training: financial education for migrants and their families (e.g. included in Philippines' PDOS).	Improve financial decision-making by migrants as well as by their relatives left behind in the home country.	Increase in savings and investment, enhanced ability to manage risks.
Incentives to finish school.	Try to prevent adolescents from leaving the country before having obtained a degree.	Possibly a stronger position on the labour market abroad. Eased reintegration on the labour market after return.
<i>Post-return</i>		
Policy measure	Objective	Potential development impact
Job assistance, vocational training: help the returnees find a job that matches their skills or provide vocational training.	Support returnees in finding a job that matches what they have learned abroad. Or teach them new skills that respond to a need on the local labour market.	Eased reintegration on the labour market. Skill transfer to home country stimulated.
Technical assistance and monitoring: business training and other forms of technical support such as financial analysis and productivity management (e.g. El Cucayo)	Make starting entrepreneurs more familiar with important business aspects (e.g. financial feasibility of a project, local demand and supply).	Increased chances for entrepreneurial' success.
Conditionality of financial support: make support conditional on recognition of valuable and realistic opportunities (e.g. El Cucayo).	Ensure a match between financial support and specific entrepreneurial ideas, in-depth evaluation of what is intended with the money.	More precise channeling of the money into promising projects. Prevents certain necessity entrepreneurs from running up debts.
Provision of more and better information and psycho-social assistance (e.g. Philippines' reintegration program).	Make sure all returnees are well-informed about their possibilities and benefits as a returnee, about the facilities foreseen and their conditions. Ensure a more concrete follow-up and psycho-social assistance of the returnee.	More comfortable readjustment to life at home on different aspects (economic, psycho-social). Increased well-being of the returnees.

Source: own compilation based on Hamada (2012), International Organization for Migration (2015); McKenzie & Yang (2014); Moncayo & Herrera (2011).

Regarding the Banca del Migrante, several shortcomings were identified. The beneficiaries were dissatisfied about the interest rate and the high guarantees, among others. But in view of their difficult financial circumstances, they had little or no alternatives. Criticism was also expressed towards other return initiatives, such as the service delivery at the offices of SENAMI. A common problem that was noted throughout these stories was a lack of information: about the possibilities as a returnee, as well as the exact conditions of the programs in which one participates.

Finally, these people were often suffering from a general feeling of helplessness as they returned from a (long) period abroad. Different forms of psycho-social assistance such as family counselling could facilitate their readjustment to life at home (McKenzie & Yang, 2014).

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Appendix

GUÍA DE ENTREVISTA CUALITATIVA

Contexto país de destino

Nos interesa conocer sobre su experiencia migratoria ¿Nos podría contar acerca de esta?

- Razones de la selección del país de destino
- Experiencia en lo laboral (habilidades, destrezas adquiridas en exterior)

Retorno

Algunos migrantes viajan con el plan de retornar ¿Usted tenía planes de retornar?

- Razones del retorno, tiempo de preparación del retorno
- Planes de algún negocio
- Cumplimiento o fracaso de planes

Inserción

¿Cómo fue su experiencia cuando retornó al Ecuador y quiso comenzar nuevamente una actividad laboral?

- Área de inserción (relación con experiencia anterior a la migración, durante la migración y después del retorno, nivel instrucción del migrante retornado, aplicación de habilidades adquiridas en destino luego del retorno)
- Facilidades u obstáculos (capacitación, obtención de créditos, falta de mercado, inversión de remesas, apoyo o falta de apoyo del gobierno, qué otro tipo de apoyo)
- Contexto país de origen: (competencia, inconvenientes o facilidades para negocio en región, falta o disposición de recursos financieros)
- Financiero: Opinión sobre Programa Banca del Migrante

Éxito o Fracaso

¿Cómo ha sido su experiencia con el negocio?

- Cómo marcha el negocio (ingresos, nivel de satisfacción, cambios)
- Retos del negocio (cambios previstos)
- Planes a futuro (personal y negocio)